ASPECTS OF CHANGE IN MANAGEMENT IN THE BANKING AND FINANCE INDUSTRY

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1.1 Introduction

It can be argued that the successful management of change is crucial to any organisation in order to survive and succeed in the present highly competitive and continuously evolving business environment. However, theories and approaches to change management currently available to academics and practitioners are often contradictory, mostly lacking empirical evidence and supported by unchallenged hypotheses concerning the nature of contemporary organisational change management.

Change is an alteration of a company's strategy, organization or culture as a result of changes in its environment, structure, technology or people. A manager's job would be very straightforward and simple (not to say boring) if changes were not occurring in these areas. Good managers have a competence to manage change in the company's environment. These changes can be alterations in *structure* (design of jobs, span of control, authority relationships or coordinating mechanisms), in *technology* (equipment, work processes or work methods) as well as in *people* (behaviours, perceptions, expectations or attitudes).

1.2 Reasons for Change

A complex structure like an organization is driven by external and internal factors in regard to the need for change. There are a number of external forces that create the explicit need for change:

- Market situation or market place
- Technology
- Government laws and regulations
- Economics

The global marketplace has created a huge need for change because of internationalization and the more dynamic situation. Some of this could not have occurred without the various and dramatic changes in technology. An example of the changing marketplace is the deregulation of the telecommunications industry in the domestic market. By deregulation, the competitive pressure was put on telephone companies such as the German Telecom which has minimised monopolistic emplacement. Regarding this point, advances in technology have had a big impact on the market.

Also, the affordability of equipment and software allows greater competition in the IT-sector.

Government laws and regulations can have a large impact on an organization such as with deregulation. Organizations have to change because it is now prescribed. The new tobacco taxes and the legislation requiring tobacco manufacturers to disclose the harmful effects of tobacco smoking have created huge pressures on some large organizations. These organisations now have to change to ensure their economic viability.

Finally, these economic ups and downs have a dramatic effect on organizations as well on domestic markets as the worldwide economic influence continues on organizations. This phenomenon could be seen during the last financial crisis. The effects were recognized in the USA first; then they hit Europe, Japan and finally the rest of the world. As a consequence, several automobile manufacturers have announced production cutbacks and reduced employment.

Parallel to the external reasons there are different internal forces for change:

- Corporate strategy
- Workforce
- Technology and equipment
- Employee attitudes

It is not unusual for an organization to change its strategy. It can lead e.g. to a large number of changes if the organization decides to adopt a new distribution methodology or a new logistic strategy. Also a merger will change an organisation's way of acting. (For example, a company decides to enter the e-commerce business).

The introduction of new equipment or new technology is another internal force for change which affects an organization. The implementation of new technology needs new processes or structures. Through this, employees will have to be trained for new work processes or new jobs.

The composition of an organization's workforce never stays static because it changes in terms of gender, age or education. New employees join the organization and other people leave. With these changes, managers may need to redesign work and work groups in order to ensure the job requirements match the skills of the people.

Lastly, employee attitudes such as the level of job satisfaction can lead to either negative or positive forces for change. If employees are dissatisfied, then there can be an increased level of employee absenteeism which can lead to changing practices or management of staff.

1.2 Origins of Change Management

Again, a distinction between change management as a result of changing technologies and change management based on different management styles has to be made (in practice however, one factor is certainly influencing the other).

Change management has his origins in the 1950s. In those days modern forms of management were introduced (e.g. teamwork, autonomous groups) and the "war" between followers of top-down (change) approaches and bottom-up (change) approaches began.

Top-down organizations are characterizes by the relatively low influence of subsystems. With the exception of the top management, employees are placed in a given process pattern. The organisation's units are co-ordinated within a system of regulations and the organisation's development is steered from top down

Bottom-uporganizations are characterized by there latively high influence of subsystems. The organisation's development is carried by involved employees. A structural partial autonomy is conceded to the single subsystems. The organisation units are relatively independent in their execution of problems and could be basically capable of surviving on their own. Regulations are found primarily in the form of general behavioural instructions and the basis of "Common Sense". The organisation's development is therefore developing itself bottom-up.

The best known concepts of top-down management are business process re-engineering and business re-engineering.

The concept of business process re-engineering is aimed at changes concerning quality, service, cost and processing time. The core idea is process orientation. The concept of business process re-engineering takes into consideration strategy creation as well as process creation without describing, however, methods and instruments in detail. The documentation of the actual and the planned processes remain at a relatively coarse level and the main weight lies with few identified core processes.

Business re-engineering is aimed at the radical redesign of enterprise strategies or essential enterprise processes. Its purpose is the improvement around scales in significant and measurable achievement dimensions in the areas of costs, quality, service and time. The implementation of this concept requires a "strong manager" who not only initiates the changes but also encourages the employees to make the necessary changes. Business re-engineering, therefore, is based on order and control, while the comprehensive knowledge of the organisation's development and the participative system's creation is maintained.

The best known concepts of bottom-up management are kaizen and lean management.

Kaizen (Japanese for “improvement” or “change for the better”) focuses upon continuous improvement of processes in manufacturing, engineering, development, marketing etc. (main business processes), supporting business processes and management. Kaizen as a management approach is based on the idea that no actual status (of a process or an organisation) is good enough to be kept. Kaizen refers to a continuous improvement of all functions and involves all employees from the executive board to the assembly line workers. It also applies to processes, such as purchasing and logistics and always involves the entire organization. Kaizen was first

implemented in several Japanese businesses after the Second World War, influenced in part by American business and quality management teachers who visited the country. It has since spread throughout the world.

Lean Management explains how to link the advantages of batch-producing organizations (speed, low unit cost) with the benefits of a customer-oriented organisation (high flexibility, customizing, quality).

“Lean” must be understood as “Lean Enterprise”, an enterprise with customer-oriented organisation which values customers, suppliers and employees. Principles of lean management are a gradual approach, group orientation, own responsibility, constant feedback in lower management levels and a long-term orientation. Other ideas of lean management are an enterprise-wide improvement of the quality, acceleration of the development, harmonious integration of the enterprise into the society as well as outsourcing and concentration on specific strengths of the organisation. The focus lies on the soft factors. Also in relation to a process-oriented thinking and strategy creation, lean management uses the Kaizen approach. Nevertheless, the concentration on a few, significant core processes is strongly stressed here.

can be achieved at short notice or immediately, while lasting changes run smoothly and could guarantee a constant Comparing the bottom-up and top-down approaches, the advantage of a bottom-up orientation lies with the possibility of adapting the rhythm of the development and the capacity of the organisation for development. Small changes improvement of the problem solution capacity of the enterprise. On the other hand, permanent change processes and the constant restlessness linked with such change processes can also affect negatively the organisation, as possibly no clear direction is recognizable any longer.

Few enterprises are ready for a radical change in their orientation as demanded in a top-down approach. No organisation is able to reorganize itself and the whole value-added chain ad hoc. Frequently the longevity of the soft factor "enterprise culture" is underestimated. Changes in the enterprise culture need time and, hence, are an object of evolutionary and participative approach and not a revolutionary and authoritarian process. The advantages of the top-down approach are the straight-forward attempt of comprehensive, department-covering thinking and action and the focus on the central processes.

Nowadays, within modern change management approaches, top-down and bottom-up approaches are mixed. As shown in fig. 1, analysis and the strategy development is mainly done top-down whereas continuous process improvement is driven from the bottom-up. Constant dialogue between the involved parties guarantees a constant improvement and focusing on the core requirements.

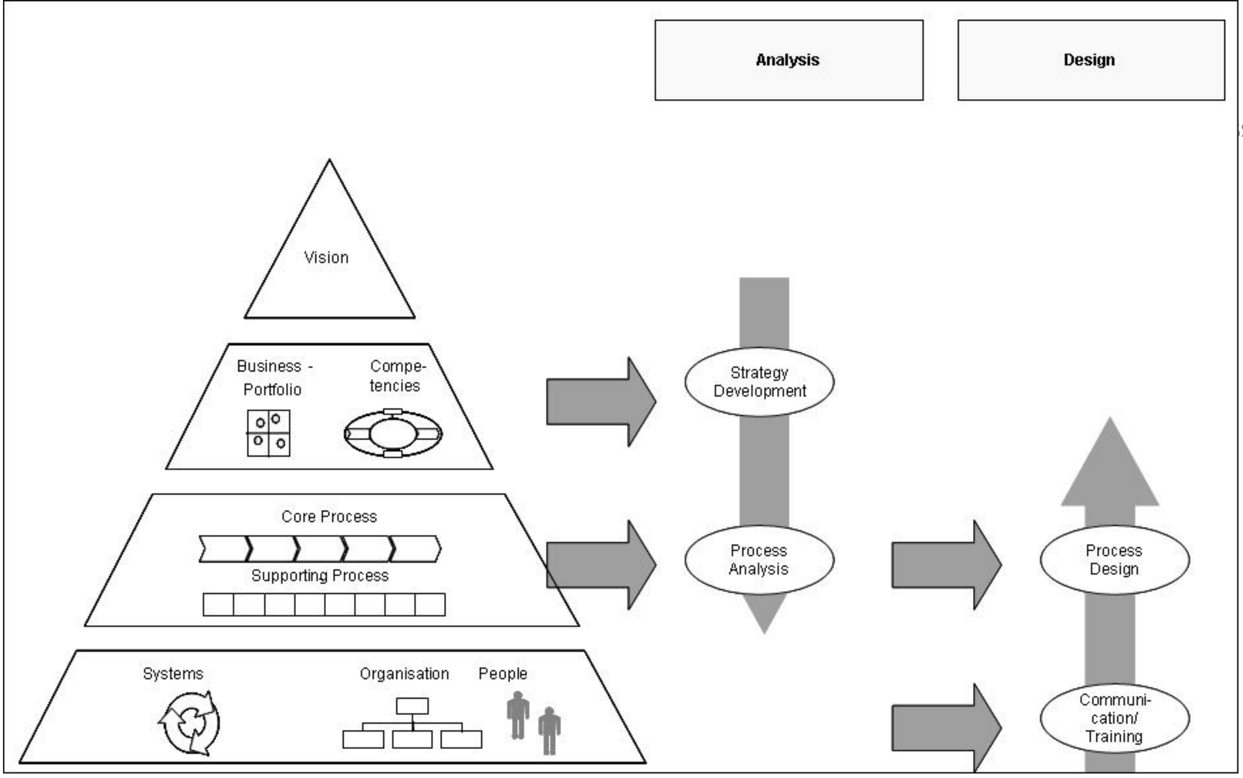

Figure 1: Modern Change Management – Bottom-Up meets Top-Down

So change management is the:

- correct understanding of the organizations that want or need to be changed
- correct understanding of the people who are willing or forced to change
- the effectively realization of change
- understanding the dynamics of change

Changes should be facilitated by the organizational structure because this enhances adaptation and flexibility. A simple organizational structure will reach a simple dynamic environment or, on the other hand, a simple dynamic environment needs a simple structure only. For a complex dynamic environment an adhocracy will be needed. Adhocracy means more democracy and less bureaucracy.

One of the most important points is the people, because they form the organization. The culture of organization includes their way of working, attitudes and norms. These facts are at the core of every change and they are difficult to handle. Personal modifications regarding attitudes or skills in leadership or communication are hard to identify but ineffectiveness can be indicated by problems and conflicts in the management of human resources.

2 Concepts of Change Management

2.1 Chin & Benne's "Effecting Changes in Human System"

Chin and Benne (1969) and Havelock (1971) each articulated different approaches but shared some overlapping concepts. Some of the models had a primary focus on innovation and organization, while others focus on the individual:

Empirical-rational approach

The basic assumption underlying the empirical-rational model is that individuals are rational and will follow their rational self-interest. Thus, if a "good" change is suggested, people of good intention will adopt the change. This approach "posits that change is created by the dissemination of innovative techniques". A primary strategy of this model is the dissemination of knowledge gained from research. One example of agencies and systems used for the development and diffusion of such research results are agricultural extensionsystems and the county agents who disseminate the results of agricultural research. Ineducation, these activities are the domain of educational research and development centers,,regional educational laboratories, state departments of education, colleges and universities, national diffusion networks, intermediate service agencies, and staff development personnel within school

districts. The rational view generally ignores the fact that school systems are already crowded with existing passive recipients, who may not have the necessary time or expertise to adopt or apply the new knowledge or program.

Power-*coercive approach*

The power-coercive approach relies on influencing individuals and systems to change through legislation and external leverage where the power of various types is the dominant factor. Power-coercive strategies emphasize political, economic, and moral sanctions, with the focus on using power of some kind to "force" individuals to adopt the change. One strategy is non-violent protest and demonstrations. A second strategy is the use of political institutions to achieve change – for example, changing educational policies through state-level legislation. Judicial decisions also impact educational policy. A third power-coercive strategy is recomposing or manipulating the power elite – electing people to public office, for instance, to support an intended change. History is replete with mandates, and other power- coercive strategies, which resulted in little change.

Normative-re-educative approach

In the normative-re-educative approach, the individual is seen as being actively in search of satisfying needs and interests. The individual does not passively accept what comes, but takes action to advance his/her goals. Further, changes are not just rational responses to new information but occur at the more personal level of values and habits. Additionally, the individual is guided by social and institutional norms. The overarching principle of this model is that the individual must take part in his/her own change if it is to occur. This model includes direct intervention by change agents, who focus on the client system and who work collaboratively with the clients to identify and solve their problems.

The normative-re-educative approach employs the help of change agents to assist clients in the change process by identifying needs; suggesting solutions, examining alternatives, and planning actions; transforming intention into adoption; stabilizing the change. The use of an agent to support clients and facilitate change was present in the early models. The concept of the change agent evolved further and has been reported in studies of educational and other organizational change.

2.2 Bullock and Batten's Phases of Planned Change

R.J. Bullock and D. Batten derived their ideas from project management and they recommend using exploration, planning, action, and integration for planned change. Exploration occurs when managers confirm the need for change and secure resources required to achieve it. These resources may be physical or they may be mental, such as a managers' expertise. The next step, planning, occurs when key decision-makers and experts create a change plan that they then review and approve. Next, action occurs with enactment of the plan. There should be opportunities for feedback during the action phase. Finally, integration begins when all actions in the change plan have taken place. Integration occurs when the changes have been aligned with the organization and there is some degree of formalization, such as through policies and procedures in the organization.

Bulock and Batten analyzed over 30 models of change management and arrived at their own 4-phase model of programmed change management which can be applied to almost any circumstance. The model is useful in that it distinguishes between the 'phases' of change which the organization passes through as it implements change, and the 'processes' of change, i.e. the methods applied to get the organization to the desired state. The model progresses as follows:

Exploration phase – The organization has to make decision on the need for change:

- Explore and decide on the need for change
- Identify what changes are required
- Identify resources required

Planning phase – Understanding the problem:

- Diagnosis of the problem
- Clarify goals and objectives
- Identify specific activities required to undertake change
- Agree changes with stakeholders
- Identify supports required to enable change to occur

Action phase – Changes identified are agreed and implemented:

- Support for change is explicit
- Changes are monitored and evaluated
- Results are communicated and acted upon
- Adjustments and refinements are made where

necessary Integration phase – Stabilising and

embedding change:

- Changes supported and reinforced
- Results and outcomes from change communicated throughout the organization
- Continuous development of employees through training, education
- Ongoing monitoring and evaluation

2.3 Beckhard and Harris change formula

The change formula is a mathematical representation of the change process. The basic notion is that, for change to occur, the costs of change must be outweighed by dissatisfaction with the status quo, the desirability of the proposed change, and the practicality of the change. There will be resistance to change if people are not dissatisfied with the current state of the organization, or if the changes are not seen as an improvement, if the change cannot be done in a feasible way, or the cost is far too high.

This formula can also be conceptualized as

$(D \times V \times F) > R$.

D = Dissatisfaction
V = Vision
F = First Steps
R = Resistance to Change

The multiplicative
nature of this formula indicates that if any variable is zero or near zero, resistance to change will not be overcome. In other words, the variables of D, V, and F do not compensate for one another, and when one is very low, the cost of change is likely to be too high.

2.4 7-S Model

Consultants at McKinsey & Company developed the 7-S model in the late 1970s to help managers address the difficulties of organizational change. The model shows that organizational immune systems and the many interconnected variables involved make change complex, and that an effective change effort must address many of these issues simultaneously.

The 7-S Model is a framework for analyzing organizations and their effectiveness. It looks at the seven key elements that make the organizations successful, or not: strategy; structure; systems; style; skills; staff; and shared values.

The 7-S model is a tool for managerial analysis and action that provides a structure with which to consider a company as a whole, so that the organization’s problems may be diagnosed and a strategy may be developed and implemented.

The 7-S diagram illustrates the multiplicity interconnectedness of elements that define an organization’s ability to change. This theory helped to change managers’ thinking about how companies could be improved. It says that it is not just a matter of devising a new strategy and following it through. Nor is it a matter of setting up new systems and letting them generate improvements.

To be effective, your organization must have a high degree of fit or internal alignment among all the seven Ss. Each S must be consistent with and reinforce the other Ss. All Ss are interrelated, so a change in one has a ripple effect on all the others. It is impossible to make progress on one without making progress on all. Thus, to improve your organization, you have to master systems thinking and pay attention to all of the seven elements at the same time.

There is no starting point or implied hierarchy – different factors may drive the business in any one organization.

The 7-S Model is a valuable tool to initiate change processes and to give them direction. A helpful application is to determine the current state of each element and to compare this with the ideal state. Based on this it is possible to develop action plans to achieve the intended state.

3 The Change Process

3.1 Initiating a Top-Down Change

Accelerated by global competition, the pressure to change business strategy is a worldwide phenomenon. Industrial activities are shifting from manufacturing to service,globalization of markets, political realignments, technical advances in

Management information systems, corporate alliances and downsizing of organizations are changing the structures of corporations and projects.

In parallel, organizations are faced with global competition. This competition is becoming more and more obvious in automobile manufacturing, consumer electronics, computers and communications and household manufacturing. Increasingly, the global heavy weight players of the world economy are large corporations involved in international or multinational projects. There is a global market and competition for most products and services. In order to effectively compete in it, organizations must use creativity and transform their cultures, structures and operations. The emergence of these global organizations creates pressure on domestic organizations and projects to restructure and internationalize their outlook and operations. Because of these powerful forces for globalization, organizations must explore project opportunities all over the world.

Technology is changing at a rate greater than at any time in history. One of the most dramatic technological changes affecting the work environment is the rapid expansion of information system technology. This technological revolution is having a profound impact on project structures, power relationships and the management of complex project interfaces. Artificial intelligence, computer-integrated manufacturing and virtual reality are creating new project opportunities in terms of their development and applications. Technology eliminates the problems of physical distance. Audio/Video conferences create the personal and direct interaction that is needed to work as a team. Engineering and manufacturing industries are assisted by robotics and computer-based design and manufacturing techniques like CAD.

Fast-changing consumer preferences caused by rapid and frequent technological changes and innovations have shortened the life cycle of several goods and services. The effects of rapid product obsolescence can be dramatic for organizations which cannot adapt and quickly handle this situation. In the pharmaceutical and electronics industries, some products become obsolete in as little six months. Projects aimed at developing products and services in such industries must adapt to this rate of change in a cost-effective manner to be successful.

Fig. 1 about a modern change management process showed that change management starts with a (re-) definition of the current enterprise strategy.

Deciding upon the right business strategy stands therefore at the beginning of every change process. The process of finding the right strategy is illustrated in fig. 2.

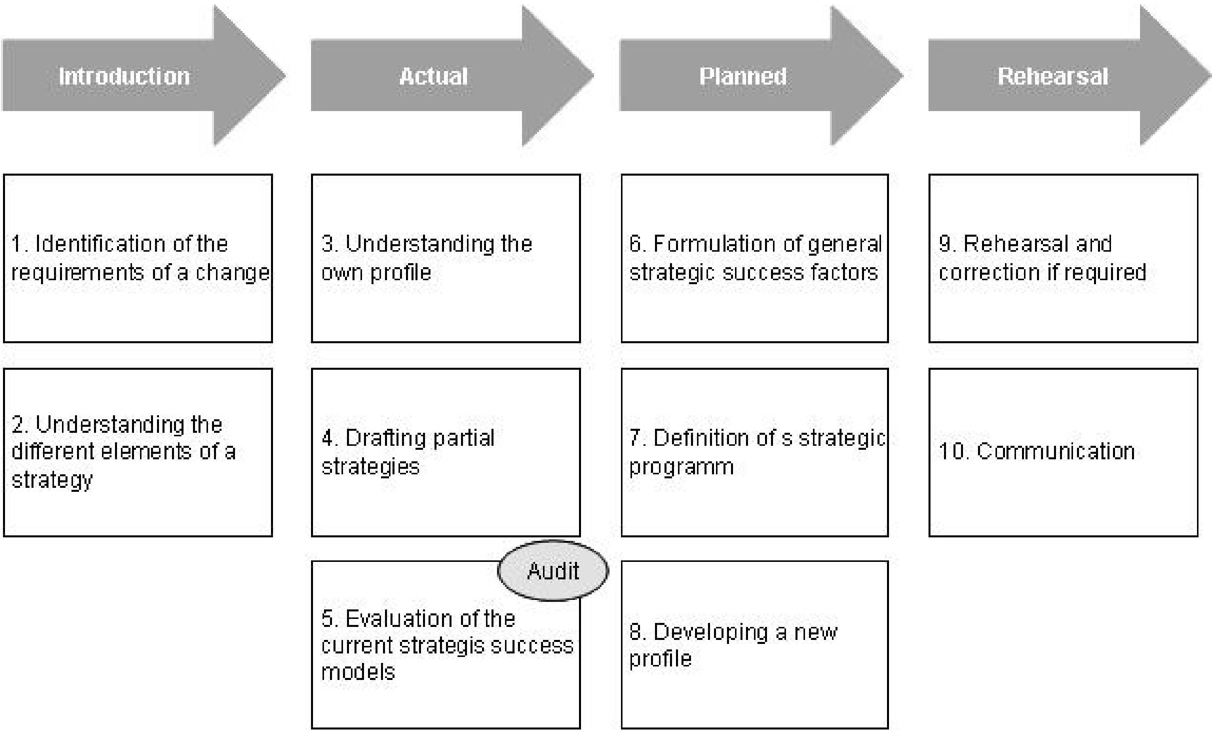

Figure 2: Finding the right Strategy

Countless approaches for strategy definitions are available (e.g. Porter 5-Forces-Model, 7S) and are not topic of this thisis . Fig. 2 only shows a general approach for the strategic approach during the change process. One step in this approach might differ from a general strategy rehearsal. During a change project, it is necessary to involve an external expert for a strategy audit!

A strategy-audit is an important cornerstone for a common image about the general and strategic position of the enterprise. Beside the management or departmental management in particular, the persons who are involved in marketing and sales and therefore have a direct customer contact and should be involved at this stage.

The second step in the “top-down” part has been process analysis. The process analysis reflects the modelling of the existing processes. Participative reconstruction of the processes and the visualisation of the expectations, strengths and weaknesses for the initialization of a lasting change is required. A review process (iterative vote process with the employees questioned) is mandatory. The following stage of process (re-)design cannot be separated with regard to the method and the modelling tools from the process analysis. It is only to be distinguished as an “incremental” process optimisation and a “radical” reorganisation of the enterprise processes.

The target of the top-down process analysis is firstly the elimination of all non value-increasing activities and secondly the optimisation of all remaining activities.

3.2 Initiating a Bottom-Up Change

Managing organizational change from the bottom-up will be more successful if some simple principles are applied. Change management entails thoughtful planning and sensitive implementation and, above all, consultation and involvement of the people affected by those changes. If change is forced, problems will arise. Change must be realistic, achievable and measurable. These aspects are especially relevant to managing personal change.

Before starting organizational change, the question of strategic change has to be answered: What do we want to achieve with this change, why, and how will we know that the change has been achieved? Who is affected by this change, and how will they react to it? How much of this change can we achieve ourselves, and what parts of the change do we need help with?

These aspects relate strongly to the management of personal as well as organizational change. Change needs to be understood and managed in a way that people can cope effectively with it. Change can be unsettling, so the manager logically needs to be a settling influence. Whenever an organization imposes new things on people there will be difficulties. Participation, involvement and open, early, full communication are the important factors. Workshops are very useful processes to develop collective understanding, approaches, policies, methods, systems, ideas, etc. Staff surveys are a helpful way to repair damage and mistrust among staff – provided you allow people to complete them anonymously, and provided you publish and act on the findings.

Management training, empathy and facilitative capability are priority areas – managers are crucial to the change process – they must enable and facilitate, not merely convey and implement policy from above, which does not work – Change must involve the people – change must not be imposed upon the people

One has to be wary of expressions like 'mindset change', and 'changing people's mindsets' or 'changing attitudes', because this language often indicates a tendency towards imposed or enforced change and it implies strongly that the organization believes that its people currently have the 'wrong' mindset, which is never, ever, the case. If people are not approaching their tasks or the organization effectively, then the organization has the wrong mindset, not the people. Change such as new structures, policies, targets, acquisitions, disposals, re-locations, etc., all create new systems and environments, which need to be explained to people as early as possible, so that people's involvement in validating and refining the changes themselves can be obtained. The following change management principles should be adopted]:

- At all times involve and agree support from people within the system (system = environment, processes, culture, relationships, behaviours, etc., whether personal or organizational).
- Understand where you/the organization is at the moment.
- Understand where you want to be, when, why, and what the measures will be for getting there.
- Plan development towards No. 3 above in appropriate, achievable measurable stages.
- Communicate, involve, enable and facilitate involvement from people, as early, openly and as fully as is possible.

3.2.1 esponsibility for managing change

The employee does not have a responsibility to manage change – the employee's responsibility is no other than to do their best, which is different for every person and depends on a wide variety of factors (health, maturity, stability, experience, personality, motivation, etc.). Responsibility for managing change lies with management and executives of the organization – they must manage the change in a way that employees can cope with it. The manager has a responsibility to **facilitate** and **enable** change, and all that is implied within that statement, especially to understand the situation from an objective standpoint (to 'step back', and be non-judgmental), and then to help people understand reasons, aims, and ways of responding positively according to employees' own situations and capabilities. Increasingly the manager's role is to interpret, communicate and enable – not to instruct and impose, which nobody really responds too well.

How to start:

- What we want to change and the change initiative
- Why we have to change – objective of change
- What we want to see as the successful outcome – final destination
- Where we are today – truth versus delusion
- How change impacts on an organization – macro level
- How change impacts on people – micro level
- What will be the barriers to change?
- Plan for the change journey
- Journey Map and Milestones
- What to do to achieve each milestone
- Capability development and enablement
- People and structure alignment
- Business readiness development
- Communication and ownership development

3.2.2 Change management process

The change management process is the sequence of steps or activities that a change management team or project leader would follow to apply change management to a project or change. Based on Prosci's research of the most effective and commonly applied change, most change management processes contain the following three phases (see fig. 3):

Phase 1 – Preparing for change (Preparation, assessment and strategy development)

Phase 2 – Managing change (Detailed planning and change management

implementation) Phase 3 – Reinforcing change (Data gathering, corrective

action and recognition)

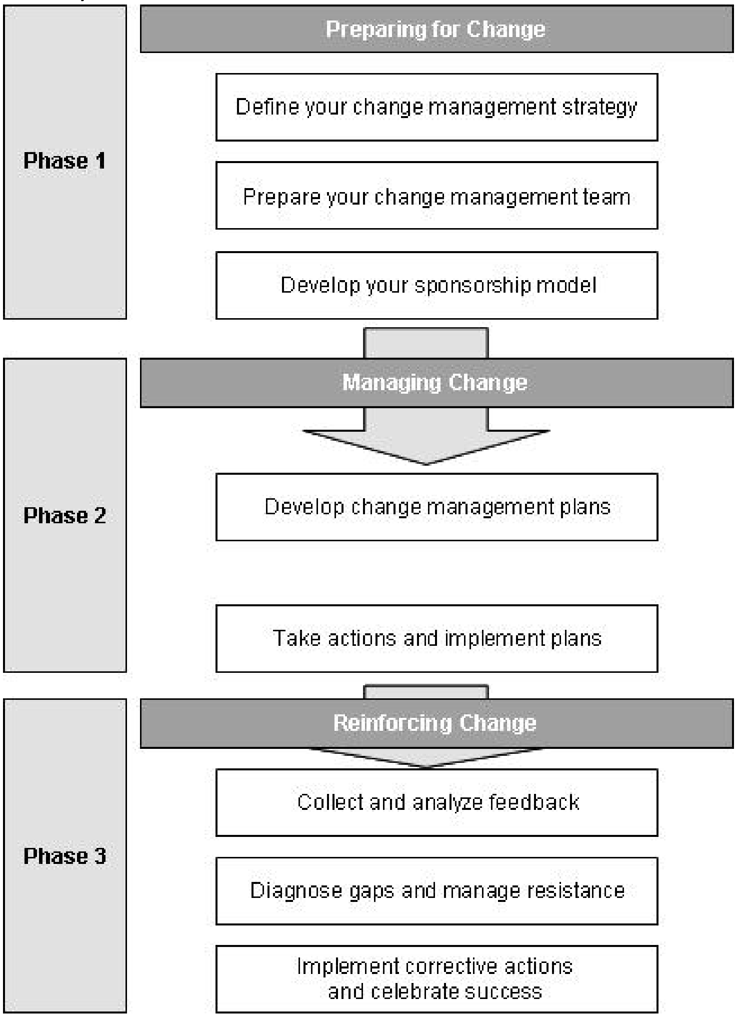

Figure 3: Change Management Process

Kurt Lewin, a prominent researcher, proposed the unfreeze/change/refreeze model. According to his approach, firstly, staff must be convinced that change is actually necessary. Managers need to highlight the areas of concern, or perhaps point out where things are better in rival businesses. Next, the change itself requires a range of solutions to be acted upon as soon as possible (before resistance builds up). Finally, refreezing involves reinforcing and formalizing the change (written down, repeated, and disseminated).

Unfreeze

A basic tendency of people is to seek a context in which they have relative safety and feel a sense of control. In establishing themselves, they attach their sense of identity to their environment. This creates a comfortable stasis from which any alternatives, even those which may offer significant benefit, will cause discomfort.

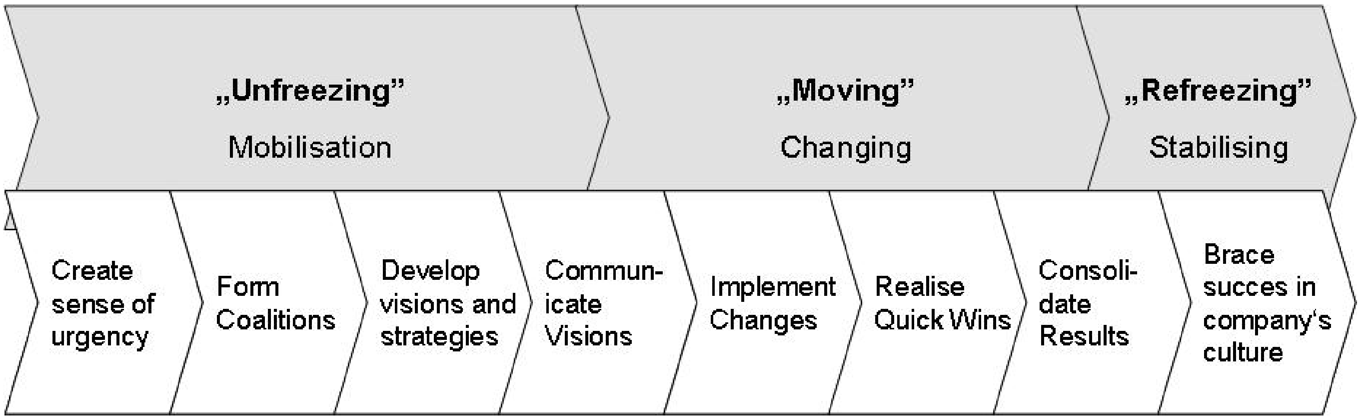

Figure 4: Unfreezing – Moving – Refreezing

Talking about the future thus is seldom enough to move them from this 'frozen' state and significant effort may be required to 'unfreeze' them and get them moving. This usually requires Push methods to get them moving, after which Pull methods can be used to keep them going.

The term 'change ready' is often used to describe people who are unfrozen and ready to take the next step. Some people come ready for change whilst others take a long time to let go of their comfortable current realities.

Here are some ways to make it happen:

- Burning platform: Expose or create a crisis.
- Challenge: Inspire them to achieve remarkable things.
- Command: Just tell them to move!
- Evidence: Cold, hard data is difficult to ignore.
- Destabilizing: Shaking people out of their comfort zone.
- Education: Teach them to change.
- Management by Objectives (MBO): Tell people what to do, but not how.
- Restructuring: Redesign the organization to force behaviour change.
- Rites of passage: Hold a wake to help let go of the past.
- Setting goals: Give them a formal objective.
- Envisioning: Done well, visions work to create change.

Transition

A key part of Lewin's model is the notion that change, even at the psychological level, is a journey rather than a simple step. This journey may not be that simple and the person may need to go through several stages of misunderstanding before they get to the other side.

A classic trap in achieving change is for leaders to spend months on their own personal journeys and then expect everyone else to cross the chasm in a single bound.

Transitioning thus requires time. Leadership is often important and when whole organizations change, the one-eyed person may consider himself a "king". In such a case, some form of coaching, counselling or other psychological support will often be very helpful.

Although transition may be hard for the individual, often the hardest part is to make a start. Even when a person is unfrozen and ready for change, that first step can be very scary. Transition can also be a pleasant trap and, as Robert Louis Stephenson said, 'It is better to travel hopefully than to arrive.' People become comfortable in temporary situations where they are not accountable for the hazards of normal work and where talking about change may be substituted for real action.

- Boiling the frog: Incremental changes may well not be noticed.
- Challenge: Inspire them to achieve remarkable things.
- Coaching: Psychological support for executives.
- Command: Tell them what to do.
- Education: Teach them, one step at a time.
- Facilitation: Use a facilitator to guide team meetings.
- First steps: Make it easy to get going.
- Involvement: Give them an important role.
- Management by Objectives (MBO): Tell people what to do, but not how.
- Open Space: People talking about what concerns them.
- Re-education: Train the people you have in new knowledge/skills.
- Restructuring: Redesign the organization to force behaviour change.
- Shift-and-sync: Change a bit then pause – destabilisation.
- Spill and fill: Incremental movement to a new organization.
- Stepwise change: breaking things down into smaller pieces.
- Whole-system Planning: Everyone planning together.

Refreeze

At the other end of the journey, the final goal is to 'refreeze', to put down roots again and to establish the new place of stability.

In practice, refreezing may be a slow process as transitions seldom stop cleanly, but go more in fits and starts with a long tail of bits and pieces. There are good and bad things about this.

In modern organizations, this stage is often rather tentative as the next change may well be just around the corner. What is often encouraged, then, is more a state of 'slushiness', where freezing is never really achieved (theoretically making the next unfreezing easier).

The danger with this is that many organizations have found that people fall into a state of 'change shock', where they work at a low level of efficiency and effectiveness as they await the next change.

'It's not worth it' is a common phrase when asked to improve what they do.

- Burning bridges: Ensure there is no way back.
- Evidence stream: Show them time and again that the change is real.
- Golden handcuffs: Put rewards in their middle-term future.
- Institutionalization: Build change into the formal systems and structures.
- New challenge: Get them looking to the future.
- Rationalization trap: Get them into action then help them explain their actions.
- Reward alignment: Align rewards with desired behaviours.
- Rites of passage: Use formal rituals to confirm change.
- Socializing: Build it into the social fabric.

3.2.4 ealing with thechange

Habits are a normal part of every person's lives, but they are often counterproductive when dealing with change. As humans **we are not very good at changing**. We see changes as a negative thing that something creates instability and insecurity. A normal change management process often evolves through a number of mental phases (see fig. 5):

1. **Denial**
   We will fight the change to protect the status quo

2. **Frustration and anger**
   When we realize that we cannot avoid the change and we become insecure because of a lack of awareness.

3. **Negotiation and bargaining**
   Where we try to save what we can.

4. **Depression**
   When we realize that none of the old ways can be incorporated into the new.

5. **Acceptance**
   When we accept the change, and start to mentally prepare ourselves.

6. **Experimentation**
   Where we try to find new ways, and gradually remove the old barriers.

7. **Discovery and Delight**
   When we realize that the change will improve our future possibilities.

8. **Integration and Implementation**

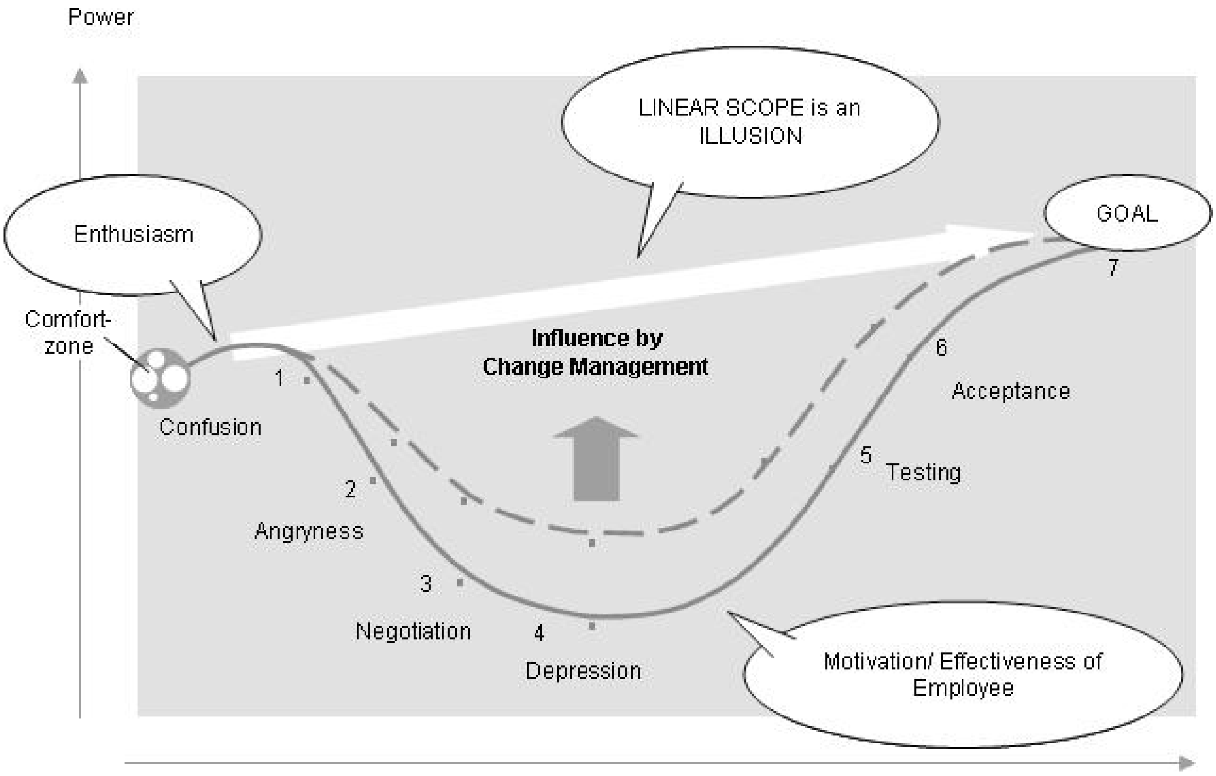

Figure 5: Dealing with the Change

John Kotter's highly regarded books 'Leading Change' (1995) and the follow-up 'The Heart Of Change' (2002) describe a helpful model for understanding and managing change. Each stage acknowledges a key principle identified by Kotter relating to people's response and appoach to change, in which people **see**, **feel** and then **change** Kotter's eight step change model can be summarized as:

Increase urgency – inspire people to move, make objectives real and relevant.

Build the guiding team – get the right people in place with the right emotional commitment, and the right mix of skills and levels.

Get the vision right – get the team to establish a simple vision and strategy focus on emotional and creative aspects necessary to drive service and efficiency.

Communicate for buy-in – Involve as many people as possible, communicate the essentials simply, to appeal and respond to people's needs. De-clutter communications – make technology work for you rather than against you.

Empowerment actions – Remove obstacles, enable constructive feedback and lots of support from leaders – reward and recognize progress and achievements.

Create short-term wins – Set aims that are easy to achieve – in bite-size chunks. A manageable numbers of initiatives. Finish current stages before starting new ones.

Don't let up – Foster and encourage determination and persistence – ongoing change – encourage ongoing progress reporting – highlight achieved and future milestones.

Make change last – Reinforce the value of successful change via recruitment, promotion, and new change leaders. Weave change into culture.

3.2.5 Scope

Scope is defined at a high level by describing the boundaries and deliverables of the project. It adds more detail to that definition through the gathering of the business requirements. Once these items are agreed to by the sponsor, it can manage overall scope change through a simple scope change process. Having the scope and business requirements approved doesn't mean nothing can change from that point on. It means instead that it will manage the overall change process from that point forward using a good scope change management process.

Here's a scope change process that could be used on a project:

- Solicit potential scope change requests from any project stakeholder, including the project team, clients, sponsors, etc.
- Smaller projects can document the scope change in a short form or an e-mail. For larger projects, the scope change request should be formally documented using a Scope Change Request Form. The important thing is that it needs to document the scope change in writing.
- Enter the request into the Scope Change Log for tracking purposes.
- The person making the scope change request should define the business value to the project. The sponsor will need this information to make a final decision.
- The project manager will assign the scope change request to a team member for further investigation. (The project manager could assign it to himself.) The team member will first determine how much time it will take to investigate the scope change request. If the time required to perform the analysis will cause deliverable dates to slip, the request must first be taken to the sponsor to determine whether the request should be investigated or not. If the sponsor gives initial approval to proceed, the work plan and budget may need to be updated to reflect this new work. If the sponsor does not agree to investigate the change request, then the request should be closed and considered as "not approved" on the Scope Change Log.

- Take the scope change request, alternatives, business value and project impact to the sponsor for a resolution (yes, we do it or no, we don't do it).
- Document the resolution or course of action.
- Document the resolution briefly on the Scope Change Log. If the Sponsor does not agree to the change request, then the request should be closed as 'not approved' on the Scope Change Log.

- If the scope change request is approved, the appropriate activities are added to the work plan to ensure the change is implemented. The project budget should also be updated, if necessary.
- The current Project Definition (Charter) should be updated if an approved scope change results in a substantial change to the project.

Throughout the process, make sure that you communicate all scope change status and resolution to project team members and other appropriate stakeholders. This is usually done by attaching your current Scope Change Log to your Status Report. This helps manage expectations and shows how approved scope change requests are impacting the project end date and budget.

4 Change ManagementProjects

The business world is not a stagnant one and the process of globalization and advancements in technology are, for example, only two dimensions which continuously force businesses to change. Companies must be aware of the dynamic internal and external environment in which they operate. Managers must note that any change in an organization may have effects extending beyond the area in which change is implemented. If change is not managed effectively, it can cause resistance and hostility in one or more of the stakeholders of the business.

4.1 External and internal influences

Most probably these types are in practise not as clear as described above. It might also happen that the change process switches from one type to another. However, in any case, there are almost always the same factors for initiation of a change management project.

External influences

Legal influences such as the amendment to the Workplace Relations Act – commonly referred to as Work Choices – where legislative changes have influenced the role of employment relations in many businesses, e.g. the nature of the employment contracts, the role of industrial trade unions and the Australian Industrial Relations Commission in dispute resolution, have all been impacted upon.

Oil prices are an example of an economic influence impinging on costs of a business.

Oil prices have also influenced consumer attitudes towards fuel consumption in cars. Terrorism is nowadays a political influence which has affected consumer attitudes towards public transport, tourism and consumption of luxury goods.

Internal influences

In order for businesses to be lucrative, management must assess the effects of accelerating technology, new systems and procedures and new business cultures. For example, when new technology is implemented within an organization, the technological efficiency serves no purpose unless adequate provision is made to train the employees in the new procedures. As a result, managers would need to implement new systems and procedures to ensure that the new technology leads to an increase in efficiency. For instance, employees can be reorganized into work teams to gain productivity and creativity benefits.

Outsourcing

In recent years more and more businesses identify the benefits of outsourcing. Businesses outsource by entering into a commercial arrangement with another business or person(s) to provide services that could be, or usually have been, provided in-house. By outsourcing to a specialist company, the business is able to increase productivity by concentrating on their core business function. Furthermore, outsourcing provides cost saving advantages not only on labour but also office/floor space. It enables the business to fulfil a temporary or fluctuating demand for a particular service. For example, it may not be worth hiring new IT staff to install a new computer network if it is only expected to take three months. The IT department is typically outsourced as it can be easily separated from other business functions.

Financial problems

Financial reasons why change might be resisted, for example, is when a new computer network system has great potential for savings and efficiencies throughout the organization but a substantial outlay in capital (possibly exposing the business to long term debt commitments) is required for this to be realised.

The high cost of replacing or buying new equipment can act as a restrictive cost on businesses and can

often delay the change process. If the new system fails, the business may be forced to sell that equipment at a reduced price. With the introduction of a new computer network system, various jobs within the organization may become redundant. Although in the long term the system will decrease costs, in the short term employers would need to pay employees their redundancy entitlements. Relevant training and facilitation is absolutely necessary when the business implements its new computer network system. All staff members must be aware of the new procedures and practices. Although providing benefits in the long term, retraining is associated with substantial costs in the form of professional development courses, and temporary loss of productivity during the retraining time frame. If retraining costs are prohibitive, managers may resist implementing the new computer network system.

Staff Problems

Staff may resist change. Managers are responsible for identifying reasons for resistance to change. One reason why employees may resist change is that it can endanger their income, security and future job opportunities. On the one hand, the level of skill by a worker may be reduced (de-skilling). For example, fifty years ago bank tellers required sufficient mathematical and accounting skills whereas today computers perform these tasks and bank tellers no longer require such skills. On the other hand, employees may resist change if they need to acquire new skills. For example, the implementation of a new computerized system requires all employees to be taught the new procedures.

A few may be unwilling to learn and apply these skills as quickly as required. In the face of impending change, employees may become uncertain, anxious and fearful of a loss of career prospects and promotional opportunities. For example, employees may feel job security is at threat if a company is involved in a merger or takeover. Often the new business requires fewer staff as many duplicated management positions are removed. Businesses must formulate methods to reduce disturbances such a change may cause. Managers should anticipate new business conditions and must be prepared to implement change at a moment’s notice. Obviously, if managers do not strongly believe that change is necessary then there is little chance that their businesses will introduce change successfully. Through change agents and work team managers can create a workplace culture that accepts change as a regular part of business. Change agents may be employed to overcome resistance and. take responsibility for the management of the change process. They convince other employees of the need and desirability of change. Work teams allow better communication between managers and employees.

Business culture problems

A business culture refers to the values, attitudes and beliefs held by management and employees. A business culture may have inherent attitudes which do not support change, and the business may not be motivated to improve its situation. An incompatible business culture may lead to more resistance to change and a longer duration of implementing change. The success of change management is significantly influenced by the acceptance of change by management and employees. After all, the quality of the product or service, level of industrial disputation and the external image of the business are all a reflection of the culture of the business and the harmony between employees and management.

4.2 Change strategies and approaches

For the project to work there are various ways in which to drive the change process. Depending upon the type of business, the organisation, the age of the enterprise and the average age of its employee, the management has to decide which strategy should be applied to get the best results.

4.2.1 Directive strategies

This strategy highlights the manager's right to manage change and the use of authority to impose change with little or no involvement of other people. The advantage of the directive approach is that change can be undertaken quickly. However, the disadvantage of this approach is that it does not take into consideration the views or feelings of those involved in, or affected by, the imposed change. This approach may lead to valuable information and ideas being missed and there is usually strong resentment from staff when changes are imposed rather than discussed and agreed.

4.2.2 Expert strategies

This approach sees the management of change as a problem solving process that needs to be resolved by an 'expert'. This approach is mainly applied to more technical problems, such as the introduction of a new, leaner management system, and will normally be led by a specialist project team or senior manager. There is likely to be little involvement with those affected by the change. The advantages to utilising this strategy are that experts play a major role in the solution and the solution can be implemented quickly as a small number of 'experts' are involved. Again, there are some issues in relation to this strategy as those affected may have different views than those of the expert and may not appreciate the solution being imposed or the outcomes of the changes made.

4.2.3 Negotiating strategies

This approach highlights the willingness on the part of senior managers to negotiate and bargain in order to effect change. Senior managers must also accept that adjustments and concessions may need to be made in order to implement change. This approach acknowledges that those affected by change have the right to have a say in what changes are made, how they are implemented and the expected outcomes. The disadvantage to this approach is that it takes more time to effect change, the outcomes cannot be predicted and the changes made may not fulfil the total expectations of the managers affecting the change. The advantage is that individuals will feel involved in the change and be more supportive of the changes made.

4.3.4 Educative strategies

This approach involves changing people's values and beliefs – 'winning hearts and minds', in order for them to fully support the changes being made and move toward the development of a shared set of organizational values which individuals are willing, and able to support. A mixture of activities will be used: persuasion; education; training and selection, led by consultants, specialists and in-house experts. Again, the disadvantage of this approach is that it takes longer to implement. The advantage is that individuals within the organization will have positive commitment to the changes being made.

4.2.5 Participative strategies

This strategy stresses the full involvement of all of those involved in, and affected by, the anticipated changes. Although driven by senior managers, the process will be less management-dominated and driven more by groups or individuals within the organization. The views of all will be taken into account before changes are made. Outside consultants and experts can be used to facilitate the process but they will not make any decisions as to the outcomes. The main disadvantages of this process are the length of time taken before any changes are made. It can be more costly due to the number of meetings that take place, the payment of consultants/experts over a longer time period and the outcomes cannot be predicted. However, the benefits of this approach are that any changes made are more likely to be supported due to the involvement of all those affected, the commitment of individuals and groups within the organization will increase as those individuals and groups feel ownership over the changes being implemented. The organization and individuals also have the opportunity to learn from this experience and will know more about the organization and how it functions, thus increasing their skills, knowledge and effectiveness and therefore the individuals' value to the organization.

These five change strategies are not mutually exclusive and a range of strategies can be employed to effect change. Part of the skill of effective change management is to recognize what strategy/ies to employ, when, where and how to use it/them. Other issues such as health and safety, accessibility and union representation may also need to be taken into consideration when deciding what strategy to adopt.

The change management strategies and their main advantages and disadvantages can be summarized as shown in fig. 6.

Strategy	Advantages	Disadvantages
Directive	Relatively fast	Ignores the views of those affected by change
Negotiate	▪ Change recipients have some say ▪ Reduced resistance	▪ May be relatively slow ▪ Anticipated change may have to be modified
Educative	People committed to change	▪ Relatively slow ▪ Requires resources and costs
Expert	▪ Use relevant expertise ▪ Small groups required ▪ Relatively fast to implement	▪ Expertise may be challenged ▪ Resistance of those not consulted
Participative	▪ Change more likely to be accepted ▪ More people committed to change	▪ Relatively slow to implement ▪ More complex to manage ▪ Requires more resources ▪ Increased costs

Figure 6: Change Management Strategies

Large-scale change may require changes in a number of aspects of the way in which the institution, faculty or department operates. A change elements matrix can be prepared for the whole of the institution, for a particular stakeholder (e.g. staff, students, or businesses), or a particular department or grouping undergoing change. This tool provides decision-makers with a picture of what the consequences might be if the change is, is not, or is partially implemented in each of these areas. Looking at the change variables and possible implementation outcomes can provide a supportive argument when creating a compelling case for change and hence gaining support.

But no matter which model is used, it has to be supported and clearly communicated by the top management. The executive board has to act as a role model and should start the change process/ project by a personal communication or statement for the people affected. The executive board has to confirm the changed strategy, organization and business culture by being an example ("talk the talk, walk the walk") and they have to be supportive of the departments and managers affected.

4.3 Examples of failed change management projects

Not every change process is successful. A large proportion of change processes in enterprises fail. The estimates vary, depending on which source is consulted. Often, however, there are figures which indicate that 60% to 80% of planned change processes are not successful.

This chapter illustrates typical examples of failure, refers to critical fields and to the most typical pitfalls which are happening in a change project all the time. After the challenges are described the chapter will explain the most important success factors.

"Unsuccessful" can be defined as "the goals of change are not achieved or only small parts are achieved." If the term "not successful" is defined more closely, we will see a more negative number. We should therefore ask whether a change process is successful if it has come at twice the originally estimated cost? Or is a change process successful if it takes double the time to introduce than originally thought? If these difficulties are counted as "unsuccessful changes," you certainly have a greater number of "unsuccessful" change processes.

Example 1:

The introduction of new software has failed because later nobody really works with it.

The reason: The software has too many features which the employees cannot remember, and some features are not wanted or necessary. This has made the software so complicated that it is no longer used.

Example 2:

The introduction of project management rules, which give the project leaders a systematic method pool, with many useful checklists and forms, has failed.Unfortunately, the fact that project managers simultaneously receive greater decision-making power was not taken into consideration. The project managers however don't want more power. Through many years of deportation of responsibility to "veteran executives", the project manager had gotten used to this methodology and knew that in difficult situations they were always "rescued" by somebody. Who wants to give up such security?

Example 3:

Reorganization of a company with the shutdown of selected subsidiaries: These closures haven't been communicated to the employees but unfortunately the employees learned of it from other sources. The management still claimed that it would not close the offices, while employees from other unaffected areas were growing nervous.

Some of the good people from these areas decided to leave the company. The company incurs a wave of denunciation from good staff within areas in which they didn't plan to make any changes.

Example 4:

The introduction of a new work schedule to help the sales staff failed. The new work schedule however had the pre-requisite that every staff member should be available on mobile phone 24/7. This naturally resulted in the sales staff feeling controlled by the company. The new work schedule was abolished after a short time.

Example 5:

The introduction of a new customer segmentation, in which some employees should give "good A – Customers" to other supervisors and in return get only "C – Customers", failed.

Three years after "successful" introduction, supervisors found in some departments that "C-Customers" were being "hidden" and served. Only through massive pressure from top management, have these customers properly been handed over.

All these failed change projects had a so-called failure logic. These mistakes were often made in good faith in the described examples: One wanted to arrange the new (too complicated) software perfectly. One did not integrate the project leaders and the middle management level because one thought that these would be pleased with the new method "toolbox" in any case. One did not communicate the problems and disadvantages of reorganization because one did not want to worry someone else.

Lessons learnt from these examples are:

- Good intentions are often not thought through sufficiently or cannot be properly estimated with regard to their effects. Often a good intention leads to negative consequences.
- In many cases the responsible change manager only receives positive feedback about the consequences of his mistakes and still believes that his procedure was correct.
- People are endowed with a self-protection mechanism, the so called "connotation mistake" or "ascription mistake". This "mistake" implies that the success es of other people are according to circumstances and that the failures of other people on the other hand ascribed to themselves. With ourselves we see this constellation exactly in the reverse. We ascribe our own successes to ourselves and make ourselves responsible for them. We ascribe our own failures to external circumstances and general conditions. This mechanism is used for the self-protection. This mechanism works of course also in the control of change processes.

4.4 Pitfalls in a change management project

The typical pitfalls in change management projects are the following:

- Lack of analysis of the strategic and operative challenge
- Insufficient problem awareness
- Insufficient communication
- ad "style"
- Unprofessional management of stakeholders, affected by changes
- Workload and speed of the change processes too big
- Unprofessional use of methods in the change process
- Lack of control

Lack of analysis of the strategic and operative challenge

Changes normally affect the strategy, structure, technology, processes or culture of an enterprise. Mostly the results from the change of strategy, structure, technology or courses make it necessary for people to change their knowledge, behaviour and/or their attitudes. In this way every change of strategies, structures etc. always require a change of culture or of the people in an enterprise.

An exception to this is the technological field and in particular the IT environment. Often change processes are started more inaccurately and more imprecisely in this field. Particularly in the case of changes of software or hardware, the starting position is often analyzed very insufficiently. This leads time and again to failures of change processes.

Example

An enterprise wanted to introduce a new software version "Operating System" and recognised in the later process of the change project that a hardware configuration on which the new version ran was not available.

With the removal of old software through the installation of a new one it was noticed after the half of the time planned for the change project had elapsed that a great number of interfaces had simply been forgotten. With the removal of old IT servers through the installation of the new IT servers it was noticed that the old rooms were simply too small. Also, allegedly simple matters of course must be analyzed and planned systematically. However heavily weighted it is, in almost every change process too small an impact is attributed to the analysis of the cultural starting position.

This has mostly fatal effects on the planned change processes. Attitudes of employees, existing norms and values as well as secret game rules in enterprises could hinder change processes. There are some employees who have a lot of freedom; these employees will always encounter changes with great scepticism or refusal. There are also workers, especially in mass production, who are unable to work independently. So it would be difficult to reorganise the employees for example, into a group work systems. The existence of such cultural obstacles does not mean that you will fail in instituting a change or that you should not begin it at all.

In (almost) every case cultural obstacles exist and it belongs to the standard of change processes to approach and change One should follow these steps:

1. Analyse the cultural situation
2. Accept the cultural barrier, do not ignore it
3. Work against it with a communication mechanism or integration methods

Insufficient Problem Awareness

A change process never begins without reason. Mostly there is a trigger for change processes. Triggers can be diverse:

- New legal requirements
- Competition
- Internal reasons
- Technological developments
- New ideas and success expectations
- Economical triggers

Normally these triggers are discussed extensively amongst top management. In this way awareness arises of existing problems and the necessity to make changes. In practice, only part of the information makes its way to the lower leadership level. The lower level manager and his or her employees afterwards often see little necessity for change.

There are some more reasons which also depend upon information flow. New executives in a company try to protect workers from disturbance and difficulties so that they are more productive and can work undisturbed. But this buffering or protection is often misunderstood. The workers must have transparent view of the situation of the company, must be informed about problems and about the background to planned changes.

Insufficient Communication

People would like to gain some influence regarding their surroundings. This desire for control is strongly developed. While one strives more strongly for control and influence, the other is satisfied already with the predictability of things which might arise. These things are in any case more simply to be stood or borne if they are known.

In change projects the biggest mistakes are made in the area of communication. Experience shows that at the beginning, during, and at the realization of changes the communication frequency is often too low. Change processes require information events and sometimes discussion forums. Information is also provided only in part. It is even more harmful if the relevant information is published step-by-step. We're familiar with the examples of enterprises that are forced to reduce personnel. First it is said that during the restructuring no staff reduction is planned and after only a few weeks or months news spreads about the downsizing of a number of employees.

Bad style

"We don't have to involve the employees. They must do it in any case, or? Would it not be better that we simply arrange it?" These two questions were asked by a project leader during a discussion during a change process (and were even understandable because the change project was delayed and he wanted to economize on the communication of the concerned persons).

The wish to involve employees in an "eat or die" mentality is often found in IT projects. In such a project, employees must work with the new software or hardware, regardless of whether they were involved or not in its implementation. This style of management is extremely bad. Employees do not obtain any information about the progress of the change-project and are informed later only e.g. by a mail about the use of the new software. Often employees will boycott the new system and use it as little as possible.

Further selected examples of a “bad style” or an inappropriate procedure, which should be avoided, are:

- Ignoring objections or counterarguments,
- making remarks in public about opposite doubters,
- presentation of incorrect facts in support of the wanted change,
- cynicism and irony,
- the appearance of arrogance when announcing changes,
- hidden and openly aggressive comments and criticism against opponents of the wanted changes,
- inappropriate public threats against opponents of the wanted changes.

his behaviour is counterproductive and is often returned in kind by the concerned persons, normally as a boomerang, by actively delaying the targeted changes or letting them fail altogether.

Unprofessional Stakeholder Management

In a change process numerous persons and groups are affected. All of them have different interests.

- The customer would like lower prices, a higher quality and better services.
- The shareholder would like to have a higher dividend.
- The works committee would normally like moderate changes, in which the interests of the employees remain and where possible no employees are retrenched.
- The executive board would like that changes have a high ROI.
- Middle management would like that their influence remains stable and is not reduced.
- The employees want to be reassured that the changes are not too extensive and that these changes will not require too great an effort.

Every department and every team within the company as well as every single employee has his or her interest in change processes. Time and again in practice it is the case that whole groups of stakeholders are not heard or are only inadequately considered even though they are affected directly by the changes. They are not asked before, not informed and not involved in changes, however, they are abruptly told to consider the changes.

Workload and speed

Every enterprise, every organization needs continuous adaptation to changed general conditions and factors in order to survive in the present markets or in the environment of the organization. Correspondingly, the tact of change processes is often set by outside factors. Also, many enterprises like changes from the inside.

With the high speed of change processes and the high number of changes, more mistakes are surfacing. Typical "speed mistakes" in change processes are:

- Changes are started or initiated too early. The company, the employees or customers are not ready.
- Changes are started or realized too late. A product was introduced already by other enterprises; a market is already satiated, etc.
- Changes are not initiated or introduced at the correct time.
- The timing is unfavourably chosen, because at the same time there are other issues or more important considerations.
- The speed of a targeted change is too fast. Often a systematic conception is missing.
- In addition, people can stand only a certain amount of change in a certain time. If this amount is being extended, the people won't go on. This may not be immediately externally recognizable. It can also appear in the form of fewer motivations.

Unprofessional use of methods in the change process

In general it should be assumed that, according to the importance of the change, in change projects professional methods are used. In reality this is often not the case.

The observed list of defects grasps, amongst other things:

- missing To Do-Lists about the work packages to be worked off,
- missing appointments as a designation entity for the end of the change-processes,
- missing environment analyses for the interest of the stakeholder,
- missing risk analysis,
- completely insufficient capacity planning, that the transfer ran so very slowly,
- regularly extremely long taking decisions, because there is no control committee on decision maker level.

These are only the *cardinal mistakes* which responsible people absolutely have to avoid.

Also, methods for the economic efficiency calculation are often used only at the beginning of a change process. In the further course of the change process this initial profitability study is held to be inadequate.

Lack of Control

If a change process is initiated, one should pay attention also to the sustainability of the targeted changes. This happens in many change processes rather rudimentarily. Mistakes can be committed in this case:

- During the implementation controlling and at the
- result controlling.

In many cases during implementation, too little controlling attention is paid. Sometimes it is difficult to measure the success of the implementation, especially when employee behaviour should be taken into account. That this is not simple does not mean that it should not be done. Often implementation control is not considered during the planning of the change-processes.

Furthermore, the problem of accountability can be added. Even if customer contentment or business numbers increase, how can one prove that this is associated with the realization of a new strategy or structure? There can be many other good reasons for such developments and these could lie outside the enterprise. Therefore controlling real results requires some complex and extensive instruments. It would be unpleasant if result controlling produced that actually the change-project was a disaster. The initiators of change projects attempt to avoid such a result.

4.4 Bringing Change to Success

To make change projects successful it is necessary to avoid the above-described mistakes. In the following chapters methods will be introduced which will bring about change project success.

4.4.1 Building a Business Case

A business case is the description of the reasons for the project and the justification for doing it, based on an appraisal of the costs and benefits (both tangible and intangible) and the risks.

It sets out:

- The problem or situation addressed by the proposal;
- The features and scope of the proposed initiative;
- The options considered and the rationale for choosing the solution proposed;
- The proposal’s conformity with existing policies, etc.;
- The implementation plan;
- The expected costs;
- The anticipated outcomes and benefits; and
- The expected risks associated with the proposal’s implementation.

The Business Case Process should ensure:

- The required issues have been thoroughly considered and documented;
- Sufficient information to facilitate fair evaluations of different proposals is available;
- Both the value and risks inherent in the proposed project are clear;
- The project is sponsored by, and has the commitment of, an executive with the capability and authority to deliver the benefits; and
- The delivery of the outcomes and benefits can be traced and measured.

4.4.2 Determining Organizational Readiness

There are some tools to evaluate how ready your organization is or if you will need to conduct a pre- change intervention. To make this topic clearer, the following example is given. If you can answer 6 out of 8 given questions with “yes” your company are ready for the change. This is an easy example to give a simple idea of this tool. There are a lot of other methods to evaluate the readiness of an organization like more detailed questionnaires.

- The organization’s top managers are strong supporters of this change.
- The people leading this change believe it is important to involve others in planning for this change.
- I understand what is wrong with the way things are now.
- I have all the information I need to get on board with this change and I understand the sense of urgency.
- I have a clear picture of how the organization will be different after the change has been implemented.
- I understand the priority of this change in relation to other initiatives within the organization.
- I know where to go for help and/or support if I have questions, concerns, or challenges related to the change.
- I am confident in the ability of the organization to sustain this change.

If the results indicate that your organization is not ready for a change, pre-changes have to be made.

4.4.3 Reaching more people – better communication

Communication is one of the most important factors in a change process. It has already been mentioned that poor communication has a deep impact on the success of a change.

Typically, people spend 70% of their days communicating in one form or another. This underlines the importance of communications being a key to a successful project. Poor communications will at best hinder progress and at worst sink the project. There is another tool to make sure that everybody knows what is and will be going on in the upcoming change process: The Communication Plan. During the change you will hear the same questions from the employees:

- What is happening?
- Why do we need the change now?
- How will it affect me?
- How can I get more information?

One should keep these questions in mind during the designing of the communication plan.

Before designing a communication plan you should consider these questions: To Whom, what, when and how?

The list below shows the methods participants used to communicate in successful change projects. There are a lot of different ways in which to communicate. In a change process not only one way should be used to inform the participants. Bulletin boards, cafeteria postings, cascading communication trees, change booklets, corporate newsletters (feature section), department or enterprise meetings, emails, focus groups, frequently asked questions memos, intranet pop-ups, leaflets, one-on-one meetings, posters, presentations, project newsletters, road shows, team meetings, word of mouth and workshops should be utilised.

Participants indicated that face-to-face communications were the most effective. Face-to-face interactions included:

- group and team meetings,
- presentations and demonstrations an
- one-on-one discussions

Many participants also identified email and intranet websites as effective methods. Several other themes emerged in relation to effective communication. First, communication should be open and "risk free", where employees can ask questions. Second, different types of communication are better.
Some change managers have this opinion: "Face to face (for effect); email (for efficiency)".

4.4.4 Involvement of the Stakeholders

One of the most important things in change management is to get people involved. One thing is to get senior management on your side. Without this high level buy-in, change will often fail. So before you start make sure that you have the support of management. On the other hand you have the employees. They need to feel part of the changes they are involved in. Keep them involved and informed about changes you are trying to make. Often people who are affected by change processes are not really involved, which has primarily two results: Fear of loss of time and too little know-how of the means by which to integrate the many concerned persons.

Possible losses of time are relocated in the case of nearer consideration. In fact, an integration of stakeholders takes time, but normally it costs more time if the realization of the change process slows down if people do not believe in the change. The reorganization of enterprises affects thousands of employees. The introduction of new software affects maybe all employees in a particular field. In such cases it is of course hardly possible to bind several thousands of employees into change process planning and conception. This problem can be solved by utilising multiplier concepts and similar models. Frequently it is forgotten that one must provide transparency about these multiplier concepts and their activities.

4.4.5 Review the Change

After the change project is implemented a review of the change is necessary. It is important to get the opinions of the participants in order to ascertain whether they are satisfied with the change. Also, a review will provide you with important information that can be used in upcoming change projects. This will improve further change projects and help to avoid mistakes. One solution could be a workshop with the people who are directly involved with the implementation. Typical questions are:

- How closely was each aim met?
- What are the overall benefits of implementing the change project?
- What worked particularly well?
- What would you do differently if you had the opportunity?
- What advice would you give to a manager about to undertake a change management project?

All the people who are affected by the changes should have an opportunity to relate their experiences. The main for this is that the success of the change process can be measured by this method, but also that employees are given the certainty that their opinion is valued.

5 Conclusion–The4C-Toolboxof ChangeManagement

Change management generally is difficult but no undoable. With a world closing in every day. not only international blue-chip companies are forced to critically reassess and. if necessary, change their business model, but also their organizational structure or their corporate culture.

Most failed change projects underestimated or simply did not take into account the human factor. To avoid this failure the assistance of change experts or change agents (in most cases professional consultants) should be sought. Not only that most employees have no or little experience in the field of change management. In most cases people are used to their environment and emotionally unwilling to change. . When the change process is not guided by externals, it is highly recommended that executive managers familiarise themselves with the toolbox change management. Fig.

7 summarizes the important aspects of change management.

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Content

- Corporate Audit (Strategic, operative)
- Key-Performance-Indicators
- Development of a Vision
- Evaluation of the company culture by asking the employees
- Open Space Sessions
- Management Meetings
- Internal Communication
- External Communication

Commitment

- Management by Objectives
- 360° Feedback
- Incentive-System
- Reward-Management
- Management-Audit
- Feedback by Seminars, Discussions, Intranet-Platforms etc.

Capability

- Efficient Program-/ Project-Management
- Coaching
- Teambuilding
- Model of Competencies
- Training/ HR-Development
- Leadership-Development
- Knowledge-"Controlling"
- Tests

Culture

- Leadership Guidelines
- Quality Management
- Learning Organisation
- Alternative Job Models (e.g.. Job Rotation, Job Enlargement)
- Change-Controlling

Figure 7: The 4C-Toolbox

Last but not least, it is easy to be preachy about change. It is easy to tell others to change their habits, attitudes, and behaviour. But one can only make partial adjustments to one's personality. And, of course, that requires loads of inspiration. If you wish to remould your company or organization, first make sure you really want the change and get enthusiastic about the opportunities.