LEADING CHANGE

Organizational Change Management (OCM)

A Critical Success Factor for Transformation

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Organizational Change Management is …

Discipline

- Academic Literature and Body of Knowledge
- Fortune 10 Global SAP Implementations
- Investment Banking M&A

Practice

- Art, Not a Science
- Reverse 80/20 Rule
- **Low Cost, High-Impact Assurance**

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OCM is Not…OCM Is…

- Technical Change Management
- A Solution to a Particular Problem

- OCM is a Means to an End – **Process with Steps**
- Changing Direction

When written in Chinese, the word "crisis" is composed of two characters. One represents danger and the other represents opportunity.

- John F. Kennedy

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Define: OCM

- … is a structured approach to shifting/transitioning individuals, teams, and organizations from a current state to a desired future state.

- It is an organizational process aimed at helping employees and stakeholders to accept and embrace changes in their current business environment.

- **Intellectually Reasonable, Are We Done?**

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The Microfilm Story

Crisis ✓
Solution ✓
Stakeholder ✓
Politics ✓
Wins ✓
Project Management ✓
ROI Jeopardized ☒

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Lesson: Organizations Find Ways to Resist Change

- Organizations are living Machines (more then steering)
- Unpredictable
- Psychological/Emotional - not Intellectual
- Takeaway: OCM as a Risk
- OCM Matters
- Low Cost Assurance of ROI
- **Mitigate the Risk by Considering OCM in Each and Every Non-Trivial Project**

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Why is Organizational Change Hard?

- Move Your Seat
- Newton's First Law of Government (vs. Profits)
- Unbalanced Forces Happen
- **Every Single Person Initially Resists Change** – even if it is good for them
  - You and Not Me
  - Fear of Unknown (Known Unknowns)
  - Living in the Present (Past & Future)

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Why Does OCM Matter?

- Insidious Qualitative Erosion
  - Productivity
  - Active/Passive Resistance*
- Insidious Quantitative Erosion
  - ROI: Speed, Utilization and Proficiency
  - Correlation, Causation
- Opportunity Cost (embrace vs. caveman)

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Who Owns OCM?

- "The task of the leader is to get his people from where they are to where they have not been.“ - Henry Kissinger

- "All of the great leaders have had one characteristic in common: it was the willingness to confront unequivocally the major anxiety of their people in their time. This, and not much else, is the essence of leadership." - John Kenneth Galbraith

- **"Leadership is the art of getting someone else to do something you want done because he wants to do it."**

- Dwight D. Eisenhower

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First Principles

- All People and Organizations Initially Resist Change
- Behavioral Change Happens at the Emotional Level, not Intellectual Level
  - Sales People: **Kirby Vacuum Cleaner**
  - Sell Today, Educate Tomorrow
- **Only Change Agents and Change Resistors** (the battle)
- Both Individuals & Organization Must Change

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Models & Frameworks

- One Size Does Not Fit All
  - Lewin's Model – 3 Steps (Tactical Project)
  - ADKAR Model – 5 Steps (Individual Change)
  - Kotter's Model – 8 Steps * **(Organizational Transformation)**

<u>Iterative Model in Government* Projects (less predictable)</u>

1. Motivate the Change
2. Develop Political Support
3. Socialize Vision
4. Manage Small Wins
5. Consolidate and Structurally Anchor ➔ #1

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1. Motivate the Change

If change is happening on the outside faster than on the inside the end is in sight. – Jack Welsh

- Awareness & Desire
- **Create Sense of Urgency**
- Energize Change Agents
- Short Circuit Change Resistors

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2. Develop Political Support

Coming together is a beginning. Keeping together is progress. Working together is success. - Henry Ford

- Prioritize Stakeholder Power and Negotiate
- **Organize into a Guiding Coalition**
- Cross-Functional Team
- Credible
- Joint Vision Development (to a degree, collaborative democracy)
- ID Change Agent vs. Change Resistors.
- Quietly

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3. Socialize the Vision

"The greater danger for most of us lies not in setting our aim too high and falling short; but in setting our aim too low, and achieving our mark." – Michelangelo

- Bold and Shared Outcomes
- **60 Second Description of Future State**
- Can Line Managers Transmit?
- Multi-Channel Communication (audience and **repetition**)
- Stakeholder Earned Media
- What's In It for Me?
- What People Do When You're Not Around

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4. Manage Small Wins

"Celebrate what you want to see more of" – Tom Peters

- Provide Knowledge How to Change
- Empower Others to Implement Change
- Facilitate: Remove barriers and provide resources
- Plan, Create and Harvest "Small Wins" (sell them hard and often)
  - **Reward and Nourish Your Change Agents**
  - Strip-Lining Change Resistors (go underground, structural changes)
- Momentum

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5. Consolidate and Structurally Anchor

"The measure of success is not whether you have a tough problem to deal with, but whether it is the same problem you had last year." - John Foster Dulles

- **Embed Cultural Change**, Sustained ROI
- Line Managers Must Now Be On-Board
- Underground Organizational Resistance
- Don't Underestimate "Tradition"
- Promote and Recruit
- Cultural Anchors – Processes, Accountability or Technology **Artifacts** (microfilm job description)

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What Works ….

- Engineer a Sense of Urgency if Needed
- Engineer a Small Wins Schedule & Communicate
- Engineer at Least One Structural Cultural Anchor
- Attack and Convert Biggest Resistors Upfront
- OCM Can Alter Critical Path
- Reviewing Project Plans, Consider the OCM Perspective for 5 Minutes

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