



Change management

Time for a new approach

The problem with change management is that it doesn't work—at least not reliably enough, say Grant Symons and Bernie White. It's time for organisations to reinvent their thinking about change, let go of the past, and leap into an uncertain future, learning as they go.

"If you don't start your day in a hyper-connected world by asking, 'What world am I living in, what are the biggest trends and changes in this world and how do I get the most out of them?' you are going to be in big trouble".

—Thomas Friedman

We live in interesting and challenging times. Not only is the pace of change continuing to accelerate, but changes are increasingly interdependent and complex. The pace and complexity is now creating the opportunity for a step-change in organisational design and function. This represents a big opportunity for HR to position itself as a trusted agent of change for our organisations. To do so, HR will have to play a more credible role in helping organisations to adapt quickly, to proactively design their future, and to more naturally



and more holistically develop and evolve. But first, we believe we need to re-think the very idea of change.

Can you think of anything more pervasive than change? To believe that we somehow have a choice of whether to change or not is to deny the reality that change simply is. Our only choice is whether we choose to proactively design our future or passively accept the implications of changes that are going on around us. We are always changing and being changed by the environment around us.

An entire change management industry has emerged to help organisations respond to change. Amazon lists over 2300 books that can help. By our last count, there are over 20 different change methodologies—from Kotter’s 8 Step Framework (recently revised for a dynamic world) to Kanban, Agile, Servant Leadership, Lean, Theory of Constraints, the list goes on. Yet for most organisations, change remains a tortuous endeavour—one that rarely results in the much-anticipated success. Just take a look at some of the research.

- In an IBM study of more than 1500 change management executives from 15 countries, results showed that nearly 60 percent of projects aimed at achieving business change do not fully meet their objectives. And for those changes that actually do succeed, doubts have been raised about the effective return on investment.
- In 1995, John Kotter published research that revealed that only

30 percent of change programmes were successful. And a 2008 McKinsey & Company survey of business executives indicated that the percentage of change programmes that were successful is still 30 percent. Despite the growth of the change management industry, the success rate hasn’t changed.

- The economy-wide return on assets in the US over the 40 years from 1965 to 2005 has fallen to nearly 25 percent of 1965 levels. This suggests that, on the whole, organisations have failed to change and maintain their shareholder value proposition—let alone grow it. Of course, there have been notable exceptions, but overall a 75 percent reduction says most organisations simply fail to create new value.
- Analysis of the United States S&P 500 index reveals the average company life expectancy has dropped from 75 years (in 1937) to 15 years more recently—meaning organisations are less successful at adapting to their changing world.
- A 2011 Lisbon Council research report on job growth found that all net job growth in the US and Europe over a 25-year period (1980-2005) came from firms less than five years old. This means established organisations fail spectacularly to identify, change and seize the immediate opportunities.
- The Edelman Trust Barometer charts a significant overall reduction in trust in organisational authority, meaning many employees



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simply do not trust their leaders who are the architects of large-scale change.

Despite the poor track record of effective change, most organisations simply choose to selectively forget what has happened in the past and optimistically embark on their next change initiative—with their confidence untarnished. People forget that in the ‘Change Casino’ the odds are heavily stacked against them. There are better odds on offer at Sky City!

We see many organisations responding to change by ‘managing their own adaptive decline’ with counter-productive responses including:

- Continually restructuring to create the illusion of effective change;
- Exhorting people to change and simply ‘do more with less’;
- Cutting costs and capabilities to create greater value;
- Implementing large-scale (visionary) change programmes.

Given current thinking about change, we are expecting that success rates for change will start to decrease (not increase) with the accelerating pace and complex interdependency of change. We expect more well-intentioned change initiatives to produce more unintended consequences of sustained decreases in organisational returns, lower resilience to change, diminished capability, missed opportunities and lower employee engagement. At the same time that change is becoming increasingly critical, the cost of change is also becoming increasingly unbearable.

Surprisingly, we are optimistic that organisations can learn to more effectively change. We think that the problem with change is how we think about change.

The problem we have with change management is that it doesn’t

work—at least not reliably enough. Sure there is a place for creating a compelling vision, building coalitions of support, delivering compelling communication, etc, but overall, for us, the current approaches to change management are too static, too linear, too siloed, too problem-orientated and too boring for the dynamic and vibrant 21st century world.

We propose that a more successful approach to change should be based on the following principles.

Change from within. Most change is thrust at people and therefore met with resistance. Think about the extraordinary depth of knowledge, skills, systems and intellectual property that your organisation relies on for its day-to-day operation and existence. This is often the same resource that is needed to change the organisation. Certainly, an injection of new blood and fresh thinking can help to shake things up. But when it comes to conceiving and delivering change in a complex environment, your existing resources should be invaluable.

Understand collective reality. In our work with clients, we find that much of the change resistance is the outcome of different perspectives of reality. In fact, it is surprising that even well-established groups often hold conflicting views of what’s real for them. Without an agreed collective understanding of reality, cohesive and purposeful change will be problematic. It can take time to examine reality and find the truth, but it pays off in less resistance, greater urgency and more collective action. Remember also that we live in a dynamic world so expect to have to respond to reality changing daily.

See change as organic. Change is one of the most natural phenomena in the world—and humans are the most adaptable species. We have a long human history of adapting, evolving and thriving

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in response to new conditions. The most significant and beneficial changes often haven't been managed into being, they have emerged from people's inherent drive to create, to change, to develop and to make the most of new situations. Change interventions should seek to release the best of our human spirit.

Collectively design and implement. Change design and implementation are different sides of the same coin. We believe a participative approach is critical to the success of both. The future is most powerfully envisaged (ie, designed) and created (ie, implemented) by those involved in a genuine effort to find more compelling futures. In our practice we find that groups are more energised to design around strengths (rather than problems) and that, for implementation to be enduring, groups need to focus on key differentiating capabilities.

Create trust-based collaborations. It is becoming increasingly difficult to make meaningful progress alone, either individually or as an organisation. New value is predominantly being created in collaborative relationships across systems. At a time when organisational trust is declining, the need for trust-based relationships is increasing. Our practice is to deliberately build trust-based networks that support systemic learning and action.

Shape your own future. The future is happening now and no person or organisation has the power to control how that future plays out. But we do have a choice. We can either continue to react to our world as it manifests at short notice in front of us, or we can proactively work in sync with our immediate and emergent reality to shape our best future. In our experience, we find people at all levels of an organisation who not only understand this, but are up for the challenge of creating their own more attractive future.

We think it is time for organisations to reinvent their thinking about change. And that HR should use this opportunity to significantly increase its relevance and influence across the business and truly earn its seat at the senior management table. To do so, HR will probably need to change/transform itself rather than just add on a new change management practice. Like everyone else, HR will need to evolve and tackle some fundamental questions. For instance:

- How can HR use change to catalyse greater value across internal/external systems?
- How can HR build greater organisational capability and engagement for change?
- How can HR reinvent its purpose and engagement with the business to be seen as a partner that adds real business value?

We are not proposing any specific answers because the answers should be explored and emerge in dialogue with HR's internal and external partners. There is more value to be had in collectively discovering and implementing the answers, than the specific answer itself.

As with all change, the new requires letting go of some of the past. And, we suspect there are a number of HR sacred cows that are long overdue for retirement!

Finally, we'd all agree that there are big changes ahead for individuals, organisations and our world. The challenges are ripe with opportunity and risk that can only be ignored at our peril. The safest strategy seems to be for us to collectively leap into an uncertain world, face up to reality, choose to creatively make the most of our future and learn our way forward.

We look forward to seeing you along the way!

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Grant Symons (left) and Bernie White are the directors of BetterChange. To find out more visit www.betterchange.co.nz or email letstalk@betterchange.co.nz



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Traditional change management methods often aren't the best option in today's dynamic business environment.

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