Managing change in organizations Prof. K. B. L. Srivastava Department of Humanities and Social Sciences Indian Institute of Technology, Kharagpur

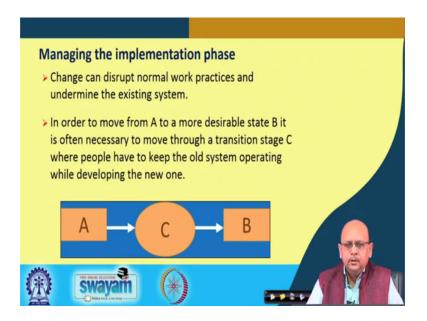
Lecture - 21 Implementing Change

So, welcome to the next week of lectures. This is week 5 and in this week we will continue our discussion on Implementing Change and then will also see that how we go about linking the vision and mission of an organization with the change management plan of an organization. And finally, will also discuss that how we are able to manage power and politics in organizations while, implementing change. Because these are some of the issues that need to be looked into before we go about implementing a successful change plan.

So, the first lecture in this week we will be talking about developing a change plan; that how we develop a change plan. Before that you remember we talked about the various steps that need to be followed while implementing a change. And, we discussed a variety of models of and frameworks which talks about different kind of steps like, Kotter 8 step model and then and there is 10 or 12 step model.

So, based on these steps and the processes that we have discussed we need to develop a change plan. Because unless you have a plan that how we go about managing or implementing a change successfully it may not be possible. So, there lot of issues that need to be discussed in this context.

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So, we will start about how we are going to manage the implementation phase because, implementation phase is very very important. Once you have planned ok, the kind of change that you want to bring you have decided whether it is going to be incremental or transformational and then you move on to discuss about the resistance part so, that you are able to manage change successfully. Now, when you are going to bring about any change you have to have a blue print or a plan to successfully implement a change. Because, the moment you talk about the change or when you say that you want to bring about certain changes in any of these areas that we have discussed; like strategy, structure, culture, people related issues right.

So, it is going to affect your existing system for example, if you say that you want to bring a change in your performance management system. So, you already have a performance management system. So, in place of that you want to bring about a new performance management system right. Suppose you want to say that you want to bring about the change in the production system or the technology.

So, if you want to bring about this change in the production system which is going to affect or disrupt the normal work practices which is already continuing under the existing system. So, first thing that you have to understand that, whenever you are thinking about change; then you have to see that what would happen to the normal work practices under

the current system. Are they going to be undermine, are they going to run parallel, are they are going to be closed right.

So, one of the approach is that can be adopted is that the current practices or systems should be continued unless the new system or practice is institutionalized and become a part of the organization right. So, we should not undermine the existing system because that has been working well so far and you want to go for a change. So, if you look at it; say for example, in this figure if you want to move from A that is the current state to a more desired state that is B. So, you want to move from say A to B that is the desired future state right. Then you go through a transition state. So, this is a transition state. So, you move through this transition state to reach to a desired end state right.

So, what actually happens that when you are moving from A to B through this C. So, unless B gets institutionalized you go through this transition states and then you have to see that whether want to continue keep the whole system operating or not. Because, if you straight away move from this then it was going to disrupt the normal systems practices whatever it is right.

So, you go through a transitional state, let the old system continue for some more time before you are able to completely establish the new system. So, the idea here is that whenever you are moving from A to B through C you also keep in mind that the transition state is very very important. And, if you are able to manage effectively through this transition and establish a desirable state that is B then they should not be a problem right.

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So, what we are going to discuss here is that how we are going to manage the transition states further. So, when you are going to navigate through the transition state what actually happens what kind of problems may come right. So, sometimes what happens people give more attention to what is going on keeping the show on the road; that means, let the present system continue and work and maintain the operations right. Or, they do just opposite of it, they do not keep the show on the road it means that they stop the operations they do not go for maintaining it. So, there is less attention, on that and they focus is more on the new system in process ok. Now, if you are giving more attention to run the current system or operations then, you are not going to pay more attention to implement the change successfully.

So, the idea here is that you need to device about certain options that what needs to be done; during the transitional states, whether you want to continue with the current state of affairs. So, that your production, your system, your practices does not get affected by the change or you are not going to focus on them and you are more worried or focused on implementing the new system. Or, you are going to find a way out that while the old system is running you are trying to implement the new system more effectively. So, that once the new system is implemented you are going to discard the old system right.

So, may be for some time you continue with the old system, the example that I had given say if you have a performance management system and you want to implement a new

performance management system right. So, while the performance is being reviewed and a priced by the managers currently you cannot discard them; let it continue for some more time unless the new performance management system is institutionalized right. But if you think that running the show is more important than implementing a new change then it would create more problem.

Because, at this stage you need to ensure that while your current operations are going on as systems in practice are working you should also focus on how are going to implement the change; whether it is new technology or new performance management system whatever it is more successfully. So, I am trying to tell you that how do we go about navigating the transition state and we are going to discuss it further to see that what actually is done.

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So, what are the things that we need to keep in mind, while you are going to implement the change. So, these are some of the key points that need to be followed by the change managers during the transition phase. So, that they are able to successfully implement the change. Now, if you look at some of these points like, you need to appoint a transition manager. What would be the role of a transition manager? The transition manager is going to see that while the current operations are running successfully is also able to see that the new systems and practices are going to be installed and implemented effectively right.

He also needs to look at that what it is; what is to be done. So, the role of the transition manager is not just one thing that he is able to find out. What is to be done while going through the current operations in processes, but he also needs to see that when you are going to substitute or bring about a change in the current systems in practices what are the activities that need to be taken care right.

Similarly, he is going to develop an implementation plan right. So, when you want to move from A to B during the transition phase or states there are certain roles and responsibilities that the change managers has to perform right. They need to identify that; how they are going to close down or gradually reduce the dependence on the current system right, and move on to implement a new system.

Say for example, when we try to implement the ERP system at the institute level which is a more integrated platform for information sharing; before that we also had different kind of systems which we are not integrated right. We had different systems for say, faculty members we had different systems for students, staff and other persons. Now, once it was decided that the system needs to be replaced with a integrated system that is inter priced source planning which would incorporate all the stake holders including students, faculty, staff, vendors, suppliers everyone right.

So, that there is no duplication of the process and it is more cost effective more accurate and transparent. So, with this idea when we are trying to implement an ERP system then, you have to see that how you are going to develop this; while continuing with the old practices for certain time right. So, you just cannot discard the whole system, because that processes need to be continued related to all activities in the organization right. And, for that you need to use multiple and consistent leverage points. So, gradually you move on for example, if you have implemented a part of it then that can that particular system or work practices gets changed right.

For example, the moment we decided about it and started implementing in a phase wise, the first phase we see that ok; let it be for the faculty members. Next we move on to include the students, then the staff then the vendors and suppliers. So, in the process what happens these are the different points leverage points ok. So, one by one you go on successfully implementing the change at different points. So, that all the activities gets integrated into a particular system right. And for each one of them the next stage is that

you are going to schedule the activities. Scheduling means that which system or which activity you need to replace or change need to be decided and when it needs to be done. So, scheduling is very very important right.

So, you decide ok, which part or which aspect of the change is to be taken care to start with; and what are the different activities that you are going to take up at particular stage; and then accordingly you decide about all the activities schedule them, prioritize them and say that we are moving from say 1 to 2, 2 to 3. So, these are the activities as per the schedule we are proceeding ahead. So, that we are able to complete the entire process of change. And then the next stage is resources you also need to provide resources for these activities.

Where I am calling about resources the idea here is what kind of resources would be required while running or maintaining the current operations in systems and practices; what resources would required to implement the change. Resources in terms of say, up say it could be physical resources, it could be financial resources, it could be monetary resources, it could be a people related resources right.

So, there could be lot of resources that would be required say for example, if you want to bring about the change in the technology or you want to go for implementing an ERP system right. So, you also need lot of resources in terms of machines, right computers, interfaces for that, and also need money to support these activities. So, you have to see that what the enough resources are being allotted to implement the change physical and financial, both kind of resources are required. So, that you are able to successfully implement them.

Then the next stage is that reward transition behavior what I mean to say here is that reward in transition behavior is that you need to see that during the transition phase, as and when we move ahead to successfully implement change in different phases and at each phases when you are able to do it successfully you see that those people who are going to be involved or engaged with that particular states are being appreciated being rewarded successfully. So, that the level of motivation moves up, and they better engage themselves to work for the next stage.

So, it is basically related to the behavior of the people; because in the transition stage if you are not able to motivate people to move forward then they continue to work with the

old systems and practices right. So, it is very very important that you link reward with transition behaviors that ok. Now, you are going to give up old systems and practices and we are going to adapt the new systems and practices. And you also develop a feedback mechanism.

So, you get feedback that how the system is working at different stages; and based on that feedback you take certain corrective actions, because unless you get feedback you cannot take certain corrective actions to improve the system right. So, you also need to ensure that there is a feedback loop which provides you feedback about how the system is working, what are the (Refer Time: 16:31), what are the problems and barriers that people are facing while working with the new system which could be corrected by the change managers or the transition manager. So, now, if you look at this transition plan is very very important and the managers need to keep these points while attending change to implement successfully.

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Now, moving further what we are going to discuss is, these points in detail. So, at the first stage as I told you that you need to appoint a transition manager ok. So, the transition manager is going to be someone who is going to be in charge of the change; or he is going to look at the pre change state right. And he would also be a person who is going to be in charge of the post change state right so, for example, if you want to bring about a change in your performance management system. Now, had a performance

system, management system which was manual earlier right. Now, you want to develop a performance management system which is going to be online, and you also try to bring certain other inputs in your performance management system to make it more effective acceptable transparent to the people.

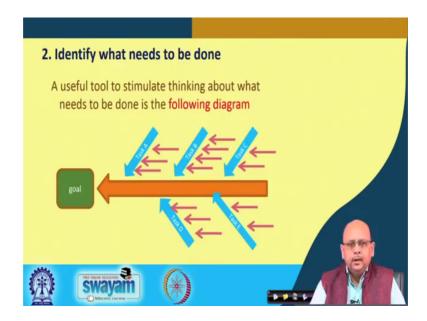
Now, if you want to bring about this kind of change; you need to engage one person as the in charge who is going to look at; what are the things that is currently existing at the pre change state, and what kind of things you are looking at the post change state right. And then it is his responsibility to ensure that, you are moving through this transition phase successfully while implementing a new performance management system in the organization.

So, they change managers must be given enough resources as well as power both. So, that they are able to focus on what is being done right. So, they need resources; so, that they can work on the new performance management system. They should not focus more on what you call the current operational system, because the current operational systems need to be maintain only for some time after that it is going to be discarded right.

So, the managers should be empowered to use resources that is allocated for the purpose of implementing in online performance management system; so, that he can develop it right. In by engaging various stake holders in the process. Similarly, he should also get enough respect of both the existing operations, the leadership also those who are going to working are look at the new system. Similarly, also look at the support and commitment that the change management is require, because if the support and commitment is not there not specially from the top management work from other stake holders as well. Then there could be lot of resistance and non compliance issues right.

So, he should be a person who at least have some respect, he should be given enough power and should be power defending and he should be able to win the support and commitment of the people in the process. Because that would bring enough say confidence in the person concerned; the person who is going to be appointed as transition manager to ensure that he is able to move from A to B while going through these transition state right.

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So, then he also need to identify the various activities. Now, if you look at this diagram ok. It looks something like fish bone diagram right. So, this is the objective. The objective here is to implement a new performance management system right. Now, if you look at this. So, from here you are going to move through this. So, in order to say implement a new performance management system and while maintaining the old performance management system for some time what you need to do basically here is, that you have to identify the various task that need to be looked into right.

Say, for example, task A could be something like what are the things that you would like to include in the new performance management system whether you want to have it only. So, what kind of online system you want to have? Right whether you want to have a developed within the organization I want to outsource it right; then this online performance management system is going to be for all that employees are only 1 1 to have it for executives only right.

So, there could be, and then and the what kind of method you want to adopt for online performance management system right; whether you want to say replace the existing rating system with a 360 degree feedback right. So, this could be the different activities that need to be identified one by one. So, that you are able to achieve the goals and objectives right.

So, you need to simulate your thinking about what need to be done. So you need to identify various tasks, and for these are task A task B task C task D task E and then based on that you need to see that how we are going to complement them right. Say, for example, you have a performance management system where the immediate supervisor is going to rate using a rating scale his subordinate. Now, this is one and this you want to replace with a more robust system say 360 degree feedback.

Now you want to change the way rating is to be done it is not 1 person, but a number of people are stakeholders are going to be involved in the process. So, how you are going to transit from this that system to that system? So, for that you need to identify different activities which needs to be carried out and how we are going to take it up right. So, that successfully you are able to successfully achieve goals and objectives right. So, you need to identify various task this is the role of the transition manager

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Now, if you look at that when you are going for developing and implementation plan; so, you need to look at two things that is; the change participants expectation and also clarify the end state what exactly you want right. So, now if you look at this; this talks about what, the expectations likelihood that the change is going to happen. Now, if you look; look at the same example where we talked about moving to a performance online performance management system; which is going to be a 360 degree feedback system right. So, the kind of changes that you want to bring that it is manual earlier. Now, you

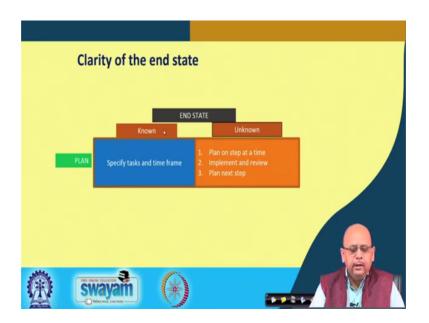
want to make it online; second is that you had the rating scale based system, where supervisors only used to appraise the performance.

Now, on to have a system where you are going to have a multiple stake holders who are going to be involved in the appraisal system right. Now, you have to look at the possibility of occurring this. So that is going to be high or low then the appeal; whether the person the change manager the transition manager is able to appeal to this process or not. So, it is based on what the expectations of the change participants; whether going to accept it or not accept it and then what is the end state? How it is going to benefit them? Right so, you need to identify that we want to move a system which is going to be more transparent and accurate where a number of persons are going to be involved in the process right.

So, if you look at this if both is high then; you need to identify the task and time frame ok. Schedule everything properly, but if the possibility is low then target low hanging fruits; you identify those people, who are going to abstract this or those who are going to be easily acceptable. So, that you are able to ensure quick wins and build credibility right. So, here you need to look at those soft targets which are easy to catch. So, make them accept. So, that it gives you an (Refer Time: 25:04) to show quick is others that see this is possible and this person has accepted it. Here, you are increasing appeal by communicating a compelling vision or you go for modifying the change if it is not happening, because appeal is low the likelihood is high then you need to come tell that why we want to go for it.

And finally, you have this; if both are low then you have a problem then you need to communicate as much as possible right or you go for modifying the change. So, this gives you the least likelihood of the change happening right. (Refer Time: 25:41). So, if you look at this it makes you clear that it is very very important to keep the participants expectations; whether the changes is really is going to happen and what exactly we want to achieve through this change right.

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Moving further; so, as I told you that the next point was achieving the end state the desired state. So, the end state is something that what you call moving from a known state to unknown states right. Suppose the current additional performance management system that you are using and online performance management system having a 360 degree evaluation. So, it is something that is unknown, because people have not used it earlier right.

So, moving from this unknown state to a known state you have a plan right. So, you need to identify a specific task and time frame; and then you move ahead one step at a time right. For example, you say that ok; first of all you want to bring about a change in the existing performance appraisal system by including more people in the system; not going through say online system right. You implement and use this; if it is successful.

Now, you say that you want to make it online. So, you identify the various systems steps that you want to go through the change process right, and then accordingly you implement one system review it see the feedback if it is working then move to the next state; if it is not working then you bring the necessary changes at the first state and then you go on. And gradually, what will happen that you will be able to move to the end state and this would also be known to you; it will not be unknown to you right.

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So, clarifying the end state is very very important. Now, Beckhard and Harris has identified several characteristics you can say of an effective transition plan right. So, when we are going through this transition plan it is very very important to look at how do we go about its successfully, because unless you are able to transit from the current state to your end state successfully the change will not be implemented properly or effectively; when the implementation faulty right.

So, these are the seven characteristics of effective transition plan which we are going to discuss now, like purposeful right; activities linked to the change goal. Make sure that each activities is lined to the goal the objectives related to the change right. It has to be task specific right. So, each specific task that you are going to carry out directed to bring about a change must be identified right.

Third integrated since tasks are integrated with each other you need to show that yes; we go to the first step then we move to the next stage and the next step is dependent on the first step right. So, this interdependencies are being factored in while you are going to implement change; then temporal; temporal means that you have a time frame for everything. So, that you are able to successfully implement it. So, when you go for scheduling you need to ensure that everything is done properly. Then, you should be able to adapt. So, you also have a contingency plan provided; you are not able to implement successfully; say for example, if you want to move to a new performance management

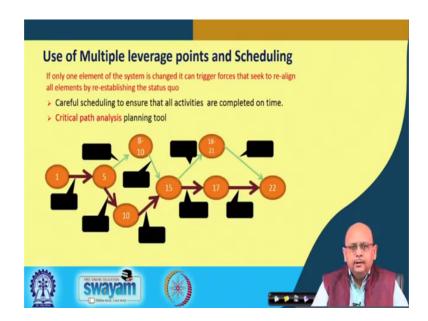
system which is going to be online right. But for several reasons you are not able to build up the software any one of able to bring it online then you should be ready with the contingency plan.

It does not mean that you are reversing back to the old plan right. But you also need to ensure that there are certain plans or actions which is going to take care of this; say for example, if you are not able to implement online platform for performance management, then you say that at this point of time we are going to have it manually, but we are going to ensure that it is going to be a 360 degree technique ok. The movement that you are able to bring about; a change related to the platform you go about it. So, you must be ready with some contingency plan which is going to work in emergency.

Then the next point is agreed; make sure that all participates agree to this plan ok. They say that this is good and it is possible only when you communicate with them the benefits of this. And, how it is going to help them to have a more open transparent system of performance management because, performance management related to your reward, promotions and all kind of things. So, it if it is open end transparent then everybody see a point to it and then they would all agree to it and then make sure that it is cost effective, definitely. If you are moving to a online performance management system it is going to be very very cost effective compared to a traditional performance management system right.

And that is why I have given this example to explain; that when you move through the transition phase what are things that you need to look at. Moving further, you have to see that there are certain points on which you have need to need more attention; say for example, must specify the purpose, ensure that it is task is a specified, then time frame must be decided right, you must have a time frame and then also a contingency plan right. So, these are some of the things that is more important than other points right.

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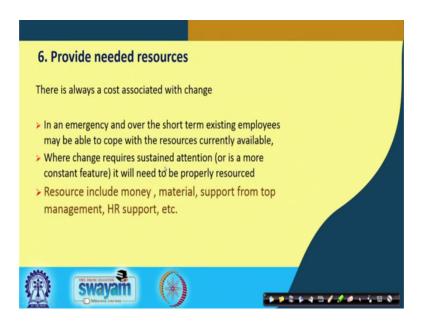
Moving further, what we are going to discuss is; when I was talking about the multiple leverage points right. See when you are bring about a change in the system in one part of the system that it also trigger forces that seek to re-align all elements by re-establishing the status quo, because your status quo is disturbed if you go for a change. So, again you need to bring about a status quo; that is the new status quo right. So, this new status quo demands that, you also bring about changes in other systems and practices right. For example, the movement you say that you are moving to a online performance management system ok.

Then you also need to engage other departments, say IT department line managers, HR managers into the process. So, they also need to get ready with the kind of system that you require to implement an online performance management system; and you also need to schedule each and every activities properly. So, that it is successfully implemented and completed in on time and that is why scheduling is very very important. One of tool technique that can be used is like critical path method critical path analysis. So, you identify each critical path. So, this shows the path right, and then dependencies also it is shown. For example, this is 1 right; then this could be 2 3 4 5 6 7 8 right. So, it goes like that; so, you it identifies that which activity you need to take of first and which activity you are going to take later right.

So, you need to identify and each path and what is to be done at what? For example, when you are going to move from 5 to 8 to 10 then it as to go through via this; for example, 1 to 5 it has to go through this right. It means these are the critical paths that have been identified and the total number of activities that is identified; so 22 activities in this example right. So, all these two 22 activities are been scheduled also; scheduling is important. So, scheduling means, that you identify the time; time plan for each activities and which activity will take place after which activity. And, how would you go about these activities to successfully implement?

So, these are the various leverage points and scheduling through which you can implement the change plan successfully. So, you are using a planning tool that is known as critical path analysis to successfully bring about a change. So, that all paths are clear, all activities are identified and you know which activity at what time frame is to be done. So, that you are able to complete the entire activities through your scheduling if your; if you are not able to follow this then there is a possibility of cost and time over (Refer Time: 34:25) ok. And then, it may jeopardize and put the entire change plan in; say system which is not going to be successful right.

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And then, the next point that we are discussed is provide needed resources also need to ensure that whatever resource is required right; is given to their change managers it include money, materials, support from the top managers HR support. So, all kind of

resources need to be provided to the change managers or the transition manager. So, that he is able to successfully implement it. So, this point is very very important because if you are not able to provide these resources, then it is very very difficult to carry out all the activities; because each activity requires some kind of resources to carry it out right.

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Then rewarding the transient behavior; so, you can adopt you can look at it as a characteristic approach right. So, make sure that, the pre-change when you move to the post change it means that you are going to provide some intensives incentives to people who are ready to go for a change right. So, you need to reward those behaviors, where people accept and adopt new behaviors right; and this shows that ready to go for a new kind of change right.

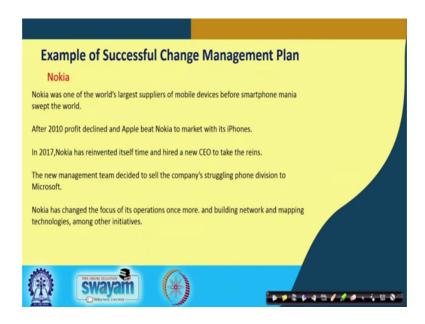
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Moving further, you have to have a feedback mechanism right. So, you need to create a feedback loop; integrating all systems together. So, that you get feedback at each and every stage of implementation; it also acts at a control mechanism because, if this feedback loop you would be able to identify what is happening at different stages. And, what kind of corrective actions are required this also helps you to monitor the progress periodically and take corrective actions that is required.

So, these are the different stages that we have talked about which needs to be taken care while you are transiting from current state to the desired state.

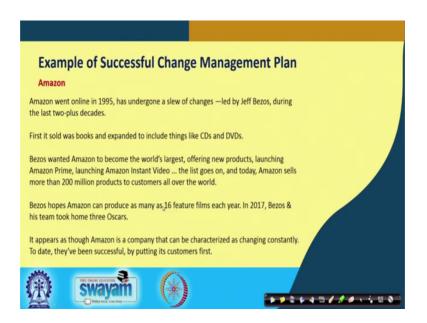
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Now, we will take some examples of some companies that, how they have successfully implemented their change management plan. Like Nokia; you know that it was the world largest supplier of mobile devices, but what happened after 2010 the profit declined ok; and Apple was main competitor, because they came out with iPhones. Then in 2017 the Nokia decided to reinvent itself; under the leadership of a new CEO and then the new management team decided that ok, the phone division has to be shifted to Microsoft.

Now so, they changed the focus of its operations and they are trying to build up networks and mapping technologies. So, they what they did basically they brought about a change in the operational activities, the kind of thing that they have been doing. Now, if you look at this the new CEO was acting as a transition manager; and this new CEO decided that how do they go about bring about successful change in the operational activities of the Nokia and bring about it successfully.

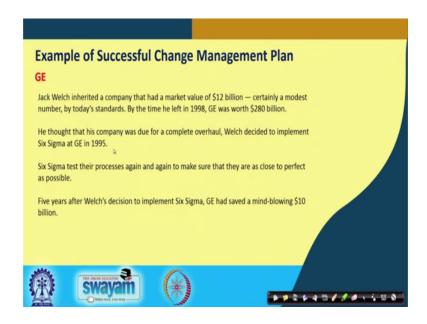
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I have other examples also like Amazon ok where you will find that it is consistently changing ok; it has going through a lot of changes under the leadership of Jeff Bezos ok. You know that Amazon was a company earlier which was limited to books and CDs and DVDs; then it become the largest offering new products in all areas ok. And it is not only selling products online, but it is also offering services through their Prime services, they have instant videos ok.

Now, you know that Amazon has diversified to such an extent, that it is selling more than 2 million products to customer all over the world. Now, it is not only that they also they have also diversified into feature films right. You know that in 2017 the team; that made the films got three Oscars awards. So, they would diversified into different fields right. So, you can see that this company has been changing continuously constantly. So, how they do it? By putting the customers first; so, they develop a successful change in management plan for every change that they want to bring about in their organizations in terms of activities they want to carry out.

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Then I have an example of GE which basically progress till under the leadership of Jack Welch right. So, when he left the GE was worth 280 million. So, you can see that how he build up a successful company and then he went for a complete overhaul; one example, that I have given here is of implementing six sigma which is relate to quality programs in organizations. Now, through this six sigma programs GE ensured that their products are close to perfect as perfect as possible.

So, that they are able to build a product which is good in terms of quality right. Now, when they went about bringing about a change and they tried to introduce the six sigma in their quality to make the product perfect; what actually happened? They developed a change management plan they, under the CEO of what you call this person Jack Welch and then he developed an implementation plan ok. And he tried to see that how they can come out with a plan the quality program, through which they are going to have a product which is going to as perfect as possible. Six sigma actually talks about, the defects in which is going to be very less may be 3 to 4 per million products right.

So, they wanted to come out with a product which is going to be perfect and for that they implemented a plan and they identified the activities, they appointed the manager to look at it. In fact, it was looked after by Jack Welch itself. So, he became the transition manager and then he identified activities, schedule it and try to see that how he is able to

implement it successfully and based on the feedback he try to build up the products in GE which were basically, six sigma compliance right.

So, and by implementing this actually the company made lot of profit, which was convincing to stake holders that this is a good move and then let us go for it; and he was able to stay safe almost 10 billion dollar per annum which is the good amount right. So, these examples basically show that if you are able to successfully transition the change then it is going to bring good results for the organization.

Thank you very much.