

KEY CONSIDERATIONS IN ORGANIZATIONAL CHANGE



By Lori L. Silverman

The ability to lead and manage change is a fundamental part of today's business world. The challenge is to prepare for tomorrow while continuing to do what is required in the immediate moment to remain competitive. In many instances, this is a requirement to survive in a world where external changes, some of which may not be controllable (e.g., industry standards), are happening at a more rapid rate than ever.

A FORMULA FOR CHANGE

Dick Beckhard and Rueben Harris describe a basic change formula (that they attribute to David Gleicher) that is useful when addressing individual, group, and organizational change. In order for change to take place, the following equation must hold true:

$$\text{Change} = \frac{(\text{Dissatisfaction})(\text{Vision})(\text{First Steps})}{> \text{Resistance}}$$

Change (C) will occur when there is sufficient dissatisfaction (D) with the current situation, a clear sense of the vision (V) for the change, and clearly articulated first steps (F) to accomplishing it. All three elements—dissatisfaction, vision, and first steps—must be in place and must be greater than the resistance that is present in order for change to occur.

Kathleen Dannemiller and her colleagues at Dannemiller-Tyson and Associates suggest that three things can occur if one or more of these elements is not in place. First, “frustration” will result if there is a high degree of dissatisfaction, but no vision or first steps have been put in place. Second, if dissatisfaction and first steps are present, but there is no vision for the change, people will demonstrate actions that align with “flavor-of-the-month.” Finally, wishful thinking, resulting in passivity, comes from having a vision and first steps for the change, but no sufficient dissatisfaction with the status quo.

DISSATISFACTION WITH STATUS QUO

To generate change, there must be a degree of dissatisfaction present that will cause people to recognize that “business as usual” is no longer a viable option. Dissatisfaction can be heightened by addressing the impact of not changing on the organization's financials and customers and by communicating what it will take to move beyond the competition. Answering questions such as “What cannot be done as a result of the situation staying the same?” and “What is the impending crisis?” can also help here. What is important is that a business case for the change be communicated that is compelling enough for people to realize, on their own, that things cannot remain the same as they have in the past.

A VISION OF THE CHANGE

Once employees have realized that change is necessary, they will then be searching for a vision of what the “changed” or “new” situation will look like when it is fully in place. This vision of the change must be attractive and desirable to them, one that appears to be attainable, and it must hold credibility in their eyes. This vision will give people something to strive towards over time. While the full picture of the change may not be visible initially, it can be added to, in much more detail, as the change continues to roll out. Keep in mind that the vision may best be communicated through pictures and diagrams rather than words.

FIRST STEPS TO ACCOMPLISH THE CHANGE

When an organizational change is beginning, it is not necessary to be able to spell out all of the steps required to implement the change. However, there are several items that need to be thought through in some detail. These include:

- Work that has already been done to make the change a reality
- Relationship of the change to existing business plans and other organizational initiatives
- Work processes and systems that will be impacted by the change or that need to be newly developed
- How the change will impact the organizational (people) structure
- How the change will impact organizational assets including knowledge, financial, technology, equipment, and physical assets
- How the change will impact current management and leadership practices (such as compensation, human resource policies, leadership philosophy, etc.)
- How the change will impact external relationships and practices with customers, distributors, agents, suppliers, and the like
- Resource requirements (financial, people, other) to make the change a reality
- Constraints that need to be addressed or taken into consideration because they will not go away

Once these items have been flushed out, the first steps for addressing them can be put into an implementation plan that includes a timeline for their accomplishment. This initial plan needs to be communicated to employees so they can see that action is being taken to move the organization toward the vision of the change.

PUTTING IT ALL TOGETHER

To achieve organization-wide change, a critical mass must share a common understanding and agreement on each of these three elements described above. Additionally, it is important to establish a sense of urgency—however, not at a level that paralyzes people and prevents them

from taking action. On a personal level, before attempting to change the rest of the organization, leaders must be clear in their own minds on the causes of dissatisfaction, what they perceive as the vision for the change, and possible first steps. Because of the uncertainty that change brings to the table, it is important for leaders to communicate what will not change (i.e., what will stay the same). This will help the organization to maintain a sense of stability while it is undergoing alterations.

Article appeared in the May 2001 issue (Vol. 15, No. 3) of *The Business Improvement Journal*. All uses, including reprints, require advance permission from the author.

Lori L. Silverman is the owner of Partners for Progress, a management consulting firm dedicated to helping organizations achieve and maintain a sustainable competitive advantage. She is also the co-author of *Critical SHIFT: The Future of Quality in Organizational Performance* and the upcoming book, *Stories Trainers Tell*. Lori can be reached by e-mail at lori@partnersforprogress.com.

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