

Defining Change

Change is a word we come across frequently in various settings. In its purest form, change is 'making something different'. Webster's Dictionary offers the following definitions:

- To make a difference in some way - to alter,
- To make radically different - to transform; or,
- To give a different position, course, or direction.

Let us consider the following two quotes from the 19th Century:

'Change is inevitable. Change is constant.' (Benjamin Disraeli)

'It is not the strongest species that survive, nor the most intelligent, but the ones who are most responsive to change.' (Charles Darwin)

In one sentence, Darwin asserts that change has been here since time began. In primitive times, humans changed and adapted to their environment to survive. As we shall see, the need and desire to survive still drive change. Indeed, from the organisational and business context, an inability to recognise the need for change and to make a change that sticks can be the difference between success and failure.

Purpose

These definitions offer some immediate insight into what change in the workplace might look like. In simple terms, change can take many forms and have different levels of impact, depending upon the type of change and the timing: each type of change will be perceived by those affected as carrying some level of threat. Typically, four types of change take place. Each of these has a corresponding indicative level of threat:

Types	Threat Level
Incremental	Low
Annual	Low
Step	Significant
Metamorphosis (Major)	High/Very Significant

Looking more closely at each type of threat, we can perhaps understand why the indicative level is as it is.

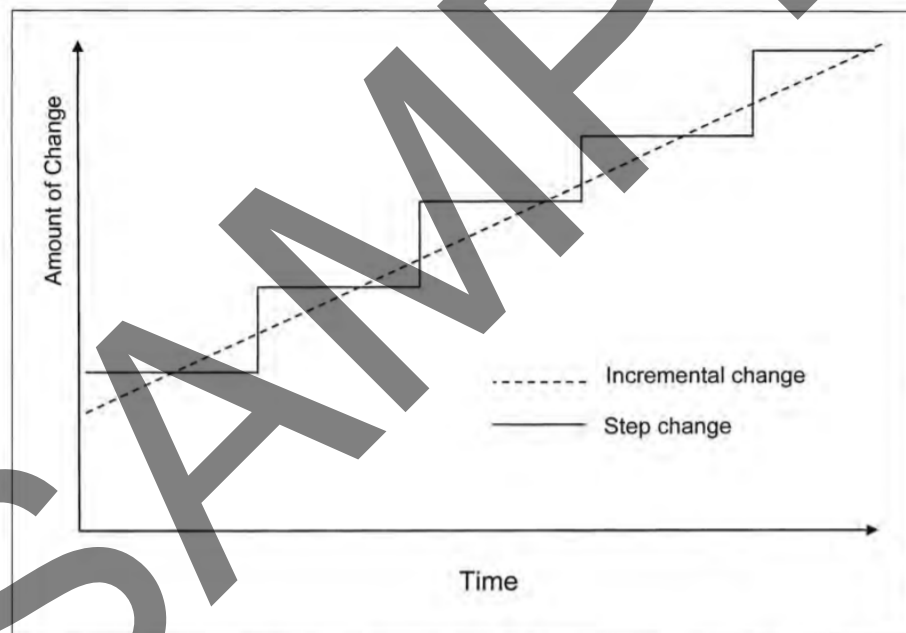
Incremental Change is Change that is typically improvement driven. For example, a company identifies customer dissatisfaction with how telephone calls are handled and change the process for answering telephone calls to rectify and improve the service offered.

Annual Change is Change that takes place annually. An example of an annual change might include the setting of departmental budgets.

Step Change is an incremental change implemented in 'phases' or 'steps'. For example, customer dissatisfaction with a company's telephone call handling could be addressed by implementing several new processes or procedures in several logical stages.

Metamorphosis or Major Change is Change that radically transforms the way business is done. Introducing a central call centre to handle all customer calls would be an example of a significant change.

The relationship between incremental change and step change is shown in the diagram below:



Relationship between Incremental Change and Step Change

Challenge

Consider the types of change that you have experienced in your organisation or company, or, indeed, change that you have observed elsewhere and make a list of examples for each type of change:

Type of Change			
Incremental	Annual	Step	Major

In completing the table, you are likely to have identified that a significant number of organisational change initiatives are a consequence of, or have their origins in, something that happens elsewhere. In every organisation, a myriad of things can lead to or initiate change; these are often called 'change drivers'.

Other ways of Defining change

Other terms used to describe change include:

Developmental Change

Like incremental change, developmental change involves minor changes to processes and procedures that gradually improve ways of working and increase performance levels. Developmental change is necessary for business and helps maintain the organisation's competitiveness and, ultimately, its profitability through gradual and measured improvement.

Transitional Change

Transitional change describes the period between movements from a relatively stable state to a new order. The new order will provide a radically different way of doing business. Examples might include restructuring, downsizing, mergers, implementing new production methodologies, or introducing new products and services. High levels of turbulence during the change can induce anxiety and stress in

employees and is likely to be uncomfortable for both managers and staff. Transformational Change Akin to metamorphosis, transformational change involves a radical change to the organisational culture, is wide-reaching and leaves the organisation with totally new ways of operating. Often transformational Change and transitional Change will be simultaneous. The radical nature of transformational change is usually driven by, for example, the emergence of innovative new technologies, changes in the supply of resources, or where new entrants enter markets with an additional competitive edge over existing organisations. Examples might include the changes to the wristwatch industry following the introduction of digital watches in 1970/

the 80s or, more recently, the emergence of China as an industrial powerhouse, with low-cost labour providing the world market with inexpensive products.

Business Turnaround

Business turnaround is a term used to describe a rapid and radical change to save a business on a trajectory to failure. Often the alternative would be for the business to be put into liquidation. Business turnarounds usually involve drastic measures to return the business to a viable platform. Cutting costs, redundancies for the workforce, disposal of unnecessary assets, and refinancing are prominent features of turnaround. Refinancing requires a business to demonstrate that it can recalibrate the business to deliver significant performance improvement and future results.

Business Restructuring

Business restructuring is a term used to describe a situation where a business seeks to become more profitable by changing the structures of the business. Structure in this context might include the business finances, ownership and legal status of the operational structure's business or organisation, including possible divestment of assets. It is a repositioning of the business to ensure its ongoing viability.

Business Redesign or Business Process Re-engineering

Business redesign or Business Process Re-engineering (BPR) are terms used to describe a radical departure from current ways of operating. Significant or step change is implemented following a total redesign of business processes and systems. BPR starts from a 'blank sheet of paper' to produce efficiency and effectiveness, especially in terms of quality, cost, and response time, assuming that the required improvement could not be achieved by developing existing systems.

Reasons for Change

Challenge

Consider the reasons why organisations will need to change. Now complete the table below with examples of three different types of change that have taken place, or are taking place, in your organisation:

	1	2	3
Description of Change and type			
Identify the reasons for the change			
Positive outcomes of the change			
Adverse outcomes of the change			

Drivers for change might include some or all of the following:

- New technology
- Government legislation
- The appointment of a new chief executive or senior figure(s)
- Changes in business strategy
- Customer demand for new and improved products and services
- Internally driven improvements in productivity and/or profitability
- Need to reduce costs and/or become more efficient
- Financial recession
- Local and (increasingly) global competition
- Competitor innovation
- Product obsolescence
- Loss of market share or Increases in demand

- Entry into new markets
- Loss of revenue
- Higher taxation
- Mergers and take-overs
- Organisational inefficiency.

Example

For example, a reduction in the annual budget for a given department within an organisation might be addressed in several ways. For example, money could be saved by reducing the number of people employed within the department, changing the output in some way, or, possibly, doing less of whatever the department does.

Prepare for Change

Change management models help organisations prepare for upcoming changes. Whether you are working on significant company-wide changes or updating processes within your department, the right tools make planning for even the broadest of changes within an organisation becomes possible.

Understanding Change Management Terminology

Change Management has evolved over the past several years with Change Management Models, Processes and Plans developed to help ease the impact change can have on organisations.

Question

So, what are a Change Management Model, a Change Management Process and a Change Management Plan, and how do they differ?

Change Management Models have been developed based on research and experience in managing change within an organisation or your personal life. Most Change Management Models provide a supporting process that can apply to your organisation or personal growth.

Change Management Processes include a sequence of steps or activities that move a change from inception to delivery.

Change Management Plans are developed to support a project to deliver change. It is typically created during the planning stage of the Change Management Process.

Assessing the Reasons for Change -Influences from the Internal and External Environment

Kotter (2012) describes 'change' as a process of altering how things are done. Change is necessary to allow organisations to continue to improve, develop their procedures and systems, and respond to other influences. All organisations must respond to internal drivers (such as over-reliance on existing methods) and external drivers (such as legislation changes) to achieve goals and support continuous improvement.

The success of your organisation will rely on the ability of the leadership team and employees to respond effectively to the need for change because of internal or external influences and factors.

To enable assessment of the reasons for change, you will first need to consider the drivers of change - i.e. what is creating the need for change and then consider how those drivers will impact your organisation. Taking a proactive approach involving ongoing analysis of the competitive environment gives organisations a significant advantage if they can respond quickly to changes in the competitive environment. Looking outwards to detect changes in the business environment is known as environmental scanning.

Environmental Scanning

The first step to effectively leading change is to evaluate the need for change. You can do this by examining the internal and external drivers for change. The external factors are usually reviewed as part of an 'environment scan' described in PESTLE: Political, Economic, Social, Technology, Legal and Environmental factors.

Senior and middle managers should aim to sit and put together new ideas from within the workforce: they take the lead in identifying where the business or organisation needs to be in the future. Organisations and businesses that understand the environment in which they operate and are responsive to and anticipate factors that will affect how business is done are those that flourish and survive difficult times. In successful businesses, management routinely undertakes environmental scanning to ensure that the business remains competitive. Similarly, environmental scanning might focus on maintaining cost-effectiveness in public sector organisations.

Example

Example of external drivers:

Political/legal changes (e.g. the requirement for 18 to 24-year-olds to be paid the national minimum wage), social changes (e.g. the shift in demographics meaning people are living longer, so now we have four generations in the workplace) and technological changes (e.g. new developments in robotics and artificial intelligence).

Example of internal drivers:

Lack of skills (e.g. needing to re-train employees to deal with the demand for higher-level technical skills), recruitment and staff development strategies (e.g. to respond to high staff turnover) and apathy (e.g. continuing to use antiquated or ineffective systems for tracking productivity).

Analysing the Operating Environment

Organisations serious about innovation constantly look ahead to identify opportunities and where the challenges might lie. SWOT Analysis and PESTLE Analysis are two tools that help isolate issues and innovation opportunities. SWOT analysis can also help assess and evaluate an innovative idea.

SWOT Analysis

SWOT analysis - standing for Strengths, Weaknesses, Opportunities and Threats - helps provide focus on critical organisational issues. Strengths and weaknesses are internal factors (the 'as is'). Opportunities and threats are external factors (the future). Identification of strengths and weaknesses, opportunities and threats are all very well. Still, it is a deeper level of analysis that answers the more difficult questions such as 'so what', 'what could you do about it' and 'what are the implications of your observations' that are where time is likely to be well invested. Strengths will always give you opportunities, while weaknesses usually present a threat.