Insights for Executives

New Wine in Old Bottles: How to Make New Processes and Structures Work within an Old Organization.

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Embedding new structures and processes into an existing system is a tricky business. It generally involves the transition of 'ownership' from a study or planning team to a broader constituency who are expected to implement them, make them work, and in so doing, improve profitability. This is a far more complex undertaking than simply communicating the change and directing people to do it. Success depends on fostering the development of the new skills and behaviors required and creating true commitment to change on the part of the implementers. All three phases of the change process are essential to success: communication, behavioral change, and creating commitment.

### How things can go wrong at each phase.

Stuff it syndrome. There is an immutable law of organization level dynamics that if a small group attempts to impose an initiative, and/or new roles defined by the small group, on the larger organization, without involving them, the organization will invariably reject it. Rarely is this done overtly, and it is unconsciously driven rather than intentional behavior. The common forms it will take include: confusion, inability to understand, learned helplessness, passive resistance, foot dragging, finding flaws in the concept or design, identifying insurmountable obstacles, or giving the change lip service support, but undermining it behind the scenes.. Additionally, the mere existence of an elite planning group engenders speculation, myths, and rumors as to the true purpose of the initiative. The end result is that the initiative will evaporate at worst, or produce suboptimal results, at best.

As new processes fail to deliver to design intent Senior Management sponsoring the change redouble their efforts to drive the changes through the system by forcing compliance and adding unrealistic deadlines, reviews and metrics. A vicious cycle then ensues in which each increase in centralized monitoring and decision making leads to more employee passivity and learned helplessness and reduced initiative and feelings of accountability, which, in turn, prompt more intensive intervention.

The PowerPoint parade. There is a persistent belief that a significant organizational change can be implemented by selling people on the concept and the plan: a well conceived slide presentation will demonstrate the necessity and logic behind the change and get the "buy in" of those who must implement the change. There is a corollary belief that people can acquire not only new knowledge but also new behavioral skills simply by watching a well crafted PowerPoint presentation. In short, a once-and-done cascade process can inform all employees of the new vision, plan and structure for the organization and at the same time brief them on their new roles and responsibilities.

It doesn't work. The research on slide presentations shows that viewers quickly lapse into passive spectator mode and it can take up to 15 minutes to re-engage them in active learning. Worse, people come away from slide presentations with very diverse interpretations of the material, and the more complex the material the greater the diversity of views. Retention rates are also low: up to 30% immediately after, but less than 10% a week later.

PowerPoint slide presentations, properly used, are excellent for communicating concepts and key messages, and can be an important tool for awareness building. However, in order for people to be effective in new roles, time and effort must be invested in building the competencies required in those roles. This requires active learning techniques that take into account individual and group learning styles.
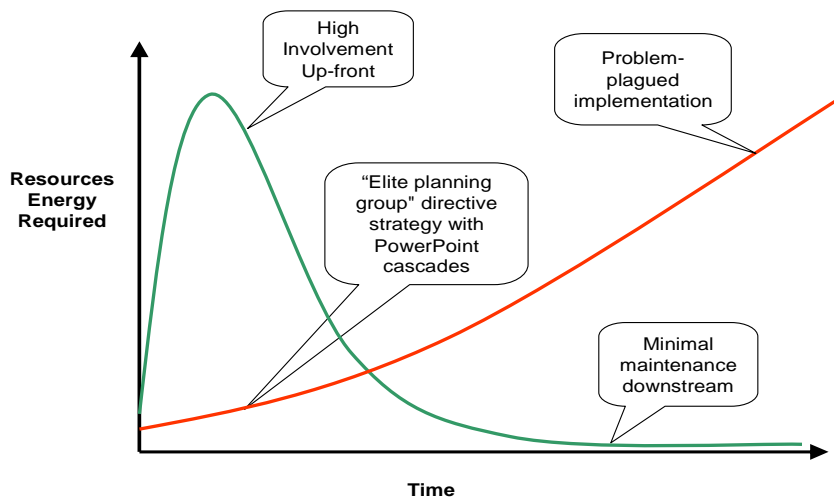
The time trap fallacy: Some organizations recognize that directive, non-involving strategies for change and PowerPoint cascade communications are not the most effective means for achieving desired outcomes. However, all too often Senior Management will justify them by asserting, "We would like to do it right, but it will take too long/it will take too many resources". (Ironically, this position is often taken after a Senior Management group has spent months or even years secretly planning a change.) The consequences of not taking the time required to generate real understanding of and build commitment to the change are:

• Quick and resource-efficient planning and kick-off

• A prolonged period of implementation plagued by problems, mistakes, failure modes, increased costs, wasted effort, reworking processes, and the need to increase resources to try to get things back on track – throwing more people at the problems, monopolizing people's time with non-added value monitoring and review meetings.

Often the change fails, evaporates or falters along, never really delivering expected outcomes.

Form over function. In organization design, as in architecture, form should follow function. When an executive planning group begins by defining structure and governance (form), the processes through which people will be able to work together (function) are largely predetermined. Moreover, the "new" structure will be derived from the assumptions and structural paradigms that planners are most familiar with: the ones that already exist in the parent organization. Often this dooms the organization to replicate failure modes, inefficiencies and, various weaknesses inherent in the parent system. At best, it limits planners to think creatively, leading to less than optimal outcomes.

In any case, a Vision that contains only technical elements can not guide behavior, can not tell people what is and is not important, what the organization will do and how it will do it, or how people in the new organization are to work together on a day-to-day basis. A powerful Vision of a Preferred Future State should not only include the technical/business outcome desired, but the organization's 'sharp purpose and distinctive competencies, operating values and principles and 'Design Statements' – What things the new organization must be able to do, contain within it.
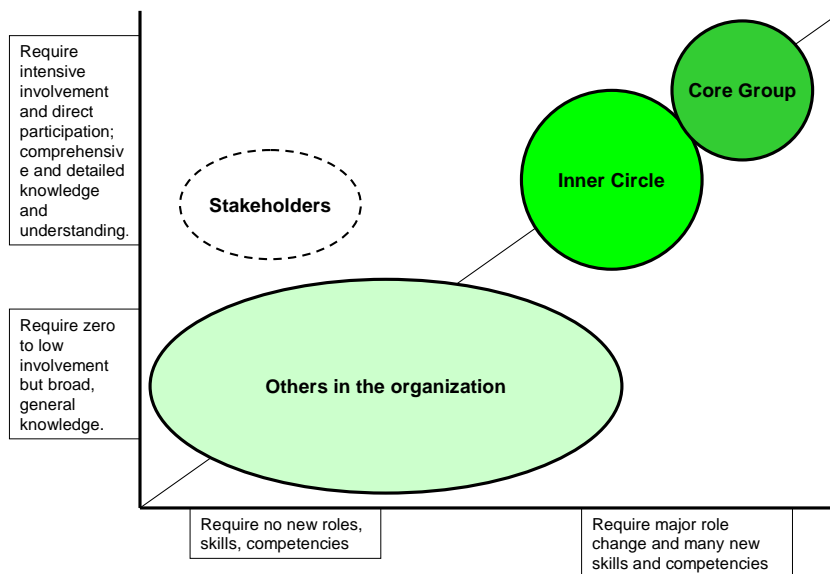
Communication disconnects between decision-makers and the working level.
Even when organization changes have been agreed and sanctioned at the senior level the assumption is that decisions and commitments are being adequately cascaded, understood and accepted throughout the organization. Almost invariably, one or more things will go wrong, even with the best of communications plans. And the likelihood of a communication plan going awry is greatly exacerbated if multiple national or corporate cultures are involved.

- A Senior Manager may decide it is premature to unveil a change, or that the all the implications are too sensitive to share widely in his organization. In one large, and struggling, corporation the CEO's global vision for revitalizing the company was labeled "Secret" on an entire continent and treated accordingly.

- Senior Managers do attempt to communicate, but in their desire to stay on-message, rely on one-way methods that preclude the give-and-take discussion that would allow working level implementers to understand what they are expected to do. In one organization, a change in roles and responsibilities was conveyed via a 140 slide PowerPoint presentation, without any Q&A.

- The time and effort required to create understanding is underestimated. All too often, a single Showtime event is rolled out to all employees, repackaged for reference via the intranet and podcasts, and if important enough, supplemented with trinkets and screensavers. Basic psychological concepts like creative approaches that facilitate retention, repetition, and reinforcement, are seldom deployed.

How to make things work the right way.

Introducing a new structure or process within a portion of an existing organization markedly changes the roles and responsibilities of some functions or groups within the large organization and impacts others, but rarely involves everyone. The key to success at each phase is to identify the various constituencies who must play a role in implementing and supporting the change process and build communications, competency, and commitment plans specifically tailored to their roles and requirements in the change process

Require intensive involvement and direct participation; comprehensive and detailed knowledge and understanding.

Require zero to low involvement but broad, general knowledge.

Core Group

Inner Circle

Stakeholders

Others in the organization

Require no new roles, skills, competencies

Require major role change and many new skills and competencies

1. The "Core Team" is the group of people who will have to undertake ownership, accountability, and new roles and responsibilities on an on-going basis, and share strong interdependencies. (If the change involves a new group or structure, all of the members should be included).

In terms of knowledge competencies and other requirements, the Core Team will need:

- Comprehensive, detailed understanding of the change, its purpose, their role(s) within it, and what they will have to do differently
- Personal and collective commitment to take ownership, undertake new roles, and overcome obstacles to make it work
- New skills and capabilities

2. The "Inner Circle" includes the people with whom the Core Team will interact on a day-to-day basis. The Inner Circle constituents will experience changes in roles and responsibilities as they contribute to the work of the Core Team but they will not have primary ownership of or accountability for the new processes. The Inner Circle will need:

- A sound understanding of the purpose, vision, and goals of the Core Team, and of their own roles and responsibilities in relation to those of the Core Team.

- These roles and responsibilities should be negotiated/"contracted" with the Core Team (in order to generate understanding, acceptance and commitment through involvement)

3. Others in the organization include essentially everyone else inside who is likely to be affected by the change. At a minimum, they will require a solid understanding of:
- What is the change – key concepts and goals
- Why we are doing it – the problem being solved or benefits to the organization
- Who are the core team members
- Who is affected and what we can expect to see happen

4. Stakeholders are those in senior management who are sponsoring the change or others who may be impacted by the change process and from whom the Core Team may need help or with whom they may need to negotiate. Stakeholders may include other components of the larger organization, suppliers, dealers, etc.
While the needs of each stakeholder will be unique, in general they will require:
- A moderate to high level of knowledge and understanding.
- Depending on the subject matter and need, a low to moderate level of involvement.

How KLC Associates helps organizations move from the Core Team "bull's-eye" outward through a three-phase process of communication, skill-building, and commitment.

By focusing explicitly on the needs of each group, and paying close attention to the interactions among the groups, the likelihood of a successful launch is greatly enhanced. Although there is much more going on behind the scenes, a series of high-profile workshops play a pivotal role in creating and sustaining momentum and commitment throughout the organization.

The Planning Phase. Once senior management has defined the scope of the change process, a Planning Group, consisting of subject matter experts and some of the key core people who will be responsible for implementation, gathers to lay the ground work for the change. When planning a new group or small structure, the planning and core implementation group will be the same people.   Their responsibilities include:
- Developing an understanding of the current state, mapping existing processes and structures;
- Developing an understanding of relevant **internal** environmental factors;
- Creating a Vision of the Preferred Future State, operating principles for those who will participate in the change process, as well as measurable targets, goals and objectives;
- Completing the planning work by going back into the larger organization to get feedback and to build support for the project;
- Obtaining Senior Management's final approval to move into implementation; and
- Identifying Core Group members.

The Core Team Kick-Off <KO> Workshop. Implementation begins with a workshop sponsored by the Planning Group and attended by all the members of the Core Team.

As this is the pivotal event in the implementation process it is essential that it be face-to-face, with all Core Team members present. Unless members have had sufficient time together to see one another as three-dimensional human beings and unless there is sufficient psychological 'glue' to hold people together, members will see one another as representatives of their respective corporate fiefdoms and act accordingly, rather than a team striving for the best interests of the enterprise. The objectives of the kick-off workshop include:

- Refine the Vision of the Preferred Future State.
- Develop operating principles for how the Core Team will work together.
- Developing a concrete understanding of expected outcomes.
- Understand customer expectations.
- Negotiate individual and collective roles and responsibilities
- Identify the members of the Inner Circle.
- Identify cultural differences that could hinder progress or that could be advantageous in implementing the change process.
- Identify sponsors, stakeholders, groups or organizations in addition to the Inner Circle that the team may need support from, or want to influence.

Process Model for Implementation Phase of Team Projects

Identify "Core Team":
This is the group of people who will have to undertake ownership, accountability, and new roles and responsibilities on an on-going basis, and share strong interdependencies. (If the change involves a new group or structure, all of the members should be included).

Identify "Inner Circle"
The people/activities with whom the Core Team interacts with on a day-to-day basis, and/or shares interdependencies.

Core Team <KO> Workshop:
• Create or refine Vision and goals.
• Develop guiding principles for how the team will operate.
• Identify cultural differences that
  - Could get in the team's way in achieving the vision and/or successfully carrying out its work.
  - Could enable the team.
• Identify and agree objectives for year
• Develop or shape individual and collective roles and responsibilities.
• Identify Stakeholders, groups or organizations in addition to the Inner Circle that the team may need help, support, or sponsorship from or want to influence.

Core and Inner Circle Workshop
• Present/discuss outcomes from <KO>.
• Identify corporate cultural differences
• Map key work processes to ensure:
  - Best possible, streamlined processes and quality of outputs.
  - Understanding and agreement of Core and Inner Circle.
• Negotiate roles, responsibilities and expectations between the Core Team and Inner circle.
• Agree decision-making process.
• Agree on any needed forums.
• Clarify migration of any 'open' work elements.

Plan Communications Strategy with Broader Organization
• High frequency of communication.
• Use many different mechanisms and multiple channels – be creative to spark real interest.
• Keep in mind any Corporate Cultural differences.

Plan Communications and influencing strategies for Stakeholders and Sponsors.
(Identified in Core <KO> workshop)

Develop First Priorities in Transitioning into New Roles and Achieving Objectives
• Develop work plans and metrics (How we know our process is in control and that we are doing the right things right).

Convene Periodic Team Workshops to:
• Gauge overall progress against Vision, Goals, operating principles, annual objectives and priorities.
• Share information and celebrate successes.
• Identify and discuss what team has learned and how to embed the learning into its processes.
•Identify and resolve issues.

The Core Team and Inner Circle Workshop. Although consisting of a much larger set of participants, it is essential that this working session also be face-to-face and that a 'real' team forms by the end of the session. Again, it is critical that this initial workshop is face-to-face for the reasons previously outlined. Content includes:

- Present/discuss outcomes from Kick-Off Workshop
- Identify national and corporate cultural differences relevant to the change process
- Map new work processes to:
    o ensure best possible, streamlined processes and quality of outputs.
    o ensure understanding and agreement of Core and Inner Circle interfaces
- Negotiate and contract roles and responsibilities and expectations among Core Team and Inner Circle team members
- Agree upon decision-making processes
- Agree on any needed forums
- Clarify migration of any 'open' work elements

Initial Communications with the Broader Organization.   Using lessons learned from communications effectiveness diagnostics and prior experience, the Core Team develops a robust communications strategy emphasizing clarity of message and multiple approaches to ensure adequate repetition/redundancy.
At a minimum, initial high level messages include:

- A succinct definition of the problem
- Identification of core group members
- A clear synopsis of the strategy being pursued, along with the benefits expected
- A candid assessment of how employees will be involved or affected.

Initial Communication with Stakeholders and Sponsors. Specific strategies for communicating with individuals, groups, and organizations from whom the Core Team may need support, or may need to influence, are tailored depending on the target and need. Actions may include behind-the-scenes influencing strategies, contractual arrangements, or various forms of involvement in the change process.

Health Checks, Celebrations, and Learning.   It is important for the Core Team and Inner Circle to periodically stop and assess how things are actually working, beyond what the metrics and more obvious outcomes suggest. These activities emphasize the learning component of any change initiative and reinforce the key concept of continuous improvement. This can be achieved through a variety of techniques including diagnostic interviews and focus workshops with "Core" and "Inner Circle" constituencies. The purpose is to:

- Gauge overall progress against Vision, Goals, operating principles, the year's objectives and priorities.
- Identify what is working well and celebrate success.
- Identify what, if anything, is not working well and determine how to improve.
- Determine the extent to which people remain committed, energized and fully utilized and how to address any issues in this area.

- Identify and discuss what the team has learned and how to embed the learnings into its processes.

Transitioning into New Roles and Achieving Objectives. As the change process unfolds, work plans are supported by robust metrics. Avoiding bureaucracy and the self-delusional methodologies bureaucracy spawns, participants develop focused measures that allow everyone to determine if processes are in control and if they are doing the right things right.

Building commitment. Frequent communication of, and easy access to, candid information regarding the rationale and scope of a change initiative helps build acceptance of the change across the organization and its stakeholders. Commitment to achieving the goals of the initiative comes from active involvement in the change process, beginning with the opportunity for open discussion, and moving on to participation in negotiating new roles, relationships, and performance metrics. As participants have a hand in shaping their place in the new structures and processes they develop a sense of ownership.