# The Many Faces of Change

### *Statement of Premise*

There is just too much stuff going on!

- World is in such turmoil
- Financial failures in the USA
- Arab Spring
- Protests and demonstrations against globalization
- Protests and demonstrations against pipelines
- Western economies are challenged
- Euro zone in crisis
- Retiring boomers
- Social networking
- Real-time communication driving real time decisions
- Mobility, cloud
- Struggle for work / life balance
- The challenges of leadership
- Much tinkering, few with vision

It is all about the amount of change and the number of change agents at work. Inability to cope with all of these factors prompts the idea of a "re-set". This would be cataclysmic and would not address the problem, even if it were possible. You cannot hit the pause button on global reality while you hope to redefine or assimilate it.

We used to think at it was all about change brought about by technology. In that case, we have failed to separate the cause from the catalyst if we still naively believe that. Only by recognizing the types of change and the manner in which they interact can we begin to understand what we are experiencing. And having understood, we can begin to not only build mechanisms for coping, but also to control unwanted side-effects.

Make no mistake. Change is good and is essential to progress. Without change we would not be walking upright. But like all things, too much of even a good thing will hurt you. And while in the past we had millennia, we are now not as patient.

Therefore we need to first define and understand the sources of change, and then as humans, use our ability to evolve. We have done this to survive in the past, and must continue to do again in order to survive and prosper. We just need to do it faster than ever.

## *Causes of Change*

There are many types of change that affect the human condition. There are environmental, emotional, and physiological. But since this is a business paper, let's focus on topics that are of that context.

These are:

- Corporate structures, mergers, acquisitions, divestitures
- Changes in leadership and leadership styles
- Changes brought about by the inexorable march of technology
- Factors in the economy, both local and global
- Globalization
- Politics and legislation
- Demographics and lifestyles

Additional definition of each of these also reveals that they do not come alone. So let's explore them a little more.



MERGERS    LEADERSHIP    TECHNOLOGY    ECONOMY    GLOBALIZATION    LEGISLATION    DEMOGRAPHICS

YOUR ORGANIZATION

## Change in Corporate Structure

These could be mergers, divestitures, acquisitions, reorganizations, even changes in lines of business. In any event the impact of these can vary in intensity and disruption to business efficiency and performance. There will be new policies, processes, management styles and cultures. There will be people who will be disenfranchised. Even in a merger, there is a "merger" and a "mergee". There is a clear recognition that this type of activity will require active Change Management. One that is created with mandate to address this specific issue and could be in place for years.

It's notable that for this type of change, Change Management is usually correctly established with the right skills, adequate funding and even reporting to the right level within the organization.

If an enterprise embarks on this type of activity without Change Management, it's truly out of step in today's world.

## Leadership Change

There is many an enterprise that embarks on renewal or a view towards increased vigour through a change in executive leadership. It is with intent that the board wants a "change" that is highly visible to the shareholders, the marketplace and of course to the entire organization.

It would only make sense that in order to lead successfully, one must have followers. In order for this to happen, the leader must communicate the objective, plan the path to achieve, engage and empower the organization to execute, and establish a feedback mechanism to observe if the organization continues on the desired path. Moreover, the benefits of change must be measured and communicated to stakeholders.

This sure has all the characteristics if a Change Management program.

It should also be evident to all that a change in corporate structure invariably comes with leadership change, and frequently, vice-versa.

## Technology

The fact that the implementation of technology is a significant change agent is well-understood. Yet many enterprises embark on enterprise-wide ERP implementations without a well-constituted and funded Change Management program. This is just one example, and many are familiar with the consequence.

There are many more well-documented technologies whose implementation is as great a change agent, such as warehouse automation (example, Wal-Mart), transportation (example, MAERSK), on-line shopping (example, Amazon). One could not envisage these without specific organization structure, policies and processes that support it. They also would not come into being, or indeed continue to operate and adapt without change management.

It's observable that the rate of technical innovation itself and process innovation that it empowers is increasing geometrically. Cloud computing, mobility, real-time analytics are leading edge today, but will be table stakes by tomorrow.

All of this adds up to enterprises being able to operate globally, competitively, and survive economic tides by being able to react quickly to changing conditions.

## The Economy

Once upon a time.

Once upon a time, economic change was gradual. Yes, there have been wars and great depressions, but by and large throughout most of the 20th century sound and consistent management and process prevailed and economic change was gradual, permitting slow and controlled evolution. Major players such as General Motors, AT&T came into being and prospered through the sheer will power and dominance of a few people of vision. It could even be said that they "were" the Economy.

The last decade has certainly crashed that paradigm to the earth. Along with major players such as Enron, Goldman Sachs to name a few.

Today, the Dow Jones or TSE can change by 300-500 points in a matter of hours, with the Hang Seng travelling in the opposite direction.

Such volatility challenges leadership and its steady hand on the wheel. In the case of capital-intensive and strategic business, such as Canada's oil sands, the course must be held in spite of the surrounding economic turmoil. In the case of fuel retail business, which in some cases the other end of the same oil sands corporation, price conditions, demand and indeed profitability could change by the hour.
Such enterprises, which also rely heavily on technology, operate in a global commodity environment must continually change and adapt to change as a survival mechanism. And all the while are either targets or agents of acquisition.

## Globalization

This is both a boon and a threat. It's also not optional for those enterprises that operate in a competitive or commodity marketplace.

As a boon it enables corporations to benefit from a greater market for product or service, a decreased cost structure for manufacturing, access to raw materials and investment and insulation from local economic forces.

All this comes at a price. There must be an organization, people and processes that are capable of functioning efficiently in a global environment. If this isn't in place, then establishing it is a significant change to the status quo if a business operates strictly in Alberta, or even Canada. If it's already a global operation, sustainment is an equal challenge, with continual forces of centralization and decentralization vying for primacy.

On the threat side, one only needs to consider the security of staff deployed in areas of strife, which may be no further than the site of the last G8 conference.

One must also take into account that global growth is frequently through acquisition that drives a change in corporate structure.

## Politics and Legislation

The objective of a legislative body is to serve the population and provide for the safety and the security of its members and institutions.

The objective of a politician is to be re-elected.

The behaviour of a politician and legislative bodies is the trailing edge of changes in demographics, the economy and global factors.

A corporation therefore will be subjected to a changing set of rules for governance and reporting. In addition, there is a changing set of rewards and penalties that will moderate freedom of corporate pursuit. One only needs to consider what has been going on with the Keystone Pipeline to see the impact. There are also a number of countries on the "no-trade" list, export-import rules that not only apply to goods, but also services and labour.

Corporations accede to these influences through the addition of supporting processes and even organizational units specifically constituted to address these needs. Some of these rules are interwoven into the process fabric throughout the organization. Examples are UK VAT, customs and excise, NAFTA, emissions, hazardous goods, labour law, just to name a few.

For the purposes of this paper, it's no so much that a Change Management program is required, but if there is one in place, it must be constituted to include this aspect. This may be a greater need if you are TCPL or Raytheon.

## Demographics

Corporate values and cultures are heavily influenced by the social mores and behaviours in which they operate. These in turn are governed by the people who inhabit the organization, and in many cases, by those who the organization serves as customers.

The first and most obvious facet of this is the aging of the population and the pending exit of the "boomers" from the workplace. This will cause an influx of new and younger people with different values, different approach to problem solving and a different work ethic. In other words, Change.

Next, there is a continued increase in racial and cultural blend. This is due to increased immigration, off-shoring of labour and the general overall mobility of people both domestically and internationally. This factor challenges not only the values within an organization, but introduces a huge challenge to the leadership. It should be noted that this factor doesn't travel alone – See Globalization and Politics topics.

And finally, there is the customer. It takes little effort to realize that the structure and practices of a corporation such as Google would be significantly different from let's say, a Financial Institution. And of course these aren't static models either, since I expect Google is quite different today after it has gone public and a Financial Institution in the USA is quite different as it emerges from the Wall Street meltdown.

If one layers a merger and acquisition over these factors, one can easily imagine a challenging Change Management situation.

### *Coping With and Managing Change*

The success of a species since the beginning has been attributed to its ability to adapt to change. There is no reason to believe that corporations and organizations are exempt from this rule. In which case, this is a call to action. Any group (or herd) will not change direction unless led or there is a predator threatening. The preferred choice here should be obvious.

All organizations want to be perceived as thought leaders with a social conscience. Furthermore, there is an obligation to shareholders to not only protect equity, but to deliver value not just to shareholders, but to society in general. It would even be fair to say that if double-digit growth did not happen year-over-year, the shareholders will punish the corporation. Legislators are more likely punish those entities that are not perceived as social role models.

## Responsibilities of Leadership

In its simplest form, all organisms react to threat or reward. The behaviour of an organisation follows form. If one needs proof one only need consider the continued practice of promotions and dismissals.

Today's corporate cultures are sufficiently enlightened to avoid the threat method. Mostly. But rewards are definitely used. And the full range and hierarchy of reward is clearly understood by now. Rewards are usually based on performance measurement, with those that are attained or exceeded being rewarded.

So if leadership establishes rewards based on static behaviour rather than breakthrough response to challenges, then static behaviour is what they will get. Any attempt at inspirational change messages without rewards will meet with limited, if any success.

Exhibiting leadership in change is essential. Starting at the top. For those among you familiar with the "tree full of monkeys" paradigm, you can form an image. And on the way down the organizational structure, if change leadership fails, it dies from that point down.

So the summary message here is:
- Reward desired behaviour
- Exhibit leadership – walk the talk
- Make sure that it reaches all the way down

## Responsibilities of the Individual

People in an organization have many identities. They perceive themselves to be "knowledge workers", "process owners", "subject matter experts", just to name a few.

But one attribute remains consistent and that is they all perform the function of delivering or adding value and consume time while doing so. Change happens when there is a delta in either the time to deliver or in the quality or quantity what is delivered. When the delta is positive, the change is to the good.

Individuals who own the process are in the best position to effect change. They can do this by being vigilant and seeking opportunities for improvement. Once they are encouraged and rewarded by their leadership to do so.

So really, the first step is to eliminate anything that consumes time and delivers nothing of value. The next area that should be subject to scrutiny is anything that consumes significant time yielding little value. These are usually easy to identify, since they carry suspect names such as "expedite", "verify", or "confirm". Processes that are done correctly in the first place aren't followed by these.

It's then easy to see where this is going. The individuals who own the processes are best positioned to change them. In fact, external agents of change frequently fail for this very reason. Commitment to ownership and, yes it exists, pride of workmanship is what is called for.

In a culture that supports and values this behaviour through leadership and rewards, innovation will happen on its own. Much better this, than a large team of external process experts fanning out in the organization doing seagull management.

## Change Management's Corporate Role

Organisations are composed of functional and control domains. These are familiar to all and vary from operational to service functions.

Many corporations who recognize the importance of the Change Management function have established this role and responsibility within one of the existing organizational units. Most commonly, these have been in either Information Systems or Human Resources. Any plans emulate this should be reconsidered. One would expect that Human Resources would be a natural, since Change has a large behaviour modification component. But much of Change described in this paper is more about Operational and Business Process modifications. Leadership of this is not a Human Resources domain and as such would be coming from an unexpected source without the credibility needed to succeed.

Information Systems also lacks the full scope and credentials to be effective. As mentioned earlier in this paper, they are a change catalyst, rather than the custodian or owner of Process. They are also frequently part of a Finance organization, making them a service to a service.

The function of Change Management is cross-functional. That would place them as a body that reports to the Executive Team, or failing that, to the COO. The COO is a valid compromise, since that is where the responsibility lies for the Main Value Chain, and if Change Management is to succeed anywhere, then here's most essential.

The role of Change Management is to:
- Monitor industry and behaviour trends
- Assess the organization's position and capability to adapt and assimilate
- Be the conduit for change information throughout the organization
- Mount and sponsor change programmes and activities
- Advise leadership on how best to achieve desired change objectives

The role is continuous, as in Continuous Improvement. Change is not a project (those of you who are Engineers, take note) since change is continuous.

## How to Get Help

Corporations have a mainstream business and expertise, intellectual capital and assets that support it. An energy company is specifically structured to effectively exploit hydrocarbons and take it to market. Manufacturing produces usable products from raw materials.

We all rely on professionals in everyday life to grow our food, heal our illness and to entertain us in movies and on the stage.

Effective Management of Change requires the assist from a professional, certified and experienced practitioner, or for extensive programs, a team, since there are a number of specialities in a Change Management program. There is a need for behavioral psychology, communication, stakeholder management, policy development, organizational development, process and procedure, technology. All these will not be rolled into a single individual and requires the bandwidth of several people.

So start with one senior trusted advisor to assess the need and work with the leadership team to define the scope of the program, identify the champions within the organization, and how to mount a campaign for the program.

This will result in a Charter, capable of being published, with a plan with milestones and deliverables and governance process that will manage risks with scope and change control. In other words, it will be a recognizable process that at the end will be a sustainable initiative.

As seen on TV, "Do not attempt this at home. Remember, we are what you call professionals".