

Business Change

14 Reasons why it doesn't

by Tim Costello

Hunter Springs
Consultancy

People, process, technology – in partnership



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0 Introduction

Overview

The phrase 'managing business change' is one that is common in business today. Everyone knows what it means - "It's the stuff that's done by the Change Management team." Unfortunately it is very common that this "stuff" does not result in the benefits of the business change being fully realised.

If you are reading this paper I do not need to tell you that a very high number of business change and transformation efforts end in failure. If you work in Information Technology or other business change related disciplines you have probably been involved in a failure, are in the midst of one or will experience one in the future.

This paper provides fourteen common reasons why business change initiatives fail. They are not the only reasons, but are ones I have experienced or witnessed and seem to crop up time and again. Most of it will seem stunningly obvious and you may well ask yourself why people fall into these traps, but they do. Personally, I believe it is because those involved are constantly striving to resolve the ever present issues that they are unable to step back and foresee the consequences of their actions or, lack of them.

There are lots of books you can read about such subjects as the theory of business change, cultural models and organisational psychology. This paper does not attempt to address any of these. Its aim is to point out, in layman terms, some basic pitfalls to avoid.

What is business change?

Business change is any intended change to business processes, organisation structure, staff skills, knowledge, attitudes and culture to achieve specific business goals. The degree of change can vary from minor, which has little impact on the above, or major in which significant changes occur to all of the above. Although this is not intended as a strict definition, the term business change is usually used where the degree of required change introduces a potential risk to the success of the initiative. For example, where resistance to the change may be encountered or some of the deliverables are more intangible, such as a cultural change.

Business change is often introduced in parallel with technological change, but many business change initiatives do not rely upon any technology change. This paper makes no attempt to distinguish between business changes that rely upon technological change and those that do not.

About the author

Tim Costello is a senior consultant at Hunter Springs Consultancy. He has over twenty-five years experience working in IT and business change. He started his professional career as, by his own admission, a fairly average COBOL programmer. He realised that his strengths lay on the business side of IT and he increasingly specialised in business process design, improvement and business change management. He believes that the four key elements of any organisation are its processes, people, culture and technology and any change to one must be considered in terms of its potential impact upon the other three.

1 It's considered too late

- Active consideration of how business changes will be implemented starts too late.

If you are already working on a change initiative and you are starting to think about how you can manage the change then it's probably too late already.

As part of the identification of business change options, serious consideration must be given to how, and whether it is possible, to achieve the required change. It is foolhardy and potentially very costly to assume that the Change Management Team will miraculously achieve it. As soon as you start a business change initiative you must assess the feasibility of and plan for how you will achieve the business change.

As a child we lived next door to a very intelligent, but quite clearly eccentric, 'boffin' who worked on secret things for the Admiralty. In his spare time he decided to build a boat. I am sure it was a beautiful and very sea worthy boat. He decided to build it in an upstairs bedroom. Once he built his boat he realised that the only way to get it anywhere near the sea was to knock down the external wall. This is exactly the kind of situation that can be faced if the implementation of change is not considered during its design.

2 It's not given enough priority

- Business change activities are not given sufficient priority or resources.

Perhaps this is the fundamental reason why business change initiatives fail. Not enough effort or priority is given to the work of business change management.

I believe there are three main reasons why it is not given enough priority or resources:

- Many people assume that the hardest part of any change is the design and construction of new technology and business processes to support business change.
- The business change itself is not given sufficient priority by business leaders.
- Business change requires a different set of 'soft skills' that are not understood or valued, particularly in those organisations that are technically orientated.

It always seems to come as a shock to those involved as to how much effort is required. People just do not expect the transformation of the business and the business change activities to be the hardest part of any change initiative.

3 Lack of skills and experience

- Staff involved in change initiatives struggle because they lack necessary skills and experience to overcome new challenges.

Many of the active participants in implementing business change will be managers who have no experience of major business change. They will be people who are

good at 'business as usual'. They will be expected to undertake tasks that they do not have the skills to perform and will not be given adequate training and support from those with suitable skills and experience. Many will initially flounder and some will go into 'professional shock'.

4 Lack of leadership

- Change initiatives which lack effective leadership are at a high risk of failure.

All of the text books on managing business change re-enforce the need for strong and effective leadership. Perhaps the leaders aren't reading these books because it continues to be a recurring issue. I suspect that it's not that senior managers do not wish to be strong leaders of change. They become overwhelmed by all the other change initiatives they have kicked off and the day to day issues that arise in any organisation. Like many of their staff, some will lack the necessary skills and experience.

If change initiatives do not pass this test they are immediately at risk: Does the change initiative have the demonstrable backing of senior managers commensurate with the risks and investment?

5 Lack of empowerment

- Lack of empowerment will stop a change initiative in its tracks.

I used to attend meetings at one organisation where we would discuss potential process improvements. We would all agree what needed to change and agree that it would be a worthwhile improvement. Not only would it improve the efficiency of the organisation, but it would also increase job satisfaction. Just when I thought we were making significant progress someone would say "Ah ... but they will never let us." Everyone in the room would nod sagely in agreement. I could never work out who the infamous "they" were. Were they some secret organisation like SPECTRE, or the Vogons of bureaucratic notoriety? I realised eventually, of course, that the people preventing the change were the people in the room. They had worked for so long at an organisation that did not encourage change. They were all completely unempowered by the culture of the organisation.

6 Poor communication

- Poor communication results in staff not knowing what they need to do when the change arrives and results in resistance to change.

I often hear managers complain that it is pointless trying to communicate to staff because they don't listen anyway. My retort is that it's what and how they are communicating that is the issue not the recipients that are at fault. Common reasons why communications do not work include:

- Communications are not of interest or relevant to staff so they 'tune out' and forget everything they are told. For example, telling staff about new IT systems in terms of nuts and bolts rather than how it will impact their jobs.

- People have real lives outside of work. Home life issues are more important and relevant to them. These are things that will be upper most in their minds.
- Too much reliance is put on electronic forms of communication and face to face communication is neglected. It is very easy to send out a mass e-mail to staff. It is also very easy for them to ignore them, skim read them and not digest the important facts.
- Information is not communicated often enough. Many messages need to be repeated, repeated and repeated before they finally permeate into people's consciousness.
- Communication is viewed by managers as a one way medium. They do not encourage communication from staff and treat any negative views as 'reactionary forces'.

7 Overload and conflicting priorities

- Constant work overload during periods of change and conflicting priorities will diminish enthusiasm and commitment for the change and increase cynicism.

It is common for staff to suffer work overload during periods of change. If this persists over long periods of time people often suffer a drop in morale, enthusiasm and commitment for the change. Ultimately it can lead to increased levels of sickness and requests to move within the organisation to 'quieter waters'. I have seen key individuals who set out with great enthusiasm slowly become shadows of their former selves before they are moved, for their own health, within the organisation. The cost to their health and the success of the change initiative proved to be high.

Higher management decisions can result in conflicting priorities for staff whom are already overloaded. Presented with impossible situations you would expect staff to question what their priority should be, but too often they do not. They just try and work harder increasing the risk to themselves and the change initiative or they become cynical, despondent and their support for the change ebbs away.

8 Not clear what the vision is

- If there is not a clear vision of where the change will take the organisation, or if managers take actions which conflict with the vision then staff will be confused and potentially de-motivated.

Change initiatives are like journeys. If you set off without knowing where you are trying to reach you will almost certainly end up somewhere else. All staff must have a clear idea of the journey that they are going to embark upon to guide them as to the actions they should take and the priority to assign work. Often, however, the vision is unclear or kept, often unintentionally, a closely guarded secret.

If a vision is well articulated and communicated it can be completely undermined if managers make decisions which undermine it. One of the commonest causes of complaint I hear working on change initiatives is when staff have been told that Project X is their top priority only for managers to then present them with tasks which

are given a higher priority. Not only does this frustrate and irritate staff, but if they are already working flat out on Project X then it demoralises and de-motivates.

9 Staff don't see the need for change

- If changes are implemented when staff don't see any need for change, the changes, and those imposing them, are highly likely to be resented and resisted.

My wife came home one day and told me she had looked round the perfect house and wanted to move. Given I didn't know we were planning to move and was pretty settled where we live it came as a shock to me. Unsurprisingly before she had got very far telling me about it I had come up with two reasonable and about twenty unreasonable reasons why we couldn't move there. I explained to her later that if she had convinced me first that we needed to move then I was much more likely to be receptive to prospective properties.

If staff are not persuaded that change is necessary then it will be much more difficult for them to accept the changes. The failure to persuade staff of the necessity of change is commonly the result of a poorly articulated vision or ineffective communication and dialogue with staff.

10 People don't see the benefits in change

- Don't expect everyone to see the obvious advantages of change. They may be too preoccupied with how they think it might adversely impact them even if it is not going to.

Many, probably most, people are uncomfortable with change, particularly when they feel it is imposed upon them. This ranges from minor changes to their daily routine through to major life changing events. Even when change should logically be beneficial to people they may not welcome it and may become hostile towards it for a number of reasons including:

- Even if the status quo is not perfect, people adapt over time to their circumstances and surroundings. Changing them will require them to re-adapt.
- They may lack confidence in themselves to cope with new processes, skills and systems. This will cause anxiety.
- They fear that their job will be harder or less interesting.
- They may perceive that their status within an organisation, even if not formal, will be reduced.
- They may be, or believe they will be, penalised financially.

Do not assume that just because you can see the benefits that everyone will.

11 Mistrust of staff

- Mistrust between managers and staff can become a major barrier to change.

If a manager mistrusts the motivation or competence of their staff it can have a detrimental impact upon not only their performance, but also the receptiveness of their staff to change:

- Managers who mistrust staff often think there is little point in trying to 'win staff over' and are therefore almost bound to fail even before they start. I often hear managers say, for example, "There's no point in telling them because they aren't interested".
- Most people are not stupid. They know if their boss mistrusts them. Ultimately, whatever the causes, mistrust breeds mistrust. Staff who mistrust their boss are unlikely to embrace with open arms the changes he or she wants them to implement.
- If staff mistrust their managers they are likely to mistrust the communications from them and look for ulterior motives.

12 Reluctance to face difficult situations

- Change often necessitates facing up to difficult situations, or more particularly difficult individuals. Managers may avoid confrontation, but this can frequently become a blocker to change or the avoidance can itself exacerbate the situation.

Every large organisation has its 'difficult' individuals who previous re-organisations have left well alone because the thought of confrontation with them, their cohorts or union representatives was considered too difficult, too stressful, charged with risk or plain career threatening.

Unfortunately, the failures of past often catches up with the present. If untackled such individuals can wield 'power' that threatens a change initiative which far exceeds their position within the organisation. Attempts to ignore the problem often go spectacularly wrong and they result in greater confrontation and conflict which spirals out of the control of those leading the change.

13 Silo mentality

- Ineffective or inefficient processes are often the result of 'silo mentality' operating within the business, i.e. parts of the business that operate without regard to the rest of the business or without sharing adequate information. The same mindsets that result in silo mentality can be a barrier to achieving successful change.

We have all encountered silo mentality at work within operations. Its hallmark is poor communication and a determination that only they know best. These traits, that often result in poor business processes, can be serious barriers to delivering change for two key reasons:

- If they are the recipients of change they may well consider the change to be irrelevant to them and dismiss its value as 'they know best'.
- If they are leading the change they may ignore and under involve those outside their business area.

14 It's just an IT change

- Business change initiatives that are viewed simply as 'just an IT change' rarely succeed.

Many change initiatives involve an element of IT change. If the IT element is significant it is all too easy for those involved to view it as essentially an IT change initiative rather than a business change initiative. Common reasons for this phenomenon are:

- Insufficient business leadership results in IT staff 'taking control' of the initiative. Naturally, they will tend to focus upon the technological aspects of the initiative rather than the business change issues.
- Business staff who do not have a positive attitude to the change or feel threatened by it can absolve themselves of any responsibility if they say, both verbally and mentally, that it is just an IT change. They can use this as a justification for limiting their commitment and ultimately pointing the finger of blame should it go wrong.

Very few change initiatives that are perceived to be 'just an IT change' are successful and are extremely unlikely to realise the desired business benefits.