

Strategy and Leadership PV237

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Leadership Through Change aka Change Management



Congratulations Happy Little Cameras

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Case study - change is ALWAYS taken badly

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”



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.**



Coaching through change exercise part 1

- **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.**

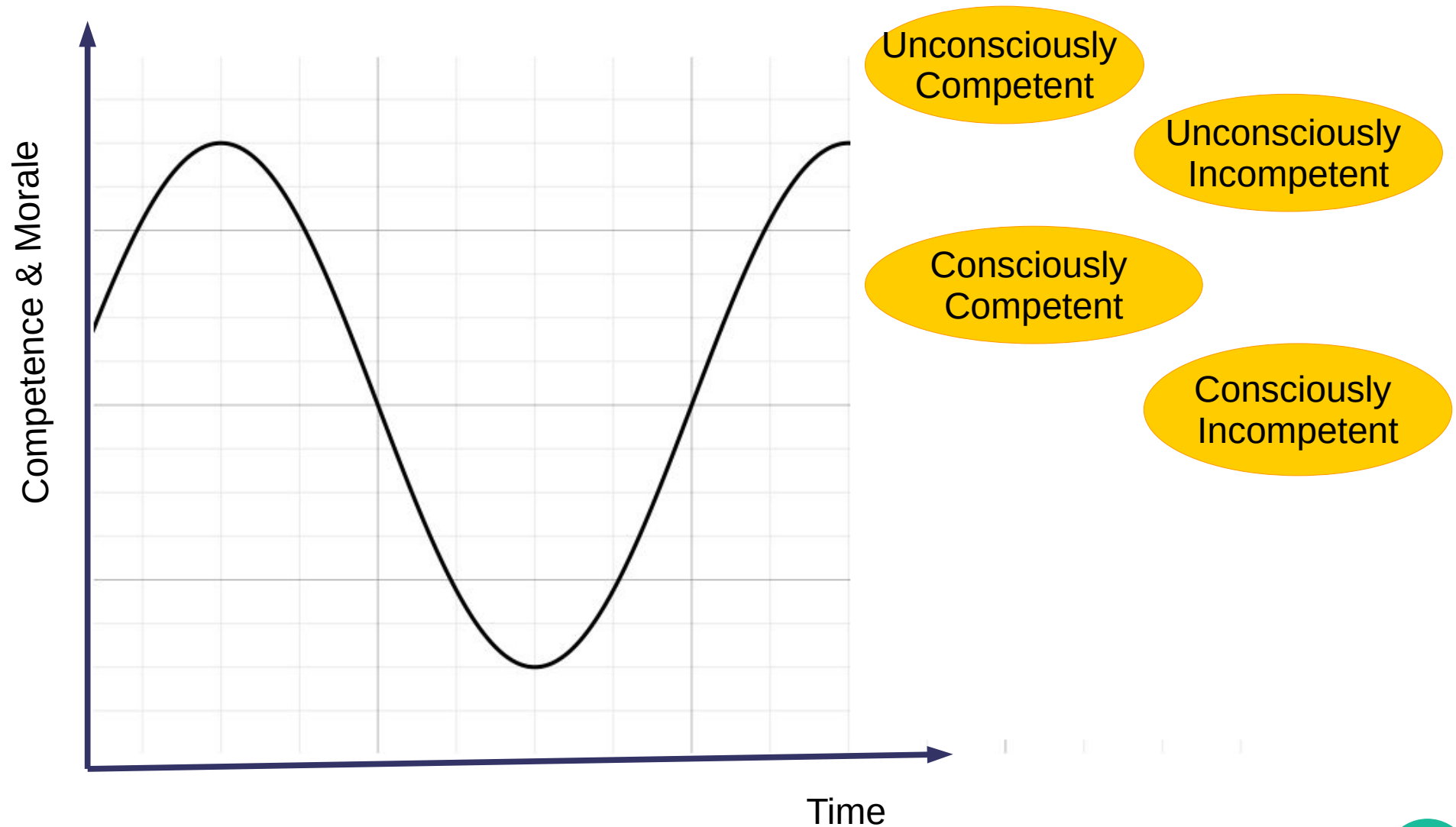


Coaching through change exercise part 1

- **Brainstorm – no censorship – no idea is stupid.**
- **Sort and prioritize the action list.**
- **Assign actions.**
- **Schedule a follow up: when and where you will discuss the progress.**
- **Repeat the sticky notes exercise when you feel you moved forward to double check.**



Coaching through change exercise part 2



Coaching through change exercise part 2

Group work

- **Put the competency stages on the transition curve**
- **Elaborate on leadership actions needed for each stage**

Unconsciously
Competent

Unconsciously
Incompetent

Consciously
Competent

Consciously
Incompetent

Unconsciously
Competent



Competence stages

Change



Unconscious
Competence

Unconscious
Incompetence

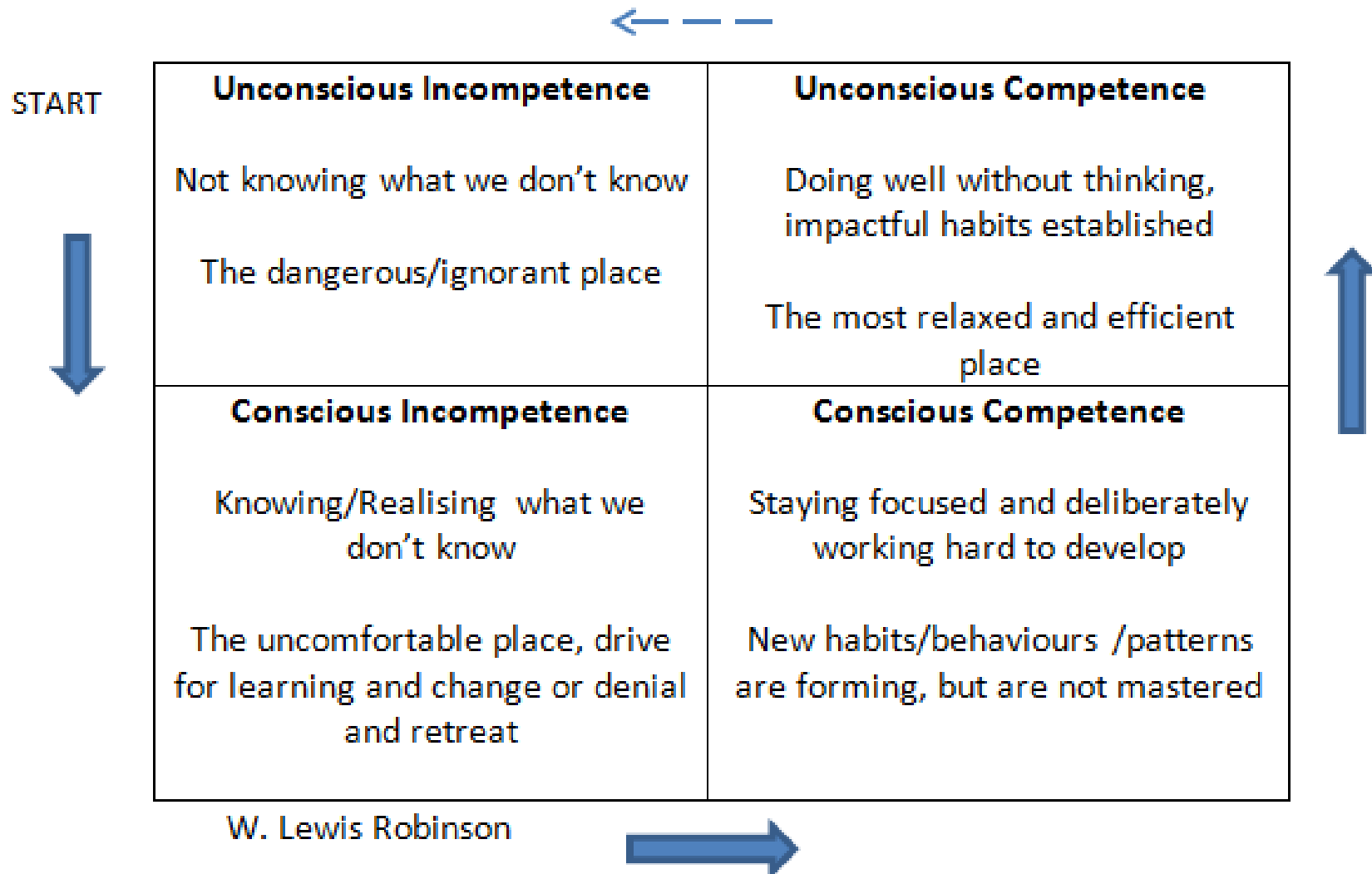
Conscious
Incompetence

Conscious
Competence

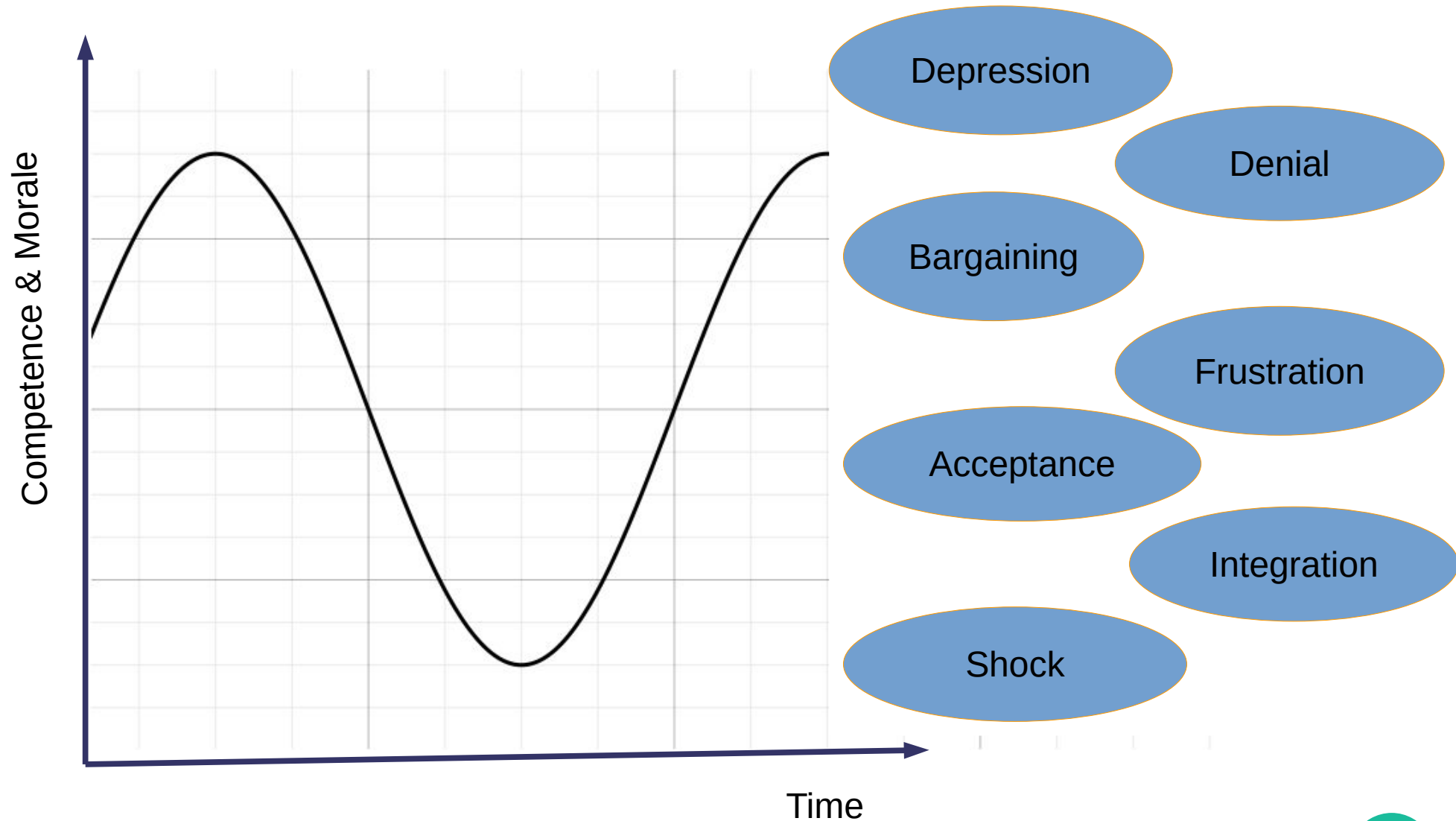
Unconscious
Competence



Competence stages



Coaching through change exercise part 3



Coaching through change exercise part 3

Group work

- **Put the emotional responses to change on the transition curve**
- **Brainstorm on leadership actions needed for each stage**

Depression

Frustration

Denial

Bargaining

Shock

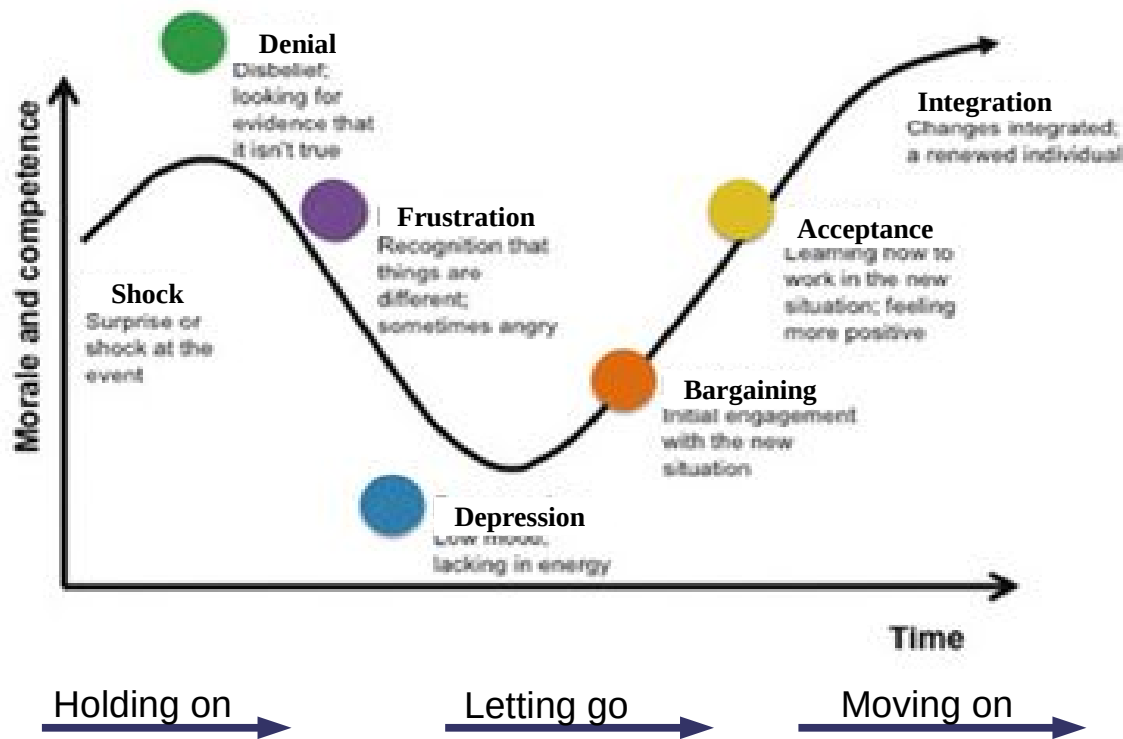
Integration

Acceptance



Kuebler Ross model

The Kübler-Ross change curve



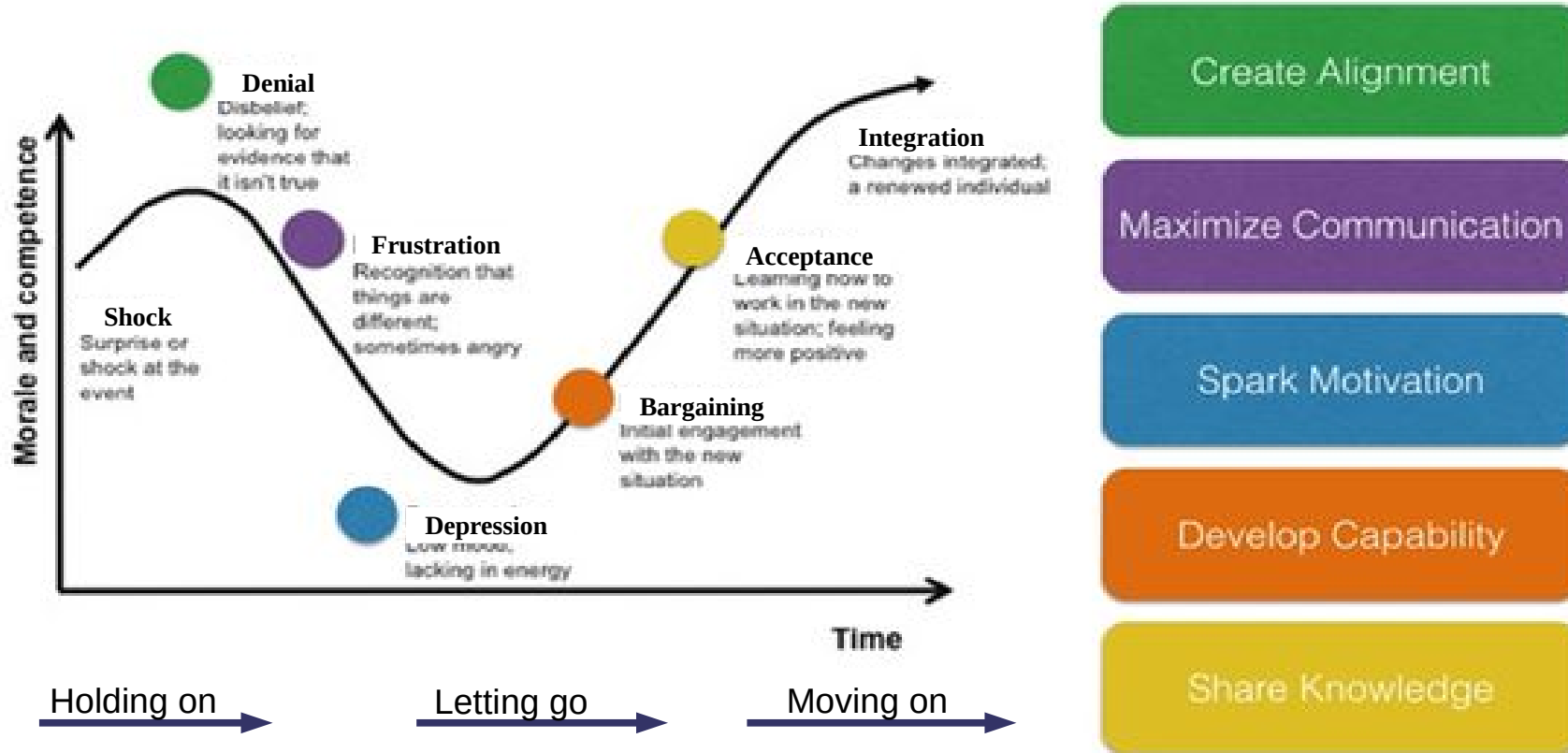
What are the leadership tools at each stage?

The model was first introduced by Swiss psychiatrist Elisabeth Kübler-Ross in her 1969 book *On Death and Dying*, and was inspired by her work with terminally ill patients.



Kuebler Ross model

The Kübler-Ross change curve



The model was first introduced by Swiss psychiatrist Elisabeth Kübler-Ross in her 1969 book *On Death and Dying*, and was inspired by her work with terminally ill patients.



Coaching through change exercise part 4

- **Introduce and explain the Transition Curve.**
- **Compare the stages of the Transition Curve with the feelings on the sticky notes.**
- **Ask team members to plot where they believe they are on the curve (they can do this publicly or privately).**
- **Split the team into pairs.**



Coaching through change exercise part 4

- Each person, with the help of their partner, to explore their current feelings around change:
 - What are your current feelings?
 - How does that impact on your behavior, performance, ability to help yourself?
 - What other feelings does this exploration evoke?
- Break and get some feedback on this exercise.



Coaching through change exercise part 4

- **Staying with the same pairs, each person with the help of their partner to explore how they could move positively through the Transition Curve:**
 - **What outcome are you looking for?**
 - **What are you already doing that's helping?**
 - **What other options/opportunities do you have?**
 - **What would it take?**



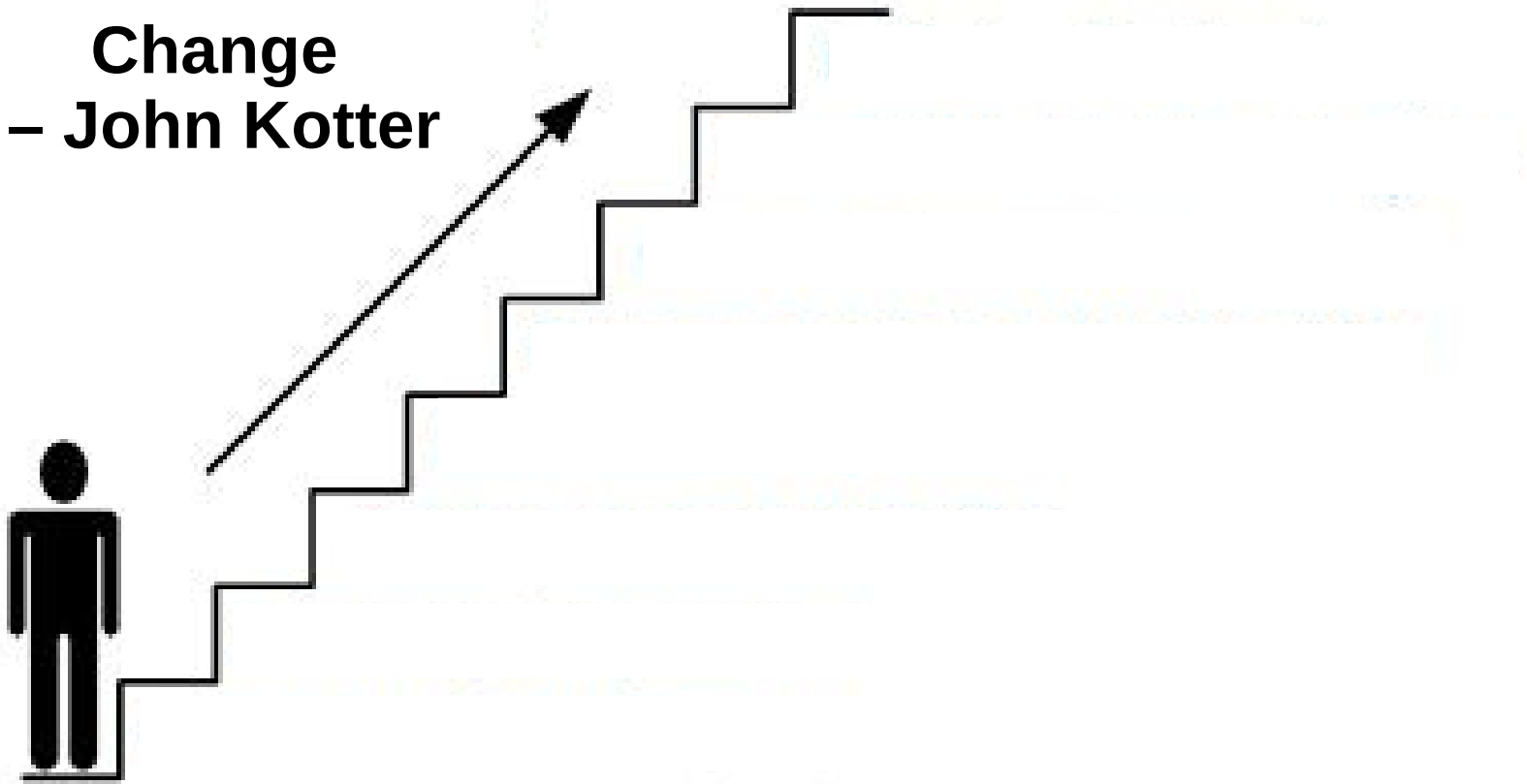
Coaching through change - notes

- Recommend to do this exercise when most people are expected to be past the denial stage
- Coaching questions – when the person is done answering, don't satisfy yourself with the answer and ask “What else...?” several times – that's when you are digging under the surface and that's when the person is getting to answers he was not actively aware of
- When leading change – **OVERCOMMUNICATE** - at the moment you think you've communicated a lot, double the effort/introduce new channels ...



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

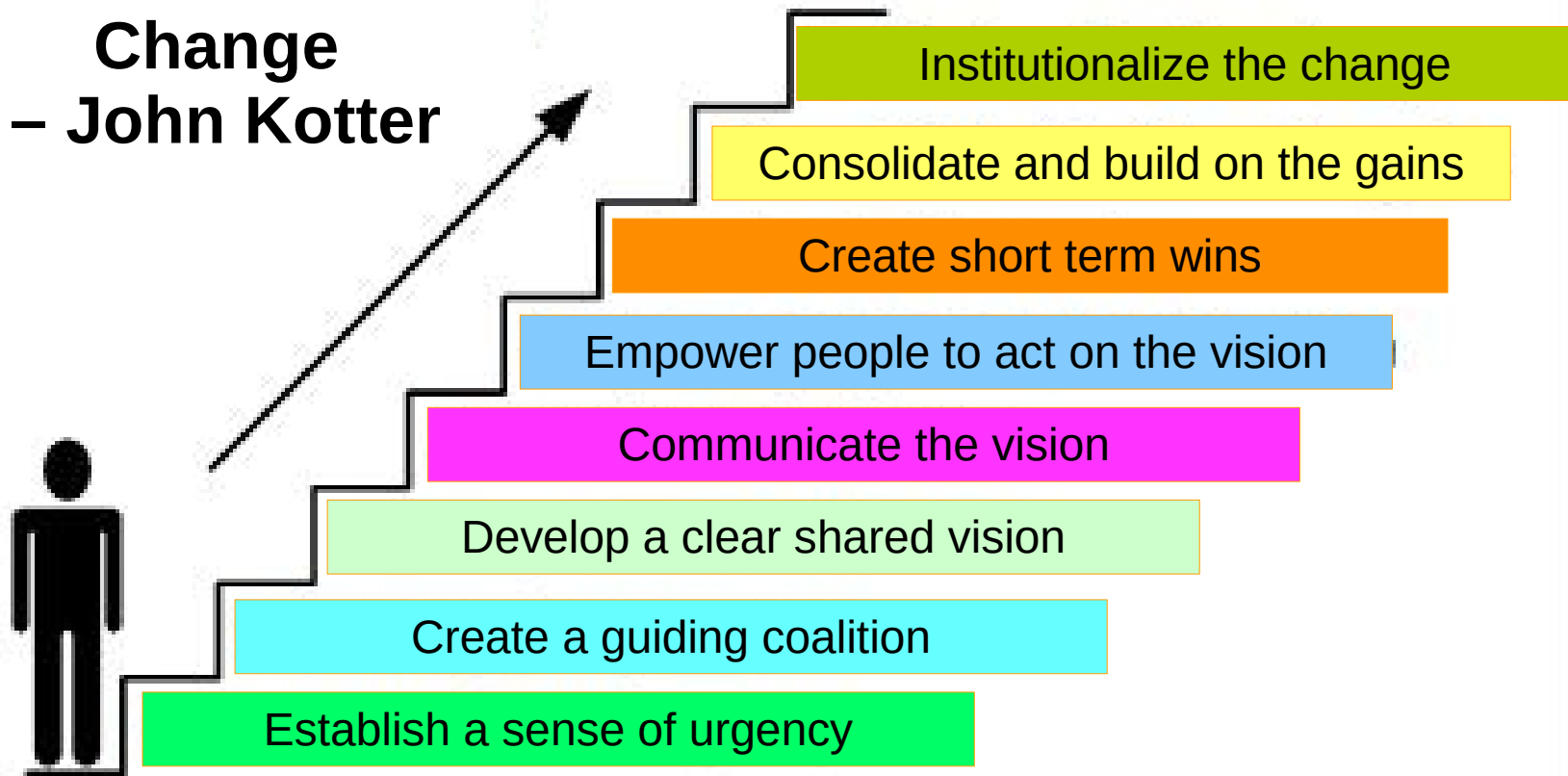
Establish a sense of urgency

Develop a clear shared vision



Leadership Through Change

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Why is it important?

McKinsey study on 40 companies shows how change management impacts ROI

Excellent change management **143% ROI**

Poor change management **35% ROI**

- 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



Change management hints

- **Share what is changing and what is NOT changing - clarifying what aspects are constant might be reassuring**
- **Provide multiple paths for exploring**
- **Communicate rollback scenario**
- **Don't assume you understand where the other person is coming from. Ask clarifying questions.**
- **Be open to feedback. Assume positive intentions (perhaps masked by frustration or poor communication skills).**
- **Use an active rather than passive voice**
- **Agree to disagree, if you're at dead end. Let them have the last word.**



Change management hints



**“What if, and I know this sounds kooky,
we communicated with the employees.”**

