

# Strategy and Leadership PV237

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## Change Management



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- Change Management

- Realizing why change is ALWAYS taken badly
- Coaching through change
- Best practices
- Things to avoid
- Post-mortem coaching & self-coaching



# Case study

Redesign of invoice approval process to reduce effort & errors and to get analytics

## Old Way

- 168 Mouse clicks per transaction
- Manual
- Labor intensive
- Prone to error
- No analytics

Versus

## New Way

- 12 Mouse clicks per transaction
- Automated
- Fully Auditable
- Advanced Analytics
- Reduction in Close Process

How do you think it was received?



# Case study continued

It was not received well. To get this change approved and in production, it took:



- 7 in person meetings
- 4 conference calls
- 113 emails
- Personal involvement of the CIO, CFO, and two group VPs



# What did they miss?

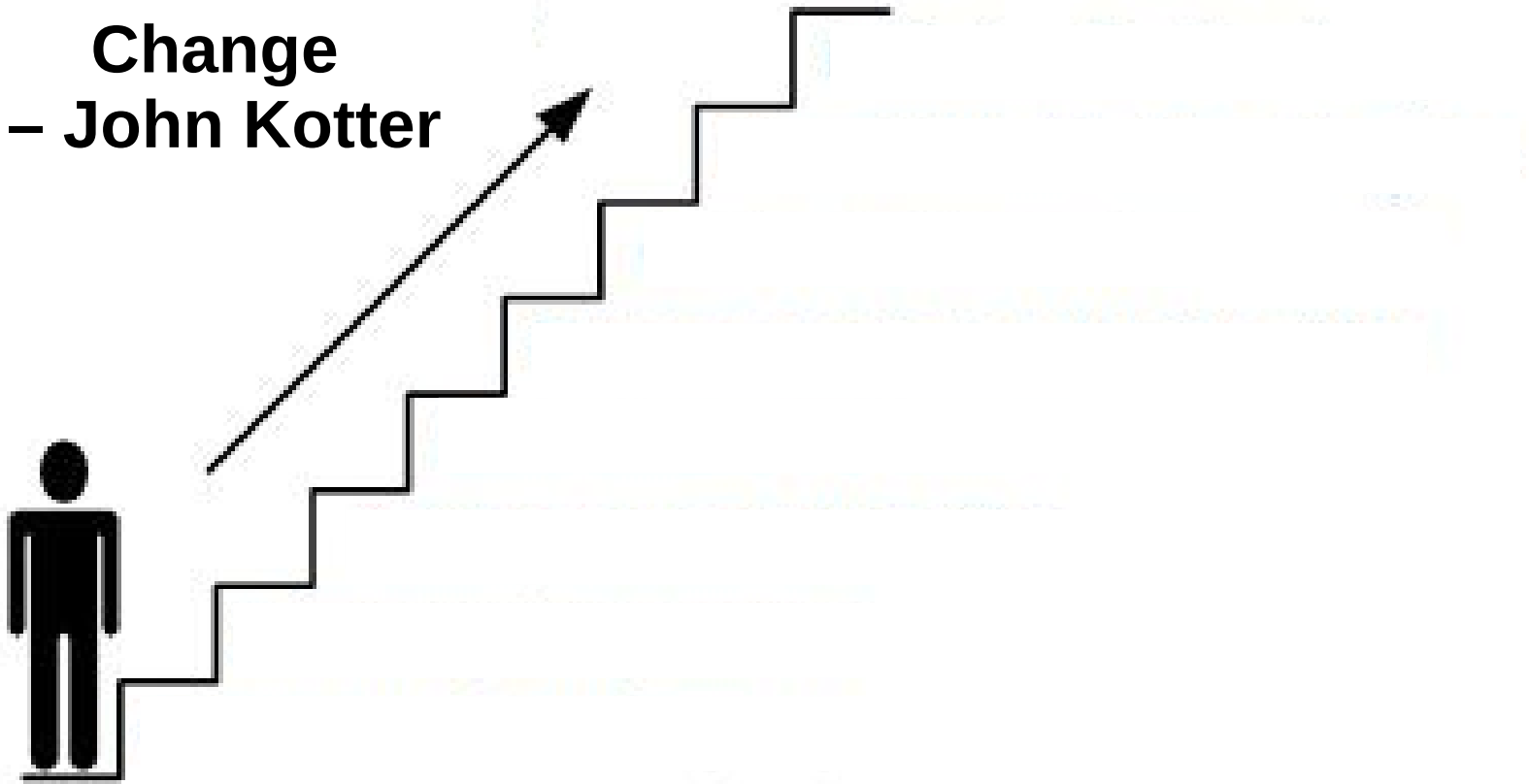


“We failed to realize that generally people fear change and the personal impact of the change”



# Leadership Through Change

## Eight Steps to Successful Change – John Kotter



Based on John Kotter, professor at Harvard Business School and world-renowned change expert, Kotter introduced his eight-step change process in his 1995 book, "Leading Change."



# Leadership Through Change

## Eight Steps to Successful Change – John Kotter

Communicate the vision

Create a guiding coalition

Consolidate and build on the gains

Institutionalize the change

Empower people to act on the vision

Create short term wins

Establish a sense of urgency

Develop a clear shared vision





# Why is it important?

McKinsey study on 40 companies shows how change management impacts ROI

Excellent change management	143% ROI
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Poor change management	35% ROI
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- 11 companies with the lowest ROI all had:
  1. Lack of commitment/follow up from senior executives
  2. Poor project management skills of middle managers
  3. Employee confusion about the project



# What did the excellent companies do?

## Senior managers

Commitment	Put initiative at top of agenda
Communication	Relate single, clear, compelling story—no mixed messages
Financial incentives	Reward senior managers if initiative is successful
Nonfinancial incentives	Provide recognition for strong performance
Leadership	Identify owner/champion
Stretch targets	Uphold goals with mantralike consistency; team “lives or dies” by the numbers

## Middle managers

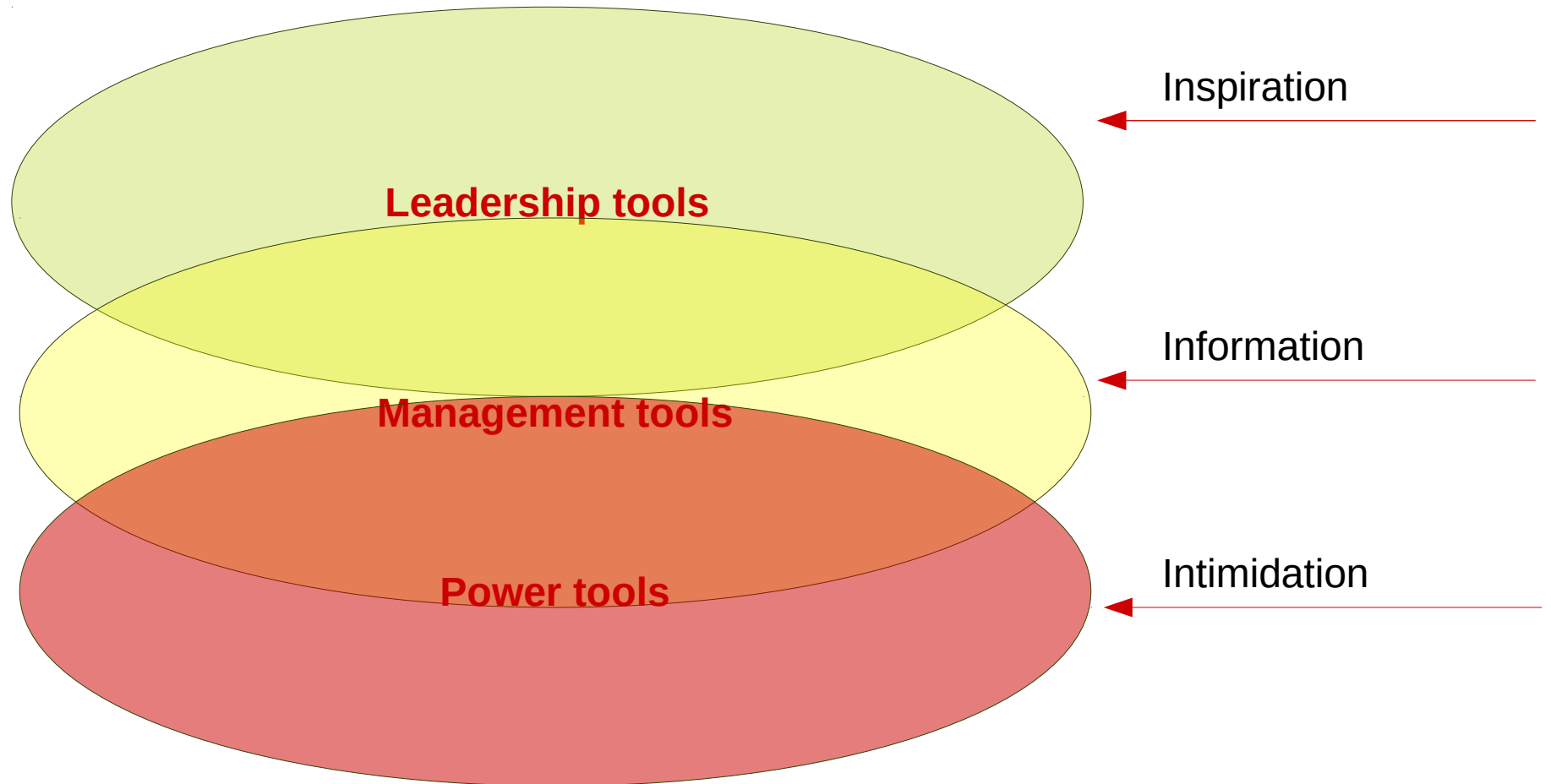
Decision authority	Exercise consistent control over defined set of tasks
Skills in managing people	Provide feedback to employees on status of initiative
Skills in managing projects	Achieve measurable milestones in timely manner

## Frontline staff

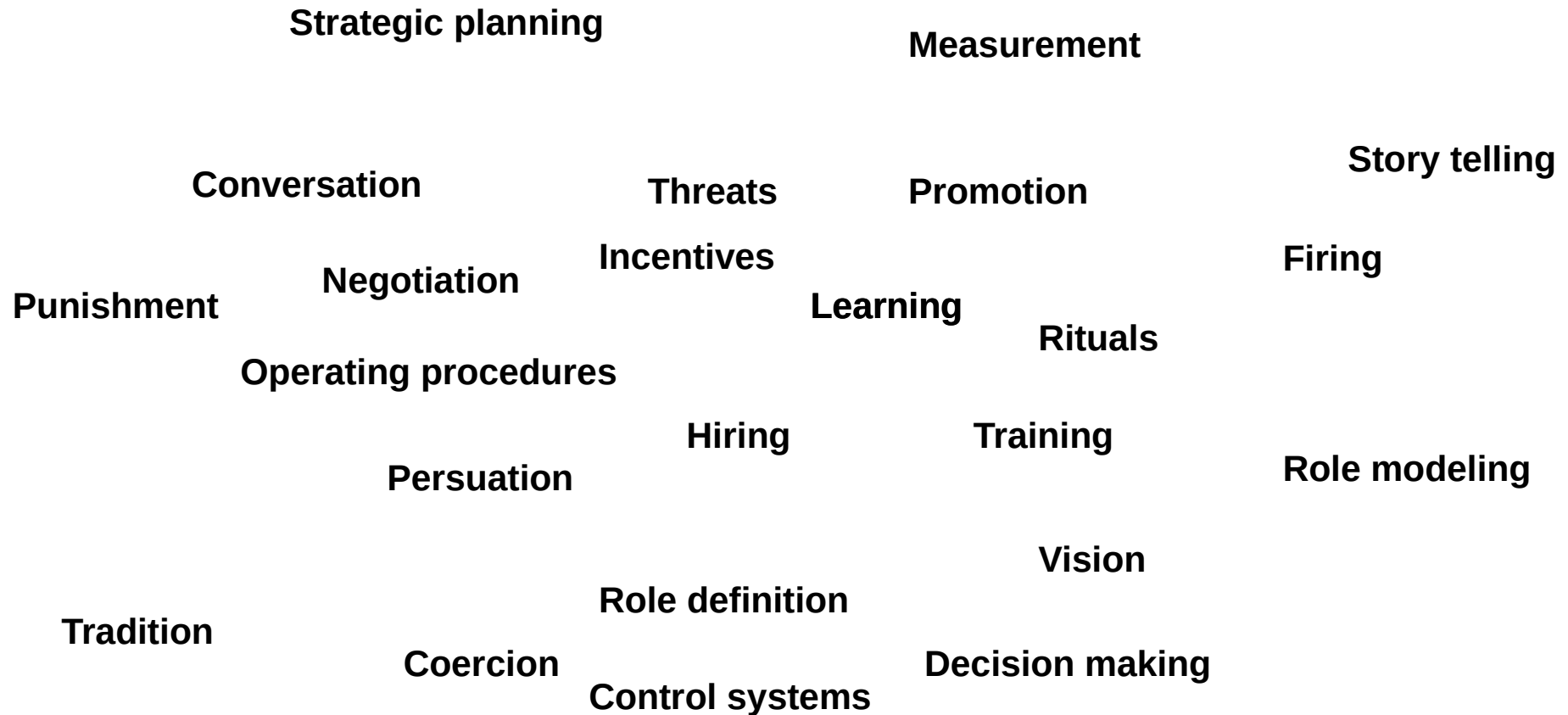
Skills	Consider training key aspect of initiative
Tools	Make technology and techniques available to employees
Motivation	Clearly reward excellent performance to improve morale



# Organizational tools for changing minds



# Organizational tools for changing minds



# Coaching through change exercise part 1

**Situation:** You are a leader of a group you have just introduced the change to. Here comes a practical exercise you can do to ease the change.

- **Explain the exercise and agree some ground rules for the discussion (safety, confidentiality, respect for individuals).**
- **Ask individuals in the team to write on sticky notes how they feel about the changes.**
- **Ask them to stick the notes on a flip chart and then get the team to cluster the notes into similar feeling groups.**
- **Consider the results and draw attention to common ground (people will find comfort knowing they are not the only ones who feel that way).**
- **Start a discussion with how can these feelings be addressed.**



# Assignment 6

- Submit next decision Glo-bus strategic simulation game round
- Submit your takeaway from today lesson within 24 hours
- Those who did not attend, complete Eight Steps of Change Management on their own (I don't want you to google it, use your critical thinking)
- Those who did not attend, sort words on slide 12 into groups on slide 11

