

# Implementing Effective Business Change

*Meaningful and lasting business change can most successfully be achieved when supported by a holistic, company-wide approach to organizational transformation.*

Bill Fournet  
The Persimmon Group

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## Executive Summary

- *Business change must not be approached as simply an IT effort, but rather an organization-wide initiative that is driven by business needs.*
- *Use a straightforward three-step process to Analyze, Develop, and Implement effective business change.*
- *Incremental implementation of change efforts allows for faster benefit realization and smoother cultural adjustment.*
- *Transformation considerations should be holistically addressed at the organization level, process level, and job/performer level.*
- *Kotter's Eight Stages for leading change provide actionable best practices for organizational transformation.*

## Introduction

In this time of a constantly changing economic, technical, and competitive environment, it is important that organizations are able to quickly implement change and respond to their unique challenges. At best, successfully implemented business change efforts allow organizations to appropriately address new challenges and adapt to new business realities.

However, all too often business change efforts fall flat and do not achieve the organization's desired results. Whether these initiatives are either unsuccessfully implemented or unsustainable, transformation efforts can, at their worst, be a significant drain on time, resources, and employee goodwill.

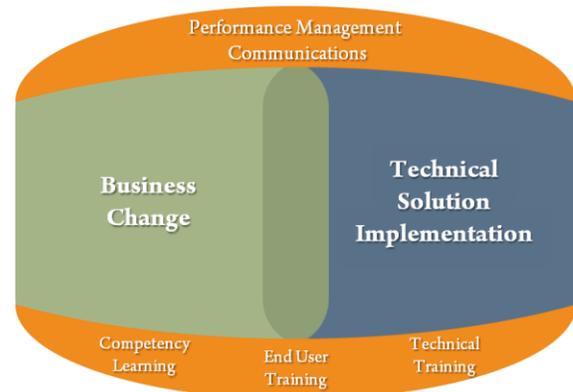
Organizations must develop and execute a deliberate strategy for business change efforts if they desire transformation to be effective and lasting. Fortunately, proven methods exist that can aid in the successful

implementation of organization transformation and improvement efforts.

## What is Effective Business Change?

The most successful implementation of business change efforts begins with a clear identification of the organization's needs and solution requirements. However, it is after this initial step that many entities begin to fall short in the implementation of their identified solution.

The reason for this shortcoming is simple – many solution efforts are articulated only in new tools, processes, or IT projects that are aimed at addressing the changing needs of the organization. However, these solutions lack the business-based foundation that is needed to support any organization-wide effort, be it technical or not. Pure solution implementation will need to be paired with business change efforts in order to ensure that the business can support the solution. In turn, these broad efforts need to be supported by effective performance management, communications, learning and training.



**Figure 1:** Holistic business change approach

It is important to recognize that when true organizational transformation is desired, every effort must be addressed as a business project. Expecting the business to conform to IT needs will cause alterations in processes that are unsustainable and inefficient.

### Deliberate Steps to Organizational Improvement

Appropriate implementation of any organization-wide effort requires a strategy that is deliberate and aimed at lasting results. Though the tendency of businesses is often to rush ahead with the newest available technology-based tool, this can lead to inefficient use of company assets and ultimately cause more problems than solutions. To mitigate this risk, businesses should approach change efforts through a straightforward analyze, develop, and implement strategy.

#### Analyze

The Analyze stage of effective business change implementation is aimed at understanding the current state of the organization and the needs it will present as the effort progresses. Effective ways to accomplish this analysis include personal interviews, focus groups, employee opinion surveys, and external stakeholder surveys and focus groups.

#### Develop

Once a thorough understanding of the organization's current state has been developed, appropriate solutions can be developed to address business change needs. In this two-part process, the leader must first develop a picture of the desired future state of the organization. This illustration should address not only the tools that will be used, but also the way in which employees implement these tools and administration supports key processes.

Next, a strategy must be developed that will allow the organization to reach the desired future state while realistically taking the current state into account. This transformation strategy and plan should use the holistic approach discussed above, and should include an articulation of the performance management, communications, learning, and training that will support and sustain the change efforts of the organization.

In fact, an effective strategy for change implementation can be illustrated by the five-part Star model for strategy support. An effective strategy will be supported not only by tools, but also by people, processes, structure and culture.



Figure 2: Star approach to strategy development

#### Implement

The third and final step in effective organizational improvement centers on the implementation of the defined strategy and the support structures that sustain this strategy over time.

One key method for achieving success in organizational change implementation involves the incremental introduction of changes. If adaptations to current business processes are implemented in a staged process, the organization can start to realize benefits from the change much earlier than if they had waited until the end of the initiative. This also allows for changes to be reviewed if deemed incomplete or ineffective.

Incremental implementation also allows time for important cultural adjustments to take place within the organization. If employees and stakeholders are introduced to new business realities on a gradual basis, it is more likely that they will embrace the changes and support their implementation in the long run.

#### Three Levels Framework

For business change to effectively take place, it must be supported at all levels of the organization. This means that the organization as a whole must embrace the change, the processes of the organization must work to support the change, and individuals within the organization must understand how their everyday contributions drive the change. In this way, a three-level framework can be a very helpful tool to ensure that needs at all levels of the organization are being addressed and supported by the new business processes.

	GOALS	DESIGN	MANAGEMENT
<b>ORGANIZATION LEVEL</b>	<p>ORGANIZATION GOALS</p> <p>Has the organization's strategy/direction been articulated and communicated?</p> <p>Does this strategy make sense in terms of the external threats and opportunities and the internal strengths and weaknesses?</p> <p>Given this strategy, have the required outputs of the organization and the level of performance expected from each output been determined and communicated?</p>	<p>ORGANIZATION DESIGN</p> <p>Are all relevant functions in place?</p> <p>Are all functions necessary?</p> <p>Is the current flow of inputs and outputs between functions appropriate?</p> <p>Does the formal organization structure support the strategy and enhance the efficiency of the system?</p>	<p>ORGANIZATION MANAGEMENT</p> <p>Have appropriate function goals been set?</p> <p>Is relevant performance measured?</p> <p>Are resources appropriately allocated?</p> <p>Are the interfaces between functions being managed?</p>
<b>PROCESS LEVEL</b>	<p>PROCESS GOALS</p> <p>Are goals for key processes linked to customer/organization requirements?</p>	<p>PROCESS DESIGN</p> <p>Is this the most efficient/effective process for accomplishing the Process Goals?</p>	<p>PROCESS MANAGEMENT</p> <p>Have the appropriate process sub-goals been set?</p> <p>Is process performance managed?</p> <p>Are sufficient resources allocated to each project?</p> <p>Are the interfaces between process steps being managed?</p>
<b>JOB/PERFORMER LEVEL</b>	<p>JOB GOALS</p> <p>Are job outputs and standards linked to process requirements (which are in turn linked to customer and organization requirements)?</p>	<p>JOB DESIGN</p> <p>Are process requirements reflected in the appropriate jobs?</p> <p>Are job steps in a logical sequence?</p> <p>Have supportive policies and procedures been developed?</p> <p>Is the job environment ergonomically sound?</p>	<p>JOB MANAGEMENT</p> <p>Do the performers understand the Job Goals (outputs they are expected to produce and standards they are expected to meet)?</p> <p>Do the performers have sufficient resources, clear signals and priorities, and a logical Job Design?</p> <p>Do the performers know if they are meeting the Job Goals?</p> <p>Do the performers have the necessary knowledge and skills to achieve the Job Goals?</p> <p>If the performers were in an environment in which the five questions listed above were answered "yes" would they have the physical, mental, and emotional capacity to achieve the Job Goals?</p>

Figure 3: The Three Levels Framework for implementation of organizational change

### Kotter's Eight Stages for Leading Change

John P. Kotter, a Harvard Business School professor and expert on leadership and change management, addressed key considerations of business change projects in his article, "Leading Change: Why Transformation Efforts Fail."<sup>1</sup> Kotter outlines eight discrete steps that contribute to success in effective and enduring organizational change. When executed in parallel with the analyze, develop, and implement process and the Three Level Framework, these eight stages can help to successfully direct lasting organizational improvements. The eight stages are:

#### *Establishing a sense of urgency*

Truly establishing a sense of urgency goes beyond just creating buy-in from employees and stakeholders. For organizational change to be effective, all parties must

<sup>1</sup> Kotter, John P., "Leading Change: Why Transformation Efforts Fail," Harvard Business Review, March-April 1995, pp. 59-67.

recognize the stakes of the decision and the potential crises, risks, or opportunities that may arise alongside the project. This will help to generate the energy and commitment that will drive lasting change.

#### *Forming a powerful guiding coalition*

A successful guiding coalition will often operate outside the traditional organization hierarchy in order to support the transformation efforts. In this way, coalition members at all levels can help to build the teamwork, trust, and communication that can be so critical to organizational change efforts.

#### *Creating a vision*

The vision for the future should be appealing and easy to communicate to customers, stakeholders, and employees. Without a guiding vision, transformation efforts may seem disconnected and confusing.

#### *Communicating the vision*

To be effective, vision communication cannot come simply from rote interoffice channels. Individuals at all levels of the organization – especially those on the coalition mentioned earlier – must incorporate the vision message into their daily routine.

### Kotter's Eight Stages for Leading Change

1. Establish a sense of urgency
2. Form a powerful guiding coalition
3. Create a vision
4. Communicate the vision
5. Empower others to act on the vision
6. Plan for and create short-term wins
7. Consolidate improvements and create more change
8. Institutionalize new approaches

**Figure 4:** Kotter's Eight Stages

#### *Empowering others to act on the vision*

For employees and stakeholders to be able to completely embrace business and organizational change, the barriers that limit the implementation of new processes and procedures must be removed. Too often, individuals will not press the issue if they attempt to adapt but instead run into roadblocks.

#### *Planning for and creating short-term wins*

Short-term wins help to generate energy among employees and stakeholders and provide an early proof of concept to the business change strategy. Incremental implementation of transformation efforts and strategic prioritization of these initiatives can help to ensure quick wins for the business.

#### *Consolidating improvements and creating more change*

One of the biggest pitfalls to the successful implementation of organizational change occurs when “mission accomplished” is declared too soon. Though the initial goals may be achieved in the short term, the sustainability of the project initiatives must also be the long-term goal of the project. Use short-term wins to generate energy and enthusiasm for follow-on change efforts.

#### *Institutionalizing new approaches*

Finally, if the business change implemented does not become part of the organization's DNA, it will not survive time and transitions. While new processes and tools are implemented in the organization, a concerted effort must also be made to ingrain these changes into the company's culture.

#### **Conclusion**

When executed correctly, organizational transformation efforts can enable a company to be agile, adaptive, and more responsive to customers' needs. However, it is important that all broad-sweeping efforts of this type address the business change aspects of transformation alongside the new tools, processes, or procedures that are part of the change strategy.

Using a deliberate three-step process to analyze, design, and implement appropriate change procedures can help to ensure that these efforts are accomplished strategically. In turn, a Three Level Framework can aid the organization in implementing change at all levels: organization level, process level, and job/performer level. Finally, utilizing Kotter's Eight Stages for leading change can help to identify important best practices within change management.



**Bill Fournet** is the President and CEO for The Persimmon Group. He provides business strategy, educational development, and information technology consulting to clients in various

industry verticals, including energy, financial services, aerospace, telecommunications, government and human resources, among others. He is a sought after speaker and educator and balances this demand with continuing to be a leadership and management practitioner.

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