

Creating and Managing Change – An Executives Perspective

Few people or organizations naturally embrace change. People just don't like to change what they understand and feel comfortable with. But, with a little time and intelligent effort you can ensure your next change effort will be successful. Here are some steps or guidelines to help you be successful.

First, you don't have to have all of the answers before you decide a change is needed. Few executives do. What is necessary is to have a clear understanding of the situation or problem that needs to be changed, why it must be changed and a vision of the results and perhaps even the "end state" you'd like to attain. This vision should be clear enough so others in your company will understand and support it. This will become their guide. It will capture their imagination and motivate them to create the right solution that fleshes out this vision and makes it a practical reality.

Next, you need to have a good understanding of the scope of the change contemplated, how the project would be conducted, how long it will probably take to complete, what it will cost and the financial benefits you expect to receive when everything is completed. As you study these points you will come to understand, usually fairly early in this process, if you can do this effort on your own or if you need outside assistance. We recommend outside assistance (like our firm) only when the change effort cannot be effectively done by your own people within a reasonable period of time. When you do need outside assistance, it always works best if the methodology involves your people at every step of the way. Avoid consulting firms that utilize junior members of their firm to do work that can be done more easily and better by your own employees. In management consulting jargon this is called "leveraging an account." It increases your bill while rarely adding benefit to you.

There are two areas where outside consultants can add significant value. The first is in large change efforts or projects that focus on your business or operational fundamentals. These projects always cross departmental or division boundaries. If you try to do these efforts internally, your managers will usually find it difficult to identify and deal effectively with solutions that are outside your current organization structure. There are a lot of reasons for this. They usually don't have the broad experience of many different ways of effectively operating. They tend to be uncomfortable with recommendations that will make significant changes in areas managed by their peers. They also tend to be protective of their own areas when others start exploring solutions that might change their responsibilities. The best result occurs when they have an experienced consultant to guide them. The other area where consultants can add value is where they have specific expertise that you don't have within the company.

If you are going to use a consulting firm, it is always best to bring them in to your effort as early as possible. They can help you do a lot of the preliminary analysis faster and better than you can. It's what they do.

Before starting your effort, it is always important to complete a cost benefit analysis of the project so you can understand what the ultimate financial benefits will be and when you will recover the costs of your project. If you can't find any financial benefits, I would seriously consider not doing the project. Or there may be a more serious problem within your company. You may have a culture where people are uncomfortable with quantifying projections and making commitments. In other words, you may have an accountability issue. If so, it is a serious flaw and must be dealt with decisively.

As you start thinking about your plan, you must deal with timing -- when would be the best or most appropriate time to conduct your change effort? Occasionally this is easy, especially when a change is needed immediately because business results demand it. Many change efforts, however, don't have this clear sense of immediacy. The need for urgency may actually be there but it may not be apparent. To help determine this we suggest you do an analysis of the "lost opportunity cost" of delaying your change? Assuming you've already completed an analysis of the financial benefits expected for this effort, this additional study should be easy to complete. This analysis will usually clarify the urgency needed for your effort.

It is usually also a good idea to pay attention to other events or activities, both within and outside your company, to see if they provide an opportunity you can and should take advantage of. For example, it may be easier to gain acceptance of your ideas and easier to implement them if they coincide with a shift in markets or distribution approaches, a transition in management, the purchase of a block of business, or some other change that provides the opportunity for rethinking some of your business basics.

One additional and very important point on the timing of change efforts -- it is almost never a good idea to wait until the organization has the time to comfortably tackle your change effort . . . because it will usually never happen. The decision to move forward or not should be based on the cost benefit results you expect from the change. Prioritizing properly will determine what should be worked on and what resources should be allocated.

After you have gathered and studied your situation enough and are committed to moving forward with your change effort, you need to present it to your staff in a manner where they will understand and support it. This is a critical step. Without their support, most efforts will not succeed. You can accomplish this by doing the following:

First, everyone needs to understand the need to change. This doesn't happen by just announcing the need. You need to discuss your current situation, what is wrong, what the probably results are of not changing and why this is unacceptable. Your argument must be sound and accepted by all of your employees and partners. It must present your clear vision of where you need to go and what this new place will look like.

Next, you must prove that this change must be implemented now. You must demonstrate that delaying the change effort is as bad as not doing it all. Without this acceptance of the immediate need for action, nothing will happen . . . ever.

Then you must have and explain your plan that will get you from where you are to where you need to be. Employees need to understand how the transition will work, the results that will be accomplished and how it will affect them. They must have confidence that it will work and that the improvements and changes are worth the effort.

And lastly, everyone must have confidence in the people that will be leading the effort.

Of these four steps, the critical ones in most companies are the first two -- creating the vision of what you want to have happen and building the understanding and acceptance that it must happen now, not later.

In our management consulting practice we help companies identify and attain their full potential. This is our vision. It is why we were created and what we do. Please visit our website (McDonaldConsultingGroup.com) if you want to learn more about our firm.