

The Monthly Leader

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GILD

The GLOBAL INSTITUTE For LEADERSHIP DEVELOPMENT

Leadership Skill of the Month - Leading Change

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The High Impact Leadership Model™



Leadership Skill of the Month: Leading Change

Behavior Indicators:

1. Successfully provides a visible anchor for others in times of great change, e.g., by reaffirming key goals or values.
2. Helps detect or resolve team breakdowns resulting from change.
3. Convinces others of the need for change due to critical organizational objectives.
4. Learns and develops new skills or behaviors to adapt to constant, sometimes turbulent change.
5. Recognizes and helps remedy individuals or collective barriers to the implementation of change.

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Feature Article:

The Role of Leading Change in the Organization:

Part I – The Role of Leading Planned Change

Part II – Leading a “Readiness for Change” Culture

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Leadership Toolkit:

Drivers of Change Map

Use this tool to scan for changing conditions

Business Case for Change Tool

Use this tool to create a compelling business case for an idea, project, or change initiative

Change Blueprint Tool

Use this tool to create a road-map or high-level outline of your change initiative

Setting Milestones Tool

Use this tool to monitor the progress of change and to celebrate short term wins

Communications Plan Tool

Use this tool to think through and craft your change communication plan

“ Not everything is subject to change. If the role of the leader is first to help people face reality and then to mobilize them to make change, then one of the questions that defines both of those tasks is this: What’s precious, and what’s expendable? Which values and operations are so central to our core that if we lose them, we lose ourselves? And which assumptions, investments, and businesses are subject to radical change? At the highest level, the work of a leader is to lead conversation about what’s essential and what’s not. ”

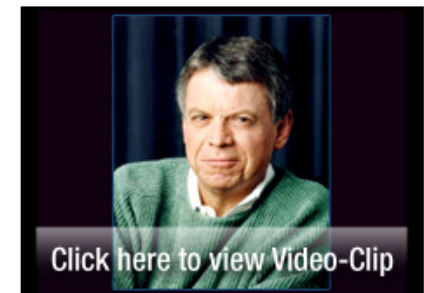
- Ronald Heifetz,
Fast Company, June, 1999

Change Leadership: Video-Clips

Tom Peter’s Our Changing World and the Leadership9

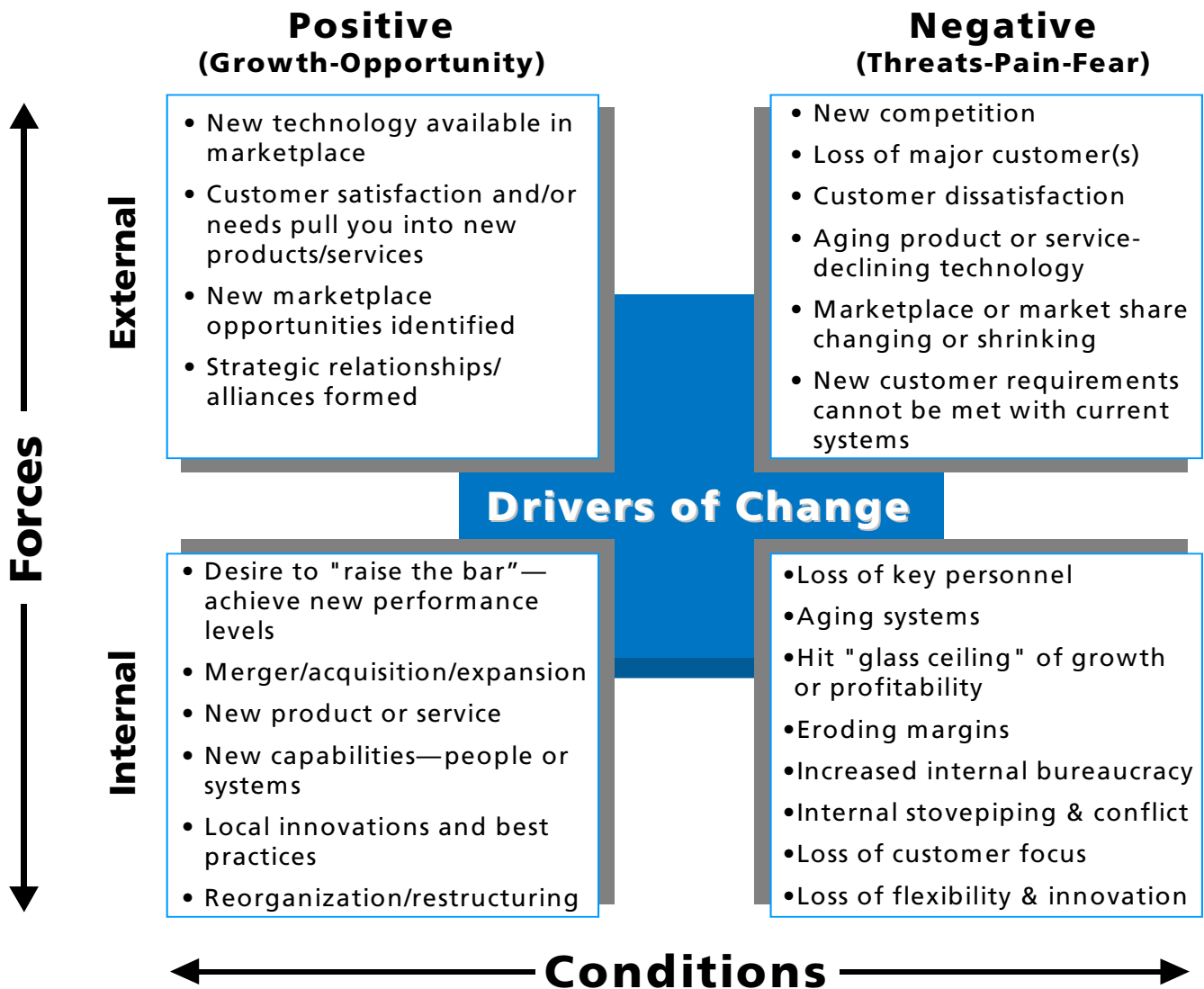


John Kotter’s 8-Step Process of Successful Change



Tool: Drivers of Change Map

This simple four-box model allows organizational leaders to inventory the obvious and surface the less obvious forces that may require an organization to change. Scanning for changing conditions—whether emanating from a key internal player or market pressure, and whether perceived as a problem or opportunity—is a critical leadership skill. In the best organizations, managers at all levels tend to this work.



Tool: Drivers of Change Map, Continued

Application: What Is Driving the Change?

Directions

Considering the change initiative you've selected as well as more general business challenges your organization faces, list those forces driving change for your part of the organization. Aim to identify two or three bullets for each of the four boxes.

	POSITIVE (Growth-Opportunity)	NEGATIVE (Threats-Pain-Fear)
External		
Internal		

◆ *“The art of life lies in a constant readjustment of our surroundings.”*

—Kakuzo Okakura

Tool: Business Case for Change

What It Is

A template for constructing a compelling business case for an idea, project, or initiative.

What It Can Do

This tool can help you

Articulate the business drivers for taking action on a problem, issue, or opportunity.

Communicate a succinct and compelling message to alert others and build support and commitment.

How It Works

- Step 1*** Gather sufficient initial data in order to understand the current state and the business issue(s) involved. Wherever possible, use this real data to support your assertions about the current state.
- Step 2*** Use the template on the following page to organize your presentation on the case for action. One by one, complete the rows as follows:
- Step 3*** Share and test your case for action with others you trust. Use their feedback to develop and strengthen your case.

Tool: Business Case for Change, Continued

Gathering Data for Your Case

In order to uncover the business drivers behind a change, you need to ask questions related to the following areas:

Background: The context for the issues.

Current State: Something about the existing situation that makes the group's life difficult. The destabilizing condition can be tangible—rising costs, missing deadlines, declining market share, etc. It can also be intangible—something the group doesn't know, something the group thinks they know but are wrong about, or something the group is aware of but may not realize is a problem.

The current state can also be framed in terms of “threats” and/or missed opportunities (e.g., complacency driven by success, external competitors, technological innovations, aging products or services).

Costs: The practical, negative effects of the current state. If you're missing deadlines, then you're losing clients. If your market share is declining, then you're not attracting new investors. If there are no clear career paths for employees, you may be losing your best. If the group incorrectly understands the current situation, then that misunderstanding blinds them to vital opportunities.

Gather real data, wherever possible, to support your assertions about the current state and associated costs.

Future State: The new, rectified situation that can be envisioned and achieved—if only a solution can be found.

Benefits: The practical, positive effects. Clients will increase, investors will flock, morale will improve, opportunities will be seized: whatever you anticipate and expect.

First Steps: A brief, broadly defined sense of direction, indicating the work to be done and pointing the way toward the desired future state.

Tool: Business Case for Change, Continued

Worksheet: Building a Case for Change

Background (How did we get here?)	
Current State (Where are we now? Why is what we're doing currently not working?)	
Costs (How will the group suffer if it continues this way?)	
Future State (What would it look like if improved?)	
Benefits (What are the benefits of making the change?)	
First Steps (What initial actions are needed?)	

Tool: Blueprint for Change

What It Is

A road map or high-level outline of a business initiative.

What It Can Do

Frame a business improvement plan in the context of current performance and desired results.

Help you present a business case to senior and line management, and communicate with everyone connected with an issue.

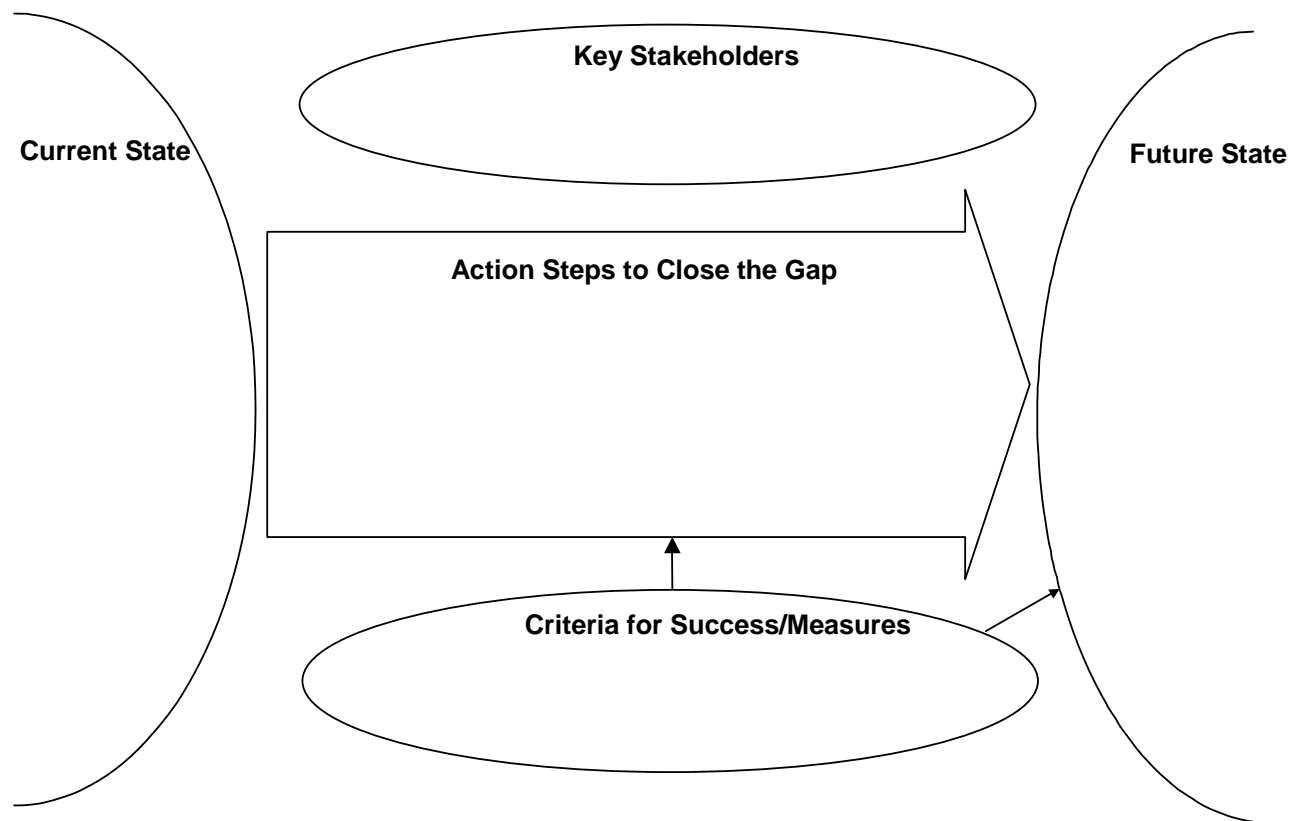
Document consensus within your team or organization about proposed solutions to problems or opportunities for improvement.

How It Works

- Step 1** Describe your organization's desired future state on the right-hand side of the blueprint—what you'd like your organization to look like once the problem, change, issue, or opportunity that you are targeting is addressed and the initiative is fully and successfully implemented. Try to use aspirational language: what do you want to see, hear, or feel that indicate significant change has occurred?
- Step 2** Describe the current state of the organization with regard to the area that you are targeting.
- What are the current, undesirable conditions or the symptoms of the problem?
- How is the current state impacting individual and/or organizational performance?
- Step 3** Identify the various stakeholders in a change initiative, as well as problems or opportunities associated with each group.
- Step 4** Identify some of the criteria and measures of business success. How can you track progress and completion?
- Step 5** In the middle of the blueprint, indicate preliminary action steps to move from the current to the future state. You may also want to build in a timeline of approximate dates for transitioning from the current to the future state.

Tool: Blueprint for Change

Worksheet: Blueprinting Your Change



Something to Consider

Over time, you may develop master blueprints that represent your general way of thinking about common issues and problems. While the major features may remain stable, the specific activities of a master blueprint will tend to evolve as you interact with various internal players, leading you to develop a richer, data-based sense of how to create forward movement.

Tool: Setting Milestones

Change leaders look for small, achievable, measurable early wins in order to gain momentum, gather converts, silence (at least temporarily) the cynics, and reassure and reenergize those in the trenches. The business case for your change has to be reinforced and proven over and over again, so that your change begins to be seen as real progress.

A good short-term win has at least three characteristics:

It's visible; large numbers of people can see for themselves whether the result is real or just hype.

It's unambiguous; there can be little argument over the call.

It's clearly related to the change effort.

Directions

Take a few moments to plan for some short-term wins in regards to your current change initiative. Use the questions given below to assist your thinking and the worksheet provided on the next page to record your ideas.

Begin with the end in mind and work backward. What does success look like at the end of the change journey? What visible improvements in performance, or "wins," (individual, team, or organizational) are you after?

What visible improvements in performance, or "wins," (individual, team, or organizational) can be generated by the mid-point of the journey?

What visible improvements in performance, or "wins," (individual, team, or organizational) can be generated not long after the journey is underway?

How will you communicate the change progress you make to all affected by it, and how will you recognize and reward key contributors to the effort?

Tool: Setting Milestones, Continued

Worksheet: Milestones and Progress

	Specific Performance Improvements/Organizational Results	Methods for Communicating Progress, Recognizing, and Rewarding Contributors
At Journey's End (e.g., 3 years out)		
Mid Journey (e.g., 6-12 months out)		
Early On (e.g., 0-6 months out)		

Tool: Communications Plan

What It Is

This tool can aid in the development of an effective communications plan. Use this tool to guide your thinking as you complete the Communication Plan Template.

What It Can Do

This tool helps individuals make informed decisions about their responses to changes that affect them by providing answers to the five questions everyone needs answered in change situations:

How is this relevant to what I do?

What, specifically, should I do?

What does success look like? (What does failure look like?)

What tools and support are available?

WIIFM—What's in it for me? What is the impact for me?

How It Works

Use the template to develop a communications plan for your initiative. While communication planning requires involvement from a number of people, it's important that one person have overall responsibility for the plan. The Communications Planning tool can be completed individually or as a team.

- Step 1** Call to mind a current initiative that you are preparing for or in which you are actively involved. Consider a time or stage in the unfolding of that initiative when it will be important to communicate to those affected. Under the first column, record the stage at which you need to craft a communication. You might label the stages by project phase or with simple designations such as *Early*, *Middle*, or *Late*.
- Step 2** In the second column, identify 2-5 important audiences whom you will need to target in your communication.
- Step 3** Choose a single audience and, in column three, craft brief responses to the five key questions to consider. This forms the initial content of your communication.
- Step 4** Consider the best medium for delivering your message. Different media work better for different communication purposes.
- Step 5** In columns five and six, note which individual(s) will be responsible for completing the final draft of the communication and when initial and final drafts of the communication will be due.
- Step 6** Repeat steps 3-5 for a second target audience and so on.

Tool: Communications Plan, Continued

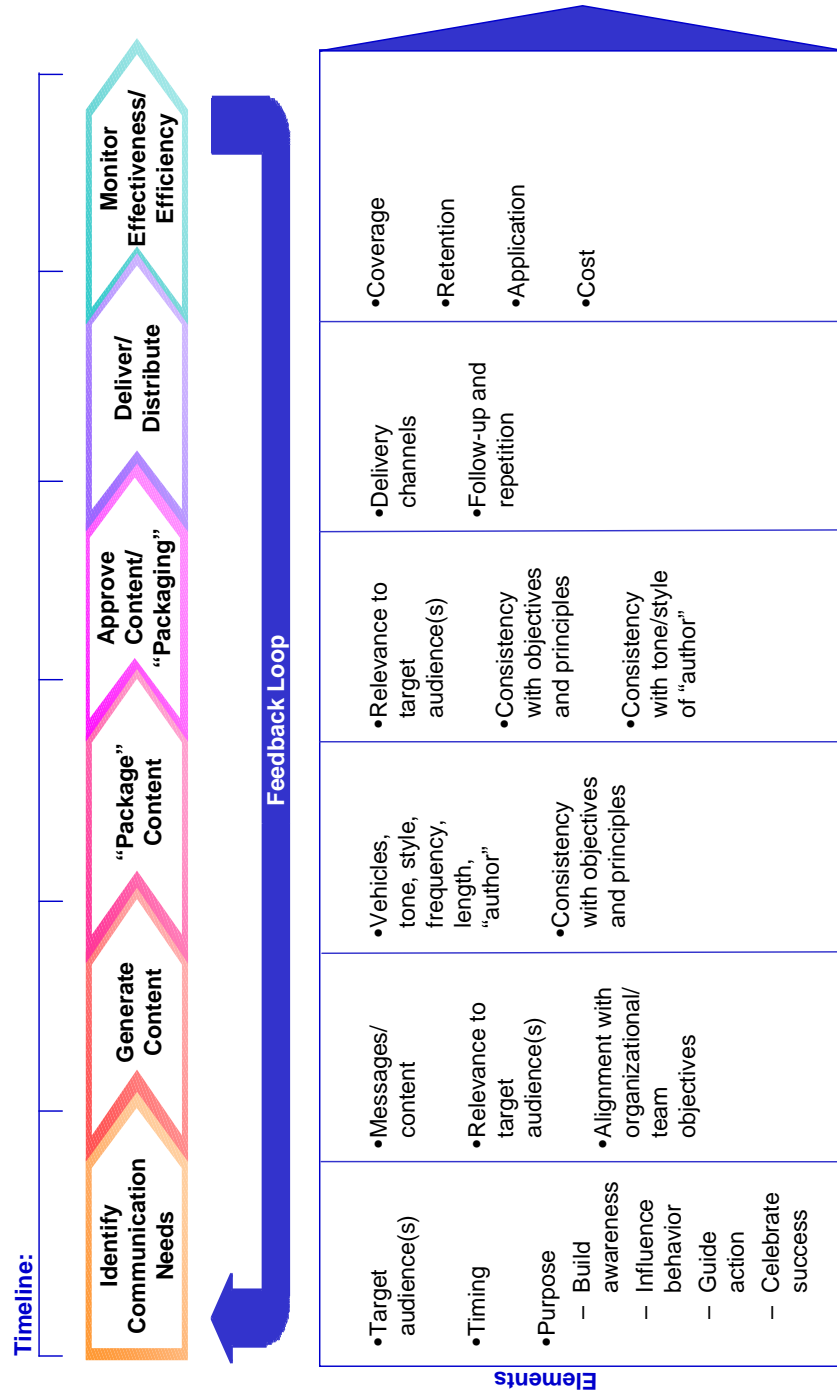
Worksheet: Communications Plan

Project	Audiences	Content	Media	Ownership	Timing
Stage	<p>To whom do we want to communicate?</p> <p>5 Key Questions to Consider:</p> <ol style="list-style-type: none"> 1. How is this relevant to what I do? 2. What should I do? 3. What does success/failure look like? 4. What tools and support are available? 5. WIIFM- For me? For us? 	<p>What content do we want to deliver in the communication?</p> <p>5 Key Questions to Consider:</p> <ol style="list-style-type: none"> 1. How is this relevant to what I do? 2. What should I do? 3. What does success/failure look like? 4. What tools and support are available? 5. WIIFM- For me? For us? 	Through what media?	Who is responsible for developing the communication?	By when?

Tool: Communications Plan, Continued

Something to Consider

See the timeline to consider other issues involved during the entire communication process.



The Role of Leading Change in the Organization: Part 1 – The Role of Leading Planned Change



Leading a change initiative is one of the most difficult tasks a leader can face. It is a double-edged sword with many risks and opportunities. For most leaders, managing a change initiative is a crucial role, but the responsibilities can widely vary depending on what type of change will be pursued.

Two Types of Change Processes

There are two types of change in an organization: planned change and “emergent” change. Planned change refers to initiatives that are driven “top-down” in an organization, while “emergent” change refers to a situation in which change can originate from any level in the organization.

The role of the leader is critical in both types of change. In a planned change initiative, the leader must have a clear vision and a plan that both involves people in the change and ensures there is a support infrastructure for the change. In an “emergent” change, the leader must create and foster a “readiness for change” culture – a culture that encourages and supports change that comes from “within” the organization.

In this article, we discuss the basic role of the leader in planned change initiatives. In the next issue we will discuss the role of the leader in creating a culture for “emergent” change.

The Role of the Leader in Planned Change

The leadership “hat” in planned change is a critical one to wear that includes two crucial responsibilities:

1. Communicating the vision for the change.
2. Establishing the support elements necessary for the change to be successful.

The Vision for Change

As we’ve presented in our previous leadership articles, the role of the leader in any organization is to set direction and inspire others to attain the goal. In the case of a change initiative, the leader must first be able to describe what the future will look like after the change. It is important for the leader to find a way to communicate the vision for the change in a way that will inspire people to act. The leader’s challenge is to communicate the change in positive terms so that people can rally around the vision for the future.

After the leader has determined a positive vision for the future, the next step is to successfully communicate that vision to all levels of the organization. There is a large difference between crafting a vision for the change, and communicating it effectively. One common problem most organizations face is there is not enough time spent communicating the vision for change. In his book, *Leading Change* (1996), John Kotter dramatically points out that the average leader under-communicates the vision by a huge factor. This means that any change initiative should have a good, formal communication plan in place before the change initiative begins.

The Role of Leading Change in the Organization: Part 1 – The Role of Leading Planned Change, Continued



When communicating the vision of the future, be sure to summarize the following points in the vision itself:

- Things that will stay the same
- Things that will be left behind
- New things that we will have that we've never had before

The leader is not only the chief spokesperson for the change vision, but also must ensure that all levels of the organization understand the rationale for the change and how we are going to go about implementing the change. The five critical elements that must be communicated to ensure understanding and awareness include:

- What is the change?
- Why are we doing it?
- How are we going to go about it?
- How long will it take us to do it
- What will the role be for each department and each individual?

Establishing the Support Elements

The second responsibility for a leader of planned change is to ensure that the support elements that are necessary for the change to be successful have been installed. For most significant change initiatives, those support elements include the following:

1. A realistic project plan
The leader ensures that a step-by-step plan, usually entered into a project management software program, as well as a risk analysis and business case analysis have been produced in the planning phase.
2. An organization structure for managing the change
The leader must ensure the structure for implementing and managing the change is installed. The leader should establish a system that solicits involvement and ownership of key stakeholders. Typically, the organizational structure for doing so consists of a team approach. For large change projects, such as implementing an enterprise-wide software package, it is not unusual to have a cross-functional steering team, a sponsor, a project leader, and sub-teams, as needed.
3. Internal change agents
The leader identifies and orients a coalition of internal change agents. These agents will act as facilitators and “cheerleaders” of the change.
4. A formal communication plan
The leader creates a formal communications plan for the life of the change initiative. First, all key stakeholders must be identified. Then, for each stakeholder the leader develops the types of information necessary, the frequency of the information, the method of communication, and the responsible party for carrying out the communication.

The Role of Leading Change in the Organization: Part 1 – The Role of Leading Planned Change, Continued



5. A formal training plan
The leader identifies the new skills or training necessary for the change to be successful and establishes a formal training program to fulfill those goals. Often key stakeholders will need new skills in either bringing about the change or in operating in the new environment once the change is completed.
6. Barrier removal
The leader makes a concerted effort to first identify barriers in the environment that will inhibit or prevent the change, and then develops action steps to systematically remove the barriers. Barriers can include staffing (not enough people or release time to carry out the change), lack of budget, lack of management support, competing initiatives, etc.
7. A supportive and aligned management group
In many change efforts there is lack of alignment and support among the management group, which hinders the change process. The leader's first responsibility is to ensure that his/her management team presents a united front about the change. Often the leader will insist that successful change performance is tied to the performance management system of the organization.
8. A system of periodic audits and feedback
In order to map progress against the change goals, as well as to help institutionalize the change, the leader must install an audit process, as she/he would for quality, customer service, or employee satisfaction purposes. Psychologically, it is important to build in a "quick win" or a "quick success" to help build momentum for the change.

Overcoming Resistance to Change

Through our years of working with organizations to implement change, we have found when we ask management groups the question-- "Do people resist change?"-- we usually get an immediate and resounding "YES." We have found that if the leader paints and effectively communicates a positive vision and establishes the support elements listed above, resistance to change can be minimized.

One quick and easy model we use to help remember how to manage through change is the USEM™ model. The USEM™ model is actually a generalized performance model that can be applied to several types of organization situations. The following segment shows how this model can be applied to a change initiative.

To maximize a positive response to change you must have the following USEM™ parameters in place:

U = people must understand what we're doing and why

S = people must have the knowledge and skills necessary to execute the change

E = we must remove barriers in the environment that will prevent the change from being successful

M = people must have motivation to change, i.e., they must want to help achieve the change

The Role of Leading Change in the Organization: Part 1 – The Role of Leading Planned Change, Continued



If the organization does a good job of putting in place the U, S, and E parameters, it is our experience that the motivation will follow.

In other words, if people have the Understanding, Skills and proper Environment without barriers, then this will go a long way towards solving motivation and resistance issues.

The eight support elements listed above directly correlate with the USEM™ model. The first six elements address the U, S, and E factors, while the last two parameters directly influence the Motivation parameter.

Leading change in an organization can be a risk, but when the leader creates and communicates a positive vision and establishes the necessary support elements described in this article, the components of the USEM™ model are thus fulfilled, and a change initiative is less likely to experience resistance. Taking on the role of leading change in your organization is a step towards becoming a leader.

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The Role of Leading Change in the Organization:

Part 2 – Leading a “Readiness for Change” Culture



In “emergent” change, the leader must create and foster a “readiness for change” culture. In this kind of culture, change is not only easily accepted, but also is actually embraced by the organization. Further, change can be spawned from anywhere within the organization, not just driven top-down. Organizations are becoming increasingly interested in learning how to create a permanent “cultural readiness” for change that goes beyond a specific change implementation project. These organizations strive over time to create a corporate culture that is not only ready for change, but also accepts it and thrives in it.

The premise behind “emergent change” is that if a leader can create the right kinds of conditions in the organization, then change will naturally “emerge” on its own. The question then becomes, what are those necessary conditions for this “readiness for change” culture?

Necessary Conditions for a “Readiness for Change” Culture

We believe there are four cultural elements that must be installed in order to create a “readiness for change” organization. These are:

1. A workforce that is business literate
2. A workforce that has permission to act
3. A workforce that will challenge the status quo
4. Leadership that encourages a “readiness for change” culture

Next, we'll explore each one of these elements.

A Workforce that is Business Literate

We define a business literate workforce as one that understands both the strategic context of the business and the personal impact they can have on critical business outcomes.

Ensuring that employees understand the strategic context of their work is a critical leadership task in creating a “readiness for change” culture. If employees understand what their company is trying to accomplish, what their customers are trying to accomplish, what their competitors are doing, and finally, what important trends are going on in their industry, then these employees are better able to interpret the need for a specific change and accept it. Also, when they can see the organization’s “big picture,” they will be better equipped to make the right decisions and offer relevant ideas.

The second aspect of business literacy is efficacy. That is, do employees understand the impact their job performance has on the critical drivers of the business, such as financial performance, operational excellence, and customer satisfaction? When employees see the link between their job performance and the company’s operational and financial success, they are able to understand how a change in their day-to-day activities might affect the organization as a whole. Likewise, when they understand the relationship between their job performance and the resulting quality of the customer experience, they will know precisely what action they must take to have a positive impact on the customer.

A Workforce that has Permission to Act

The Role of Leading Change in the Organization: Part 2 – Leading a “Readiness for Change” Culture, Continued



In order for employees to initiate change for improvement on their own, they must be allowed to do so. Employees should feel they have permission to make the day-to-day decisions necessary to improve the customer experience, the operational efficiency, and the financial results. They are more likely to suggest change and feel responsible for carrying out the change if they know they have the authority to make changes. Further, changes will be more rapid if employees have the necessary autonomy, and thus don't have to wait for permission to act.

A critical leadership skill is learning how to install boundaries and to encourage freedom to act within those boundaries. Leaders throughout the organization must learn how to set the goal, communicate the boundaries, and then “let go.” The more specific and understandable the boundaries, the better. For example, a leader might tell a work team in a distribution center that they can make any process improvement changes they want as long as 1) customer service metrics meet or exceed standards, 2) quality metrics are met or exceeded, and 3) labor costs don't increase (i.e., no increased overtime). When “empowered” in this way, employees are more likely to take ownership of decisions and to become more committed to the resulting course of action.

A Workforce that Will Challenge the Status Quo

If employees feel their ideas are listened to in an accepting, open environment, they are more likely to recommend creative “out-of-the-box” solutions. In an “emergent change” culture employees must feel comfortable offering ideas that may run counter to the usual manner in which business is done. If leaders allow such “constructive disagreements,” then the workforce will become more creative. Further, employees are more likely to embrace change and be a part of change if they feel they can voice concerns and disagreements.

Of course this idea can be difficult for managers to implement. The norm in many companies is that employees do not challenge what management has decided. However, allowing this type of open environment gives employees a sense of ownership in the process and also may trigger fresh, creative ideas from those who are closest to the customer or to the operations of the business.

Role of the Leader in Creating a “Readiness for Change” Culture

The role of the leader in creating this type of culture is to initiate and reinforce the three ingredients described above.

First, leaders must create and then support a workforce that is business literate. This means there must be a willingness to share strategic goals of the company, major industry trends that will affect the business, and what's going on with both customers and competitors. In our research, we have found many companies practice almost the opposite. We have found that only a few people at the top really understand the strategic plan. We have also discovered that, when asked, most employees can name very few trends in their industry. In many cases, employees can usually name their competitors, but they don't know what their competitors are doing in the marketplace. And finally, we have discovered that in some situations, employees can't identify all their customers, much less understand the unique needs of these customers.

The Role of Leading Change in the Organization: Part 2 – Leading a “Readiness for Change” Culture, Continued



In our definition, business literacy also means that each person understands the impact they can have on the financial, operational, and customer service success of the business. In our experience, employees typically give better responses when we ask them to tell us how their job performance can affect the various financial “drivers” of the business (sales, gross margins, expenses, profits) than they do when we ask them how their job performance can impact customer satisfaction or dissatisfaction. In manufacturing companies, we have found that operators, and especially mechanics, oftentimes can do a fair job of verbalizing how their job performance affects operational efficiencies, but many other employees are unable to do this. Overall, we find that leaders could do a much better job of helping their employees understand the linkages between performance on individual jobs and the resulting impact on success measures of the organization.

Creating a business literate workforce requires a leadership group that is committed to sharing business context information. Sharing information doesn’t necessarily mean classroom instruction. This can be accomplished through many avenues, such as informal conversations carried out by supervisors, posting customer satisfaction comments, customer visits (internal and external), group discussions, short presentations from time to time by general managers, and one-on-one coaching. There are many ways you can educate your employees to increase their business literacy, and leaders should be creative in their methods of education in order to keep it interesting and ongoing.

Secondly, leaders should support a workforce that has permission to act. Leaders must learn how to set boundaries and to give people permission to make decisions within those boundaries. We have seen leadership groups succeed at this by having them go through an exercise we call “Release of Power” planning. Following this process, leaders list decisions that people lower down in the organization are not making now, but could be making if properly armed. We then have participants list the boundaries on decision making that would make them comfortable, the measures that would have to be put in to place in order to monitor success, the training employees would have to get, if any, and the information that they would need to start receiving that they have not yet been receiving in order to make these decisions. By going through this planning process, many leaders are able to get more comfortable with providing an environment in which employees feel they have permission to act.

Finally, to make this work, we must have leaders who encourage employees to be creative and feel comfortable in challenging the status quo. To help leaders in this area we sometimes pose the following proposition and series of questions: Think about the last time someone in your organization approached you to challenge a decision or idea. How did you respond? Did you ignore it? Did you focus on the person while they were speaking, ask pertinent questions and consider the pros and cons of their idea? If you decided not to implement the idea, did you explain why their idea was not accepted and encourage them to come to you in the future with more ideas? If no one on your staff has come to you with challenges to ideas or the status quo, this may signify that they aren’t comfortable discussing these issues with you. If you are unaware how your employees feel about expressing their opinions and ideas, voicing concerns and challenging your thoughts, then ASK. What you find out may surprise you.

***The Role of Leading Change in the Organization:
Part 2 – Leading a “Readiness for Change” Culture,
Continued***



If your organization is ready and willing to act on change quickly, you will remain one step ahead of your competition. Establishing a “readiness for change” culture allows everyone in your organization not only to accept change, but also to welcome it and flourish under the changing conditions. While this culture cannot be established overnight, in time with the proper leadership in place, your organization can develop the conditions necessary for change to “emerge” on its own. © 2004 Cornelius & Associates

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