

DIVERSITY NEWS

September 2008

Yvonne: Diversity management involves creating and sustaining a workplace environment in which the similarities and differences of employees are valued...

...an environment in which ALL employees are able to reach their full potential and maximize their contributions to the organization's strategic goals and objectives.

Thomas: For organizations that don't already PROVIDE such an environment, developing an inclusive, supportive workplace may involve SIGNIFICANT organizational change.

Yvonne: Change management, the formal process for organizational change, is the systematic approach and application of knowledge, tools, and resources to leverage the benefits of change.

The primary GOAL of change management is to successfully implement new processes, products, or strategies, while minimizing negative outcomes.

Thomas: In this edition of Diversity News, we'll talk about managing organizational change: the reasons for change, the types of change, preparing for change, implementing change, overcoming resistance to change, and evaluating change.

Yvonne: And we'll talk about YOUR role in the change process.

Change is inevitable.

Sometimes it is a necessary response to circumstances EXTERNAL to an organization, such as labor legislation or competition for resources.

Other times, change is a response to factors more INTERNAL to an organization; for example, the desire to improve products, processes, or services.

Change can be categorized as first-order, second-order, or third-order:

"First-order change" (also referred to as incremental or developmental change), is very gradual.

This type of change enhances or corrects existing aspects of an organization, often focusing on the improvement of a skill or a process.

"Second-order change" (also referred to as transitional change) seeks to reform existing work practices in an important way.

Models of transitional change are the basis of much of the organizational change literature.

“Third-Order Change” (also called transformational change) requires a shift in assumptions made by the organization and its members.

Transformational change can result in an organization that differs significantly in terms of structure, processes, culture, and strategy.

It may result in the creation of an organization that operates in developmental mode—one that continuously learns, adapts and improves.

Change initiatives can also be placed in one or more of the following categories:

“Leadership change” involves reconfiguring the organization’s leadership.

“Strategic change” involves looking at the organization as functional parts.

“Process change” involves focusing on how things get done.

“Cost-cutting change” involves eliminating non-essential activities and operations.

And “cultural change” involves programs that focus on human aspects, like the relationship between employees and their managers.

Changing from a culture of assimilation to a culture of inclusion involves a third-order change.

Thomas: A change of cultural values or beliefs is the most difficult sort of change to effect.

There are two broad strategies that can be adopted: a crisis change strategy or a strategy of coordinated incremental change.

A “major crisis” can provide a useful basis for effecting a change in culture, since it can force employees to recognize the need for change and that the culture needs to be different.

The upheaval that such a crisis generates can then be used to identify the new culture and embed it in practice.

“Incremental change” is slower but requires concerted movement on a number of different fronts, all designed to support the implementation of the new culture.

Changing the culture piecemeal in an uncoordinated way is unlikely to have any long-term effect.

Here are ten questions to consider when attempting a change in culture:

Are you clear about the characteristics of the new culture that you wish to create and how these differ from where you are now?

What change in processes would help embed the new culture?

How will the changes be communicated to staff?

How will existing staff be “developed” into the new culture?

How are NEW employees inducted into the required culture?

How will managers visibly demonstrate the new way of doing things?

How will old practices be challenged?

What procedures can be put in place to acknowledge and reward the new ways of working?

How can good practice be identified and supported?

Do you need a change POLICY or PLAN to help create the new order?

Yvonne: From the perspective of organizational development, in order for change to be successful, it must be planned.

Specific strategies for change address specific symptoms, and those symptoms may be evident at different levels within the organization.

For example, at the level of individual employees, symptoms indicating that change is warranted may include frustration, resistance, or inadequate performance.

At the group level, symptoms indicative of problems that need addressing include personality clashes, lack of trust or respect for group leaders, or lack of necessary resources.

At the inter-group level, symptoms may include lack of cooperation, excessive competition, or conflicting priorities.

At the organization level, symptoms may include a general climate of poor morale, inappropriate organization structure, or poorly defined goals and objectives.

Just as there are problems at different levels of an organization, there are strategies for change at those different levels.

For example, at the level of individual employees, strategies for change include career planning, counseling, mentoring, coaching, and training.

At the group level, strategies for change include team building, process consultation, and redesign of workgroups.

At the inter-group level, strategies include redefining responsibilities, changing reporting relationships, restructuring committees, and arranging cross-functional work assignments.

At the organization level, strategies include surveying employee attitudes, monitoring organizational behavior, and changing organization structure.

An effective and sustainable plan requires attention to the overall context of how the organization conducts its business and on its business goals.

An effective and sustainable plan also must focus on the specifics of the change process:

Identifying resistance, redundancies, and inefficiencies and overcoming or eliminating them;

Ensuring every necessary step in the change process is taken;

And building and maintaining internal relationships to ensure engagement.

Thomas: Any change will have its champions and its challengers. Change is most likely to meet acceptance:

When employees dislike the status quo.

When employees PROPOSE the change and are involved in its design.

When employees feel that their opinions are being considered.

When EMPLOYEES benefit from the change.

When the ORGANIZATION benefits from the change.

When CUSTOMERS benefit from the change.

When the wider COMMUNITY benefits from the change.

When employees see “the big picture” and how the change contributes to it.

When employees are given support and time to adjust to the change.

When employees are not expected to change too many things at the same time.

And when employees believe the change is necessary and important.

When those conditions are NOT present, change initiatives are more likely to meet resistance.

In 2007, the Society for Human Resource Management published the results of a survey of HR professionals in the United States, taken in order to obtain information on practices related to change management.

Results of that survey indicated that, although employee resistance is the most SIGNIFICANT challenge to organizational change, it is not the only one.

Other challenges include communication breakdowns,

insufficient time devoted to training,

staff turnover during transition,

costs exceeding budget,

And insufficient time allowed for effective change implementation.

Yvonne: The failure to engage employees in the change process, and to inform them of the reasons, processes, and expected benefits of major organizational changes, can lead to the lack of acceptance of those changes.

And, ultimately, to the failure of the change initiatives.

The Conference Board, in a report on "Effecting Change in Business Enterprises," identified several tools for engaging employees in the organizational change.

Tools related to "Communication" include using multiple methods of communication to convey strategic goals, rationale, and overall direction.

Examples of communication methods include Web sites, newsletters, focus groups, town hall meetings, and information centers.

Tools related to "Thinking Globally" include conducting surveys and interviews to determine employee views and needs, and obtaining early input about the impact of change on employees.

Tools related to “Acting Locally” include facilitating effectiveness of local leaders and building trust within work units, creating employee-driven teams, and reorganizing work assignments.

Tools related to “Providing Motivation and Incentives” include establishing recognition and reward systems, linking change implementation to compensation, and empowering employees in the change process.

Tools related to “Following Up” include conducting surveys to assess successes, hurdles, and employee engagement. And responding to employee suggestions and concerns.

Some of the techniques that help sustain change involve tracking and measuring its progress and effects.

Appropriate assessment of outputs and results is vital to sustain the business case for change and for change management.

Surveys and scorecards, which can be custom-tailored to focus on the features that are most relevant to a given change process, or to investigate issues of greatest concern, are the most commonly used metrics for change management.

Thomas: John Kotter, professor of leadership at the Harvard Business School, is widely regarded as the world’s foremost authority on leadership and change.

His international bestselling book, “Leading Change,” outlines an 8-step process for implementing successful organizational change.

The **FIRST** step is to “Create a sense of urgency.”

That is, help others see the need for change and the importance of acting immediately.

The **SECOND** step is to “Pull together the guiding team.”

Make sure there is a powerful group guiding the change. One with leadership skills, bias for action, credibility, communications ability, authority, and analytical skills.

The **THIRD** step is to “Develop the change vision and strategy.”

Clarify how the future will be different from the past, and how you can make that future a reality.

The **FOURTH** step is to “Communicate for understanding and buy-in.”

Make sure as many others as possible understand and accept the vision and the strategy.

The FIFTH step is to “Empower others to act.”

Remove as many barriers as possible, so that those who want to make the vision a reality can do so.

The SIXTH step is to “Produce short-term wins.”

Create some visible, unambiguous successes as soon as possible.

The SEVENTH step is “Don’t let up!”

Press harder and faster after the first successes. Be relentless with instituting change after change until the vision becomes a reality.

And finally, the EIGHTH step is to “Create a new culture.”

Hold on to the new ways of behaving and make sure they succeed, until they become a part of the very culture of the organization.

Yvonne: The U.S. Government Accountability Office (or GAO) has released a series of reports on management reform.

In one of those reports, “Elements of Successful Improvement Initiatives,” the GAO claimed that, for many federal agencies, implementing and sustaining a major change initiative may require a cultural transformation.

According to the GAO, there are several elements that are particularly important in implementing and sustaining management improvement initiatives that genuinely take root and eventually resolve the problems they are intended to fix.

A demonstrated leadership commitment and accountability for change.

The integration of the change initiative into programmatic decision making;

Thoughtful and rigorous planning to guide decisions, establish goals, and gauge progress;

Employee involvement to elicit ideas and build commitment and accountability;

Organizational alignment to streamline operations, clarify accountability, and improve performance.

And strong and continuing congressional involvement, through legislation and oversight.

According to the GAO report, the single most important element of successful management improvement is the demonstrated commitment of top leaders to CHANGE.

And this commitment is most prominently demonstrated through the personal involvement of top leaders in developing and directing reform efforts.

Top leadership involvement and clear lines of accountability for making management improvements are critical to overcoming organizations' natural resistance to change, marshalling the resources needed to improve management, and building and maintaining the organization-wide commitment to new ways of doing business.

Yvonne: To make change management work, all components of an organization have to work together, collaborating on a common goal and aligning their efforts.

In future editions of Diversity News, we'll have more to say about collaboration and alignment, but that's all we have time for in THIS edition of Diversity News. We appreciate your watching, and we hope you'll tune in again next month.

Thomas: Until then, for more frequent updates of diversity news, sign up for our free weekly e-mail news service: NewsLink. Just send an e-mail message to the address shown below, with the words "Subscribe News" in the subject line.

Yvonne: And check out our bimonthly newsletter, Diversity@Work, available as a download on our Web site or by e-mail from our office.

Also, we want to hear from you! If you'd like to share your story ideas, comments, or suggestions, please e-mail us at dmeeo@va.gov with the words "Diversity News" in the subject line.

Until next time...

Both: Have a GREAT month!