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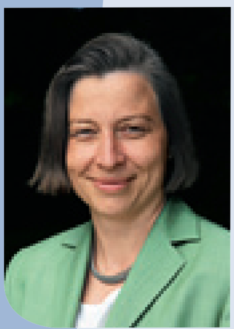
Charting in New Territory: The need to map the change process



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The most important message in any change process is that you need to spend time to plan the implementation of strategic initiatives. Haphazard moves will never shift people's thinking and are less likely to influence their emotions and thereby change their behavior. While management teams traditionally spend abundant time analyzing the strategy and developing detailed tasks, they underestimate the amount of time it takes to plan the implementation. This is especially so in large-scale changes like the introduction of new technologies globally, mergers and acquisitions, or organizational restructurings. We have repeatedly seen management teams ending a week-long immersion with a long list of "what to do next" but with little attention paid to "how to do it."

Recently we worked with a management team. We found that by the end of three days each member of the team knew their deficiencies with respect to customer satisfaction. They knew that their product portfolio was too broad (10% of their products were generating 80% of the revenues), they were losing market share, and financially they had barely broken even in the last two years. As a result, they developed a strategic plan and detailed projects and tasks to turn around the situation. Everyone in the management team knew why they needed to change and what they needed to do. However, when they were back at work no one really knew what this management team had been working on. In addition, they had spent little time thinking about the impact of the agreed changes on the organization. A gap had developed between the management team and the rest of the organization. Therefore they needed to develop a plan to close this gap. But how? The four steps of bridging this gap are: initiate urgency; map key stakeholders; develop a stakeholder engagement plan; and develop a communication plan.

Initiate urgency for change

Over the years, we have seen four different approaches to initiating urgency for change. On the one hand, managers can focus on the internal or external drivers of change and on the other hand, they can primarily address the rational or emotional side of behavioral change (see Figure 1).

focus of engagement	internal	external
emotional	shock treatment (threat of company closure)	feedback from an angry customer
rational	stretch goals/ incentives	competitive scenarios or benchmarking

drivers of change

Figure 1

A dramatic presentation showing that the company has had six consecutive quarters of declining revenues and increasing costs and that shareholders are on the verge of splitting the company unless performance dramatically increases, would be an example of "shock treatment," focusing on internal drivers of change and addressing the emotional side where people can see the consequences of doing nothing. This type of wake-up call is frequently used in times of crisis. Another approach would be to use a videotape of an angry customer to illustrate the lousy product that was delivered. The message is: "As an organization we have not listened to feedback from our customers." The outcry of an angry customer has the potential to truly touch the hearts of

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employees. It creates a sense of urgency since people will feel the need to respond. The first and the second approaches help individuals to see compelling and dramatic evidence, which through visualizations, addresses their emotions and thereby enables a change in behavior.

"Internal and external stakeholders must have a full understanding of their vision, strategy, how it was arrived at, and what role each stakeholder must play during implementation."

More rational approaches to change could, for instance, focus on building alternative scenarios which indicate how the company would evolve as a result of different external situations; e.g. no market growth, a new competitor entering the market, pressure on prices due to a pricing war, etc. Simulating the financial impact of these different external pressures would create awareness for what needs to be done to avoid a potential financial disaster. Internal stretch goals based on a market analysis, together with incentives to achieve these goals, could be another means to engage people to move towards new horizons. The process by which people change is, however, quite different in these two more rational approaches. People are given an analysis based on information that influences their thinking, and this information can lead to changes in their behavior.

The approach chosen depends on a number of elements: the type of situation at hand, the person responsible for creating a sense of urgency and the degree to which he or she is comfortable with the approach. In situations of change fatigue, a higher level of intervention may be needed to create a true sense of urgency. Here, eye-catching and dramatic situations need to be created in order for individuals to see that complacency no longer works. In some cases, a crisis is intentionally created to instill action. But if the crisis leads to fear and anxiety, there is the potential danger of non-action. This, in turn, may reinforce change fatigue as everyone may think "this is just another initiative. If we wait long enough, it will go away." The sense of urgency resulting from the crisis needs to be converted into positive energy where everyone knows in which direction the train is moving so that they can contribute.

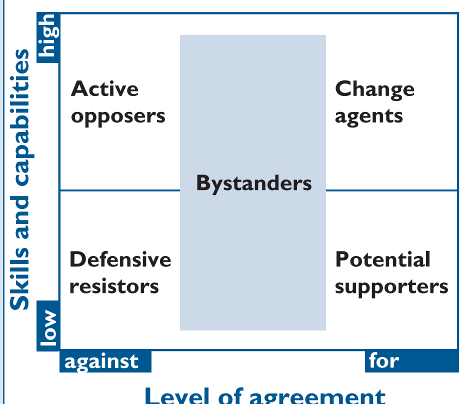
Mapping key stakeholders

The result of every strategy formulation exercise is typically a large number of projects, subprojects and tasks. These all compete for management's time and attention. The difference between companies successfully and unsuccessfully driving change is that successful companies ensure that their internal and external stakeholders have a full understanding of their vision, strategy, how it was arrived at, and what role each stakeholder must play during implementation.

The starting point for conducting a stakeholder analysis is to assess the key people and departments affected by the implementation of the strategy. The ultimate goal is to get an understanding of those people who can make an impact within the organization. While some members of the organization are influential, e.g. opinion leaders, others may have formal power but little influence in driving others to adopt their views. The degree of impact may not necessarily be linked to the formal hierarchy.

The next step is to assess each of the critical stakeholders in terms of their level of agreement with the strategic initiative and their skills and capabilities to assess their potential level of contribution to the expected outcome.

It does not help to have a committed individual that does not have the skills to implement. Figure 2 shows how you can assess critical stakeholders by answering the following question: Focusing on the most critical persons and departments that you have identified in your assessment of who is affected, where do they stand?



Source: Adapted from Jean-Marie Descarpentries

Figure 2

The change agents are high in their potential to contribute to the strategic initiative and high in their potential for collaboration as they have the skills necessary to implement.

This is the ideal stakeholder since he or she supports the project's goals and actions and could be your project engine. Most managers wish all their stakeholders were of this type. This group of stakeholders may include clients, end-users or high-flyers that see the strategy implementation as an opportunity to make their mark.

Potential or supporters are high in their agreement on the strategic plan but do not have much potential to contribute. They may include suppliers, consultants, and financial institutions. Supportive internal stakeholders could also be other business unit managers that see the strategic plan as a testing ground, which does not affect them in the short term. Neutral stakeholders or the so-called "bystanders" are neither highly threatening nor especially collaborative. Although they potentially have a stake in the project and its decisions, they are generally not concerned about most issues. They may include third parties like groups of environmentalists; however, certain issues such as pollution resulting from the project could activate one or more of these stakeholders, thus increasing their potential for either negatively affecting or cooperating with management.

Defensive resistors have a high potential to negatively influence the initiative but are low on the scale for potential collaboration. They are one of the most difficult groups for a management team and may include competing organizations, labor unions, public authorities and sometimes the media. Defensive resistors are typically those who have the most terrain to lose as a result of a reorganization. Active opposers have a high negative potential but, if convinced, they can contribute greatly to the implementation of the strategy, in some case even refining it. Typically these are individuals with different views about the strategic direction.

Develop a stakeholder engagement plan

Getting stakeholders' commitment and successfully overcoming resistance to the implementation of strategic initiatives are prerequisites for success. Each critical stakeholder group will need to be managed differently as their capacity to impact the change will vary. While some stakeholders are gatekeepers that control access to critical resources, others are opinion leaders who play a critical role in shaping people's views. A third group are network leaders who know everyone informally.

Based on the typology of different critical stakeholders, five strategies emerge for managing them. Initially, you will probably start with the change agents. You need to collaborate by actively involving them in decisions related to the implementation. Collaboration should be based on mutual trust and must be beneficial for both parties. Giving them responsibilities and decision-making power will then increase their level of commitment and will help them convince others opposed to the initiative. The potential supporters are often ignored as stakeholders to be managed, and therefore their cooperative potential may also be overlooked. This group of stakeholders should be developed, informed and involved in issues where they have skills to help implement. Bystanders who are potentially marginal stakeholders should simply be monitored in order to avoid negative surprises. Their "wait and see" attitude often makes them followers in a change process. Non-supportive stakeholders, particularly the defensive resistors, are initially best managed using a defensive strategy that endeavors to reduce dependence that forms the basis of the stakeholders' interests in the issue. Sometimes this strategy is difficult. Therefore others argue that this group is best managed by keeping them busy. Active opposers are probably the most worrying group for managers as they have the skills and capabilities to sabotage the intended change. They may, however, have valid points which could lead to adaptations of the proposed change.

Develop a communications plan

In addition to the critical stakeholders, there is also a need to ensure that the management team does not lose sight of everyone else in the organization. While the critical stakeholders may be the starting point, the potential for change recipients to block new initiatives should not be underestimated. Therefore a communication plan needs to be developed for the larger organization. Most frequently, it is middle level managers who need to be motivated first. They influence lower level managers to act upon the

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"Senior management plays a key role in communicating the strategic intentions to the organization."

strategic goals and, if they are not on board there is a serious danger of the action plan being sabotaged. The effectiveness of communication relies on managers using communication processes and messages that are perceived as understandable and trustworthy. This is especially true in the early stage of a new strategic initiative. Using concise messages and clearly defined terms, as well as precluding the suppression of truth or misstatements of expectations is part of an effective communication system.

Keeping in mind that effective communication requires adapting messages for different audiences, it is important to map out which stakeholders need to be informed and about what. This can be done with a communication chart showing the internal and external stakeholders to be informed, as well as the areas most important in terms of communication to each group. If communication is a one-off event, however, most change processes are doomed for failure. Communication must take place at regular intervals of time, informing different groups of the progress, possibly leveraging other communication opportunities.

Another recipe for disaster is delegating the communication responsibilities to the communication department and expecting this to be sufficient. Senior management plays a key role in communicating the strategic intentions to the organization. This clearly sends the signal that this particular strategic initiative is a battle that is important for everyone. Leaders essentially set the tone for communication throughout the organization. Everyone looks at the degree to which they are open, accessible and straight with people. Effective communication also means that different channels are used. Shell, for instance, has a principle whereby everyone has access to equal knowledge and guidance. In addition, they use multiple channels of communication. At Vodafone, the implementation of a major change in one particular country meant regular interactive Q&A sessions up, down and around the organization, as well as capturing the responses in order to keep employees on board of their latest initiative.

It is important to ensure that the management team agrees on the way forward, has a common story to tell, and can answer likely questions consistently before large-scale communication begins. To be able to sell a consistent story, you need to spend time thinking about the change process.

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