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## Example: forces for change

The following identifies some of the external factors affecting an educational institution.

### Macroenvironmental forces

- Political/legal: increased government support for training organisations; requirements to meet equity obligations
- Economic: rise of the Australia dollar making it more expensive for international students
- Demographic: population growth and immigration creating greater demand for vocational training
- Sociocultural: due to increase in demand from international students, increased need for language support services
- Technological: advancements in e-learning platforms to provide flexible learning models and communication

### Microenvironmental forces

- Customers: increased demand for e-learning from individual students, and for groups learning from corporate and government agencies
- Competitors: change in number of competitors due to assistance provided by government to registered training organisations and decrease in funding for TAFEs and universities
- Suppliers: increase in cost of computers
- Pressure groups: local residents' group concern with increased need for parking around the campus

## Internal forces for change

Changes in strategic objectives and strategies, in response to changes in the external environment, are themselves internal forces for change as they require changes to organisational structures, people, processes and/or technology. Other internal forces affecting organisational performance may relate directly to the performance of current strategies, plans and practices. In response to such forces, organisations may change their structures, change the way they perform activities, or apply organisational development techniques or programs (such as team building) to improve attitudes, behaviour and relationships.

Other internal forces include:

- new leadership requiring a restructure and a change in culture
- rapid growth or decline affecting structure and employee performance
- poor employee engagement and high employee turnover as a result of structural or organisational culture issues.

# 1B

## Determine strategic change needs through analysis of organisational objectives

To determine strategic change needs, managers need to analyse the organisational objectives and the corporate and competitive strategies. This information is presented in the strategic plan. The strategic plan outlines the organisation's high-level desired outcomes for a period, usually five years, and the strategies to achieve them. Following the identification of objectives and strategies, managers can identify the operational or functional plans to meet these objectives.

From the strategic plan, managers can identify:

- the goals or objectives of the organisation, which establish the purpose of the organisation and the basis for the organisation's activities
- the corporate or top-level strategies, which determine the area of business the organisation is in or wants to be in
- the competitive strategies to achieve competitive advantage in the organisation's markets over the competition.

### Identify and review organisational objectives

Strategic objectives, often referred to as goals, are the desired outcomes identified by senior management for the entire organisation. The objectives are what guide management planning, organisation, leadership and control functions, and all of these functional activities are designed to achieve them.

Broad strategic objectives are generally officially communicated in organisational publications and on its web and social media pages, to communicate to employees and other stakeholders what it wants to achieve. There are also detailed objectives that are communicated internally and are specific, measurable, attainable, realistic and time framed. These are known as SMART objectives (or goals) and they assist in driving organisational activity.

Examples of strategic objectives and strategies can be viewed by visiting the Queensland Treasury and Trade website at: [www.treasury.qld.gov.au/knowledge/docs/treasury-strategic-plan/2012-16/index.shtml](http://www.treasury.qld.gov.au/knowledge/docs/treasury-strategic-plan/2012-16/index.shtml).



## Assess organisational structure

A review of the organisational structure can identify whether the current levels of management, divisions, departments and teams enable the organisation or area to achieve its objectives. This review can also highlight issues in performance and provide information on structural elements that work well. Those that work well, such as a project team structure within a unit to develop and deliver a group of products, can be replicated in another area. Where productivity is low and/or costs savings need to be achieved, a review may identify that a particular management level could be eliminated to speed up the decision-making process and therefore improve performance. This may also involve a redesign of jobs at the team manager level to accommodate the need for increased responsibility.

Here are the areas of organisational design that need to be reviewed.

### Structure and size

- What is the existing organisational structure? What does the organisational chart look like?
- What is the size of the organisation? How does this affect the achievement of objectives? For example, a change in strategy may require downsizing.
- Is the design of the organisation rigid, with little participation in decision-making at the lower levels? How does this mechanistic design affect the effectiveness and efficiency of practices? With such tight control, can the organisation meet its objectives?
- Is the organisation flexible in structure and easily able to meet changing needs? With a flexible design, do a change in objectives or a specific performance issue that needs to be addressed mean structural change is necessary? Does this mean the issue can be addressed in the process, technology or people area?

### Chain of command

A chain of command is the line of authority throughout the levels of organisation. It describes who reports to whom and why.

In an organisation with a tight structure, the chain of command may have a number of levels of responsibilities, with strict requirements on how decisions are made and by whom.

Consider the following:

- How does the chain of command affect the speed of decision-making?
- How does the existing chain of command affect the culture of the organisation and employee empowerment?
- If there is little employee empowerment in decision-making, how responsive is the organisation to change?
- Is a tighter or a more relaxed chain of command required to meet objectives, respond to external environmental shifts or resolve a performance issue?

## Assess the organisation's people

When reviewing employees, you need to identify their current skills and the skills they may need in order to respond to change. Managers need information on employees, their skills, turnover and organisational performance, such as sales and profits. A critical source of information in any organisation is the human resource department.

To change employee behaviour, there are a number of organisational development techniques or programs that can be applied to improve attitudes, behaviour and work relationships, all of which can help to improve productivity, quality of work, absenteeism and high turnover resulting from stress, fatigue and boredom.

Organisational development techniques and programs include:

- surveys of staff to identify current attitudes and to seek input from staff on ways to improve attitudes and behaviours in order to resolve issues
- engagement in process consultation by seeking input from staff on ways to improve attitudes and behaviours in order to resolve issues
- team and intergroup development to facilitate the sharing of knowledge and skills
- team building for members to learn how to work with each other in order to improve interaction and team morale.

### Example: assess employee needs for a new product

Consider the following questions that a manager asks in order to identify the change needs in relation to a corporate growth strategy when a new product is being introduced into the workplace.

#### When addressing growth strategies to accommodate a new product

- Is a new team required to manage the new product development and delivery to the customer?
- How will the current sales staff effectively handle the increased customer traffic?
- How will you ensure that enough staff are trained to handle customer inquiries?
- How will you ascertain that you have sufficient marketing staff to manage the extra marketing requirements?
- Is this a new market? Does the new market require dedicated sales staff or sales staff with specific skills?
- What new skills are required to develop the product? What new technology skills are essential?
- How will warehousing and distribution cope with the increased workload?
- What training is required?
- How will you ensure that the right staff culture and attitudes are in place to deal with the change?

# 1E

## Review and prioritise change requirements

The findings of the organisational objectives and strategies review and the internal and external analyses need to be interpreted and, in consultation with relevant planning stakeholders, a list developed of change requirements. This list then needs to be reviewed to determine change priorities. A critical step in this review process is to perform a SWOT analysis. A SWOT analysis enables a change agent to articulate to the change planning stakeholders for the review process the internal strengths and weaknesses and the external opportunities and threats identified through the internal and external analyses. The SWOT analysis also helps to define and categorise the main changes required to meet objectives.

### Conduct a SWOT analysis

To perform a SWOT analysis, the change agent, along with the change planning stakeholders, needs to brainstorm the findings of the internal and external analyses to develop a clear list of what will help or hinder the organisation in meeting its objectives. You should discuss and record the results, relating the analysis to the change requirements and to the ability to meet organisational objectives. Here is how to conduct a SWOT analysis to determine business imperatives.

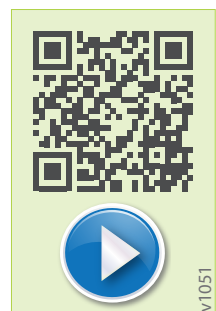
#### Determine business imperatives

Identify the strengths, which include the resources, capabilities and effectiveness of the sales and marketing team, and data on the organisation's competitive pricing.

Identify the weaknesses, such as limited automation and employee empowerment, that affect productivity.

Identify the opportunities, such as potential to expand into a new market and to take advantage of new taxation breaks for manufacturers.

Identify the threats, which may include new competitors or increased costs of raw materials, to meeting objectives.



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## Topic 2

# Develop change management strategy

Following from the identification of why the organisation needs to change and what needs to change are the processes for understanding the impact of the change across the organisation. Then this information needs to be used to develop the change management strategy and the plan to ensure the successful implementation of the change strategy.

In this topic you will learn how to:

- 2A Analyse change impact
- 2B Assess change readiness
- 2C Develop the change vision and strategy
- 2D Develop the change management plan

## Example: likelihood and impact and their risk descriptors

The following provides a description of how a software development company classifies the likelihood and impact of identified risks.

Likelihood		Impact	
<b>Very likely</b>	<ul style="list-style-type: none"> <li>Incident will probably occur under almost all circumstances.</li> <li>Risk has a 75 per cent chance of occurring.</li> <li>Will occur within 6–12 months.</li> <li>Example: having no virus protection software or password protection will put files at risk.</li> </ul>	<b>Major</b>	<ul style="list-style-type: none"> <li>Financial impact would be \$100,000–\$500,000.</li> <li>Potential for significant injuries to staff.</li> <li>Significant impact on ability to meet objectives.</li> </ul>
<b>Likely</b>	<ul style="list-style-type: none"> <li>Incident may occur under certain circumstances.</li> <li>Risk has a 25–75 per cent chance of occurring.</li> <li>Will occur within 24 months.</li> <li>Example: software to develop new product requires modification.</li> </ul>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Financial impact would be \$10,000–\$100,000.</li> <li>Potential injury of people.</li> <li>Requires effort to deal with consequences.</li> <li>May affect more than one area of operations.</li> <li>Moderate impact on ability to meet objectives.</li> </ul>
<b>Unlikely</b>	<ul style="list-style-type: none"> <li>Incident will probably not occur.</li> <li>Risk has less than a 25 per cent chance of occurring.</li> <li>May occur within 48 months.</li> <li>Example: change agent resigns.</li> </ul>	<b>Minor</b>	<ul style="list-style-type: none"> <li>Limited financial impact: less than \$10,000.</li> <li>Limited impact on timing and people.</li> <li>Risk consequences are handled within routine operations.</li> </ul>



## Gather information and assess feedback

Here are the steps involved in gathering information and assessing feedback.

### Develop questionnaire to obtain feedback

- In consultation with the change team or group, a questionnaire can be developed to guide the interviewer and interviewee through the process. The interviewer needs to be aware that they must encourage as much relevant information as possible during the conversation.

### Conduct interviews or run focus groups

- Conduct interviews with key managers and selected staff. Focus groups are useful for collecting feedback from a group or team. All responses to the questionnaire or feedback from the focus group need to be recorded for later review.

### Analyse the information

- When the feedback has been collated, the information needs to be reviewed. As a group, review the information to identify recurring themes. Determine the key barriers and enablers. Also note any recommended actions for addressing issues that have been provided through feedback.

## 2C Develop the change vision and strategy

To communicate the need for change and to present a picture of the future, a change vision statement should be developed. To ensure the achievement of the change vision, a change management strategy is required. From this, the change management plan can be developed. This section deals with developing the change vision and formulating the change strategy to guide the development of the change management implementation plan.

For more information, read the brief Harvard Business Review article ‘Choosing Strategies for Change’ by Kotter and Schlesinger (2008) to learn more about selecting change strategies. This article is available at: <https://hbr.org/2008/07/choosing-strategies-for-change/ar/1>.



## Create the change vision

The change vision sets the direction for the change, providing a picture of what the organisation hopes to look like in the future. The vision creates a sense of purpose and helps to communicate the reason and the urgency for the change. It should include the desired change outcome and needs to be clear and concise to ensure that it motivates the organisation's employees to embrace the change.

Change leaders, with relevant managers or an allocated change team, can brainstorm the meaning of change and need to clearly answer particular questions.

When brainstorming the meaning of the change:

- What are the benefits for the organisation and each unit/team?
- What will change in terms of structure?
- What are the benefits for the customers?

## Risks and contingency planning

Implementation risks can be identified and assessed by the project team using the same risk assessment process used in assessing impact and readiness. Based on this risk assessment, the contingency plan or risk treatment plan is the documentation of treatment options.

Sources of implementation risk:

- Lack of financial support
- Time constraints
- Staff acceptance and cultural issues
- Technological issues and failure
- Capacity of suppliers and availability of contractors

## Identify the project's organisational chart

From the WBS, the change planning group or team can develop the change project's organisational chart. This chart is the first step in assigning roles and responsibilities and it outlines the chain of command. To develop the chart, similar project activities can be grouped to identify potential spans of control. The team may find that there is no-one available to manage or drive an area of the business, so this position needs to be filled.

Roles that are part of the change project's organisational chart include:

- the change sponsor/senior manager responsible for final approval of activities within the change process
- the change leader/agent or manager responsible for the implementation, who reports to the sponsor
- functional team leaders and/or team members who report to the change leader; for example, a human resource leader to manage the impact of the change on employees.

## Allocate responsibilities

Many projects, including those implementing major change, assign responsibilities and tasks by combining the WBS and the change organisational chart to develop a responsibility assignment matrix (RAM). This matrix is often based on the Responsible, Accountable, Consult and Inform (RACI) format and lists the WBS activities on the vertical edge, with the responsibilities on the horizontal edge. A RACI matrix articulates responsibilities and tasks, and identifies the formal lines of communication for the change project. Some RACIs are organised by roles and others by major phases.

of the change process. A milestone could be the approved design for a new manufacturing process or the launch of a new product. These need to be monitored to ensure that activities and tasks are tracking according to identified organisational time frames and to ensure that change wins are effectively communicated to all stakeholders.

## Determine monitoring and evaluation strategies

In monitoring the implementation of change, the group or team needs to develop evaluation criteria that monitor when, by whom and how progress is communicated to stakeholders. Evaluation of the success of the change also needs to be included in the change plan.

### Monitoring considerations

- How will results and feedback be collected?
- How will you know when you have reached a milestone?
- What activities need to be reported on?
- What types of reports need to be generated, when, and who will be responsible for each?
- How will progress be communicated – forums, meetings, email, internet/social media?
- Who will update the plan to ensure that change benefits are realised?

### Evaluation considerations

- What factors indicate the success of the change – achievement of organisational objectives, increase in productivity, sales or profit, etc.?
- When will evaluation be conducted?
- What tools can be used to determine whether change has been embedded; for example, interviews, surveys, focus groups?
- Who will be involved in conducting the evaluation?

## Practice task 9

Visit the following websites to view examples of change management templates:

- Government of Western Australia, Example change management plan: [www.publicsector.wa.gov.au/document/structural-change-management-appendix-example-change-management-plan](http://www.publicsector.wa.gov.au/document/structural-change-management-appendix-example-change-management-plan)
- University of Adelaide, Change Management Plan Template, at: [www.adelaide.edu.au/learning-technologies/files/change-management-plan-template.docx](http://www.adelaide.edu.au/learning-technologies/files/change-management-plan-template.docx)

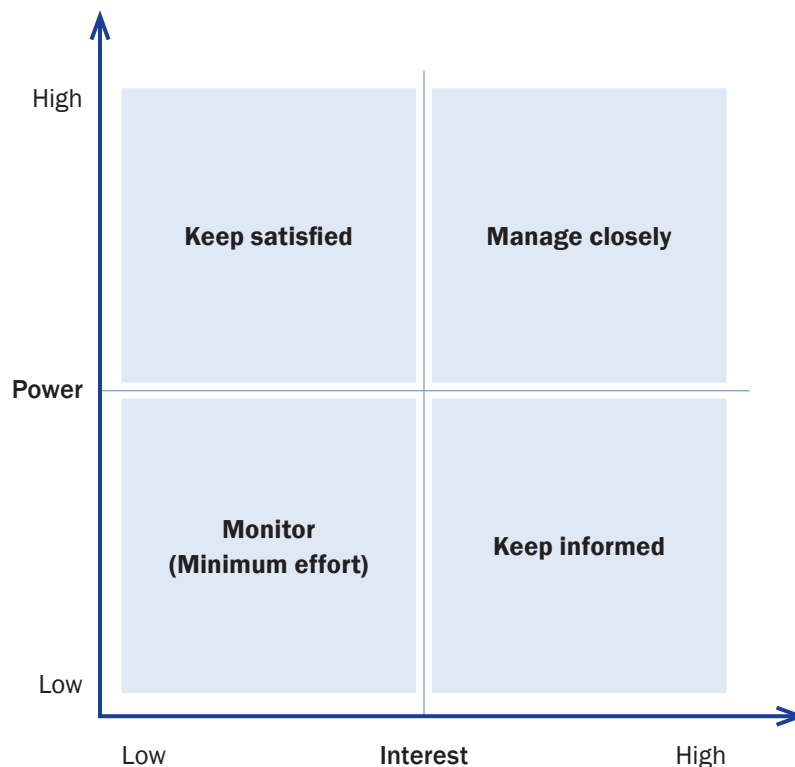
Compare these to a developed change management plan or a template in your own organisation or one that you have chosen to review. What differences and similarities can you see between these examples and your organisation's plans/templates?

## Stakeholder analysis

A stakeholder matrix plots stakeholders against two variables. To analyse the power and impact of different stakeholders, these variables might be the level of 'power' of the stakeholder against the 'interest' of the stakeholder in the change:

- Those stakeholders who are likely to resist change (have high interest) and can affect the implementation of the change (have high power) need to be managed closely and require frequent communication.
- Those with lower interest in the outcomes and with limited ability to affect the implementation process may only need to be monitored and kept informed through emails, newsletters or verbal announcements.
- Those whom you need to keep informed are of high importance to the success of the change, but with low influence.
- Those stakeholders with high influence who can affect the change outcomes, but whose interests are not directly aligned with the change, need to be kept satisfied with information during the change process.

A stakeholder's base of power around the change process is often reliant on organisational support mechanisms and the sanctions available to them.



## Ensure managers become change agents

For managers to become change agents in their areas, they may need training in implementing the change and managing barriers, including team member resistance.

Consider the following options for training managers:

- Workshops on developing change action plans specific to their areas or teams
- Workshops for implementing organisational strategies to manage barriers, including interventions to manage resistance
- Coaching and mentoring to enable managers to develop the leadership and communication skills required to enable change in their areas or teams

## Document the actions

The change team needs to assign responsibilities for communications activities and to record the actions to be taken. Relevant approvals need to be obtained, which may be from the change sponsor and/or unit or department managers.

Elements of the communication plan:

- Information to be communicated by group/audience (format, content, level of detail)
- When the information is required (time frames and frequency)
- Person responsible for preparing the information
- Person responsible for delivering the information
- Person/group to receive the information
- Methods and technologies to convey the information (email, wiki, meeting, forum, etc.)
- Time and costs allocated for communication and education activities (printed documents, workshop facilitators, etc.)
- Escalation process for issues that cannot be resolved at a lower staff level
- Method for refining strategies and updating the communications plan as the change is implemented
- Any relevant organisational templates for progress reports, meeting minutes or status emails

## Encourage employees to take action

Effective managers and leaders need to be able to win their employees' cooperation and the most difficult task is getting people to connect and to understand why they actually want to be where they are, doing what they are doing. There are two ways that you can encourage employees to take action: motivation and inspiration. Many organisations overcome their concerns relating to employee engagement by applying pressure on their staff to respond to change. When there is an immediate, specific goal that you want your team to achieve, you need to motivate them. You need to identify their aspirations and commitments, and you need to inspire them to take action.

Ways to motivate, inspire and encourage employees to take action:

- Challenge them and inspire them through creativity and sacrifice.
- Trust them; this will empower them to be their best.
- Understand their value systems and consistently act within these values.
- Be the change: your behaviour will inspire people more than anything else.
- Share the sacrifice, share the load.
- Be clear about what it is that you want your employees to do.
- Set an end date to the effort you expect.

## Implement controls for embedding change

Even after a change has been successfully implemented, there is a risk that if problems are encountered with the new business or work processes, employees may revert to the old processes. To prevent staff regressing, managers can put controls in place. These controls may include new policies and procedures that formalise the processes, and monitoring systems to identify any reversals. Further interventions may be required to reinforce the new behaviours, attitudes and practices in order to ensure the successful embedding of change.



## Provide recognition and rewards

Whether recognition is provided through feedback, acknowledgments or rewards, it gives those directly involved and affected by change a sense of achievement and incentive to continue with the new behaviours, attitudes and practices, knowing that their efforts are valued. Providing rewards is also critical in the refreezing process. Formal and informal reward systems help to embed a change by encouraging the new behaviours and attitudes to become the norm.

### Formal approaches

- Feedback during performance appraisals or reviews
- Reward programs such as employee/change agent of the month with the award of a certificate or small monetary reward such as a gift voucher
- Access to further learning and development opportunities such as mentoring, coaching, external training or workshops, and attendance at conferences
- Increased responsibility, promotion or salary

### Informal approaches

- Praise and thanking employees in person and via meetings and morning/afternoon teas
- Publishing of achievements via email to a wider group, in newsletters and on wiki/intranet sites
- Time-off-in-lieu arrangements for those who have been required to work long hours to meet change time frames
- Milestone celebrations such as lunches and dinners



#### **Maria – Accommodating**



Maria indicates a willingness to meet the needs of others at the expense of her own needs. She often knows when to give in to others, but can be persuaded to surrender her position even when this is not warranted.

Maria uses this style when:

- the issues matter more to the other party than to herself
- peace is more valuable than winning.

#### **Tan – Avoiding**



Tan tends towards this style in seeking to evade the conflict entirely. Tan is typified by delegating controversial decisions, accepting default decisions and not wanting to hurt anyone's feelings.

Tan uses this style when:

- the issue is trivial
- someone else is in a better position to solve the problem.

## **Negotiate for a win-win outcome**

Communication and consultation during change processes often require negotiation and, of course, negotiation is critical in managing conflict. Here is some guidance adapted from the Conflict Resolution Network ([www.crnhq.org](http://www.crnhq.org)) on how to achieve a win-win outcome.

#### **Negotiation**

The principles of negotiation to achieve a win-win outcome:

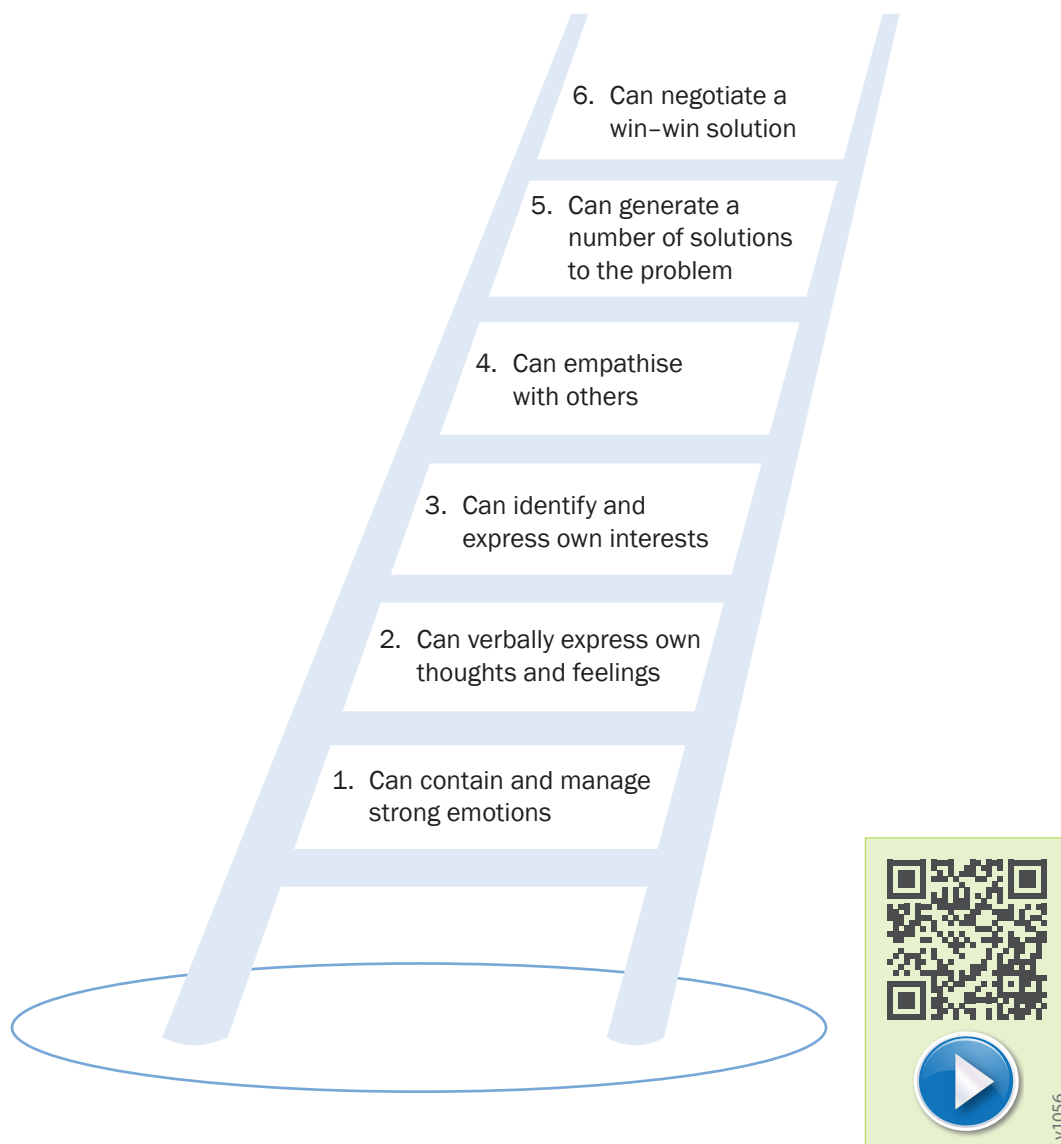
- Focus on the problem, not the person.
- Focus on needs, not wants or positions.
- Identify and emphasise common ground.
- Explore creative options.
- Make agreements.

Key negotiation skills include appropriate assertiveness and active listening.

## Example: resolve conflict

In managing a conflict related to the allocation of financial resources between two members of the change team, for example, Maya is facilitating the team members to negotiate a win-win situation. In her previous role as a team leader of an extremely diverse team, where there was a conflict between two members relating to differences in values, Maya had applied the conflict resolution ladder approach (adapted from Trinder and Wertheim 2005, 'Training Teachers in Building Empathy and Compassion in Young People', La Trobe University).

Given the success of the approach, Maya decides to use it to resolve her current conflict. The conflict resolution ladder is a great tool that provides six simple actions that will enable Maya to resolve her team issues and help her to achieve a win-win solution.



## Evaluate change effectiveness

To evaluate change effectiveness, team, unit and organisational performance can be measured to identify the success of the change in relation to organisational objectives.

### Evaluation questions

Have the anticipated benefits been realised? Has organisational performance improved as a consequence of the change?

Are the changes within the organisation a direct result of increased/decreased performance, or external factors such as improved economic and market conditions?

Are there any unforeseen positive or negative consequences of the new structure, processes or behaviours?

Have the costs of the change outweighed the benefits of the change?

What has the team learnt and what needs be done to improve the change process and activities?

## Promote organisational learning

Once a change has been introduced and as part of the evaluation of its effectiveness, change agents should spend time with the groups and encourage unit and team managers to reflect on the learning and experiences that have come out of the process. Through the identification of learning, employees can understand that they have the skills and capabilities to adapt to change. This is a critical and essential step in helping organisations to promote learning that enables effective and efficient responses to change in both the external and internal organisational environments.

## Share results and celebrate success

Monitoring and evaluation results need to be communicated to stakeholders, and the information sharing and reporting methods should be used according to the communications plan. Where the change team has been working solely on the change project, on acknowledgment of the project's completion and sign-off by the sponsor or relevant members of senior management, the team needs to be disbanded. Team members will be reallocated to other projects or functional areas.

## Summary

1. A strong communication strategy, one designed to ensure engagement and to reduce uncertainty, guides the selection of effective methods to share information and educate employees.
2. The best methods of communication and consultation depend on the stakeholder groups' needs, identified through internal, responsibility assignment and stakeholder analyses, and determine the resources required.
3. During the implementation stage of the change process, the strategies to increase the driving forces and overcome the restraining forces identified during the implementation planning need to be actioned.
4. The activities to implement the change may be referred to as change interventions, which should be designed to improve the effectiveness of individuals, groups and teams, and their relations.
5. To prevent people regressing to the old ways of doing things, managers can put in place new policies and procedures that formalise the processes, and monitoring systems to identify reversals.
6. To manage barriers to change, communications strategies need to be implemented and monitored, organisational interventions need to be actioned and risk treatments applied. Counselling, rewards and recognition programs, and conflict management are also critical in managing issues.
7. Gap analysis and regular meetings with stakeholders to discuss progress enable the identification of implementation and integration issues and the development of the steps to move forward to effect change.
8. The solutions to identified issues need to be incorporated into the change plan, outlining the corrective actions required.