

Change Management

Two Questions to Ask When Responding to Change

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In recent years, there were public protests against several big ticket industrial and research projects in various parts of Tamil Nadu, on environmental grounds. The protests led to the cancellation of either pre-commencement or expansion or closer of quite a few projects.

Finding the merits and demerits of the protests is beyond the scope of this article. But such protests - and what they could achieve - point to a profound social change. It is this: the public - especially, the local community - today have a greater say in the way organizations (and the governments) are run. They are not silent spectators any more. They have become an active group of stakeholders.

Therefore, merely obtaining licence from the government, and clearances from regulators - not to mention, lining up those in power and higher offices, are not going to work anymore, if the local community is not taken along.

Change Management is about preparing organizations to see such external changes, well in advance and help organizations change themselves, in response. Changes that happen outside an organization can be Political, Economical, Social, Technological, Environmental, and Legal (in short, PESTEL) in nature. PESTEL changes happen all the time - though the pace or the potential impact of changes may differ.

However, responding to changes, begins with the organization asking two questions:

1. What business function is most important now?
2. What constitutes the best practice today?

Let us go back to the case of protests and how these two questions can be applied. A typical Change Management intervention in an organization, caught in the storm of public agitation, would have meant first getting the top management to understand the growing influence of the external stakeholders - in other words, getting them recognize the change in the 'environment'.

And next concerns with business functions. A business organization is composed of many different functions. Examples include: branding, product development, customer relations, and conservation. It is possible that an organization is excellent at one or two business functions. But responding to change usually means not continuing to do 'what-we-are-good-at-doing'. It is about shifting the attention to 'what-is-the-important-thing-to-do'.

This change in priority is the hardest to come about in any people organizations - because we like routines, and we are biased towards what we are good at doing. In contrast, change of leadership happens so effortlessly in nature. One should only observe how birds change their positions relative to others when they fly in V formation. At the right time the lead bird gives way to the next in line in the interest of the longevity of the flight (or you could say, out of tiredness!).

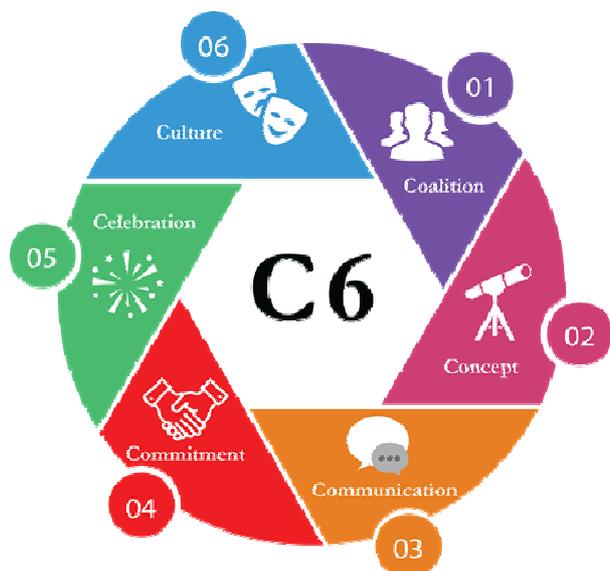
Hence, after getting the management to recognize the change, the next logical step is to get the management to accord a high priority to the business function(s) whose role has just become crucial. In our case, the function that should have taken the driver's seat could have been Public Relations - assuming that the organization in question is already doing enough and more toward discharging its corporate social responsibility / sustainability duties.

Once it is done, the organization should be asking 'what are the best practices' in public relations, today? As they say in the age of social media, Public Relations is not just about storytelling but storydoing, where action precedes stories.

Broadcasting the brand's side of the story in mass media is fine. But what about making news on incidents or potential risks open and keeping the public informed of the remedial measures? How about holding citizen consultative programs or town hall and grievance meetings for the local community?

Once an organization has thus found the convincing answers for these two questions, and has come so far, the rest is just management. That is, communicating the changes expected from members of the organization and rewarding for compliance - and yes, punishing non-compliance.

C6 Change Management Framework



There are several factors that influence the success or otherwise of a Change Management programme. Out of which there are the following six important aspects, what the C6 Change Management framework stands for:

The crucial steps of an effective change management program that C6 stands for are:

1. Forming a Coalition
2. Creating a Concept of the Future
3. Communicating the Vision
4. Seeking Commitment
5. Celebrating small wins, and
6. Making Change Management a Culture

Coalition

When an organization introduces a change, not everyone will react in a same way. There will be detractors, promoters, and neutral people. Forming a coalition of champions - from across the ranks - therefore is important. The primary task of the coalition of Change Management champions is to try to minimize the number of detractors, and convert them and the neutral people into promoters.

A case in point is the Change Management program of Titan Industries, a joint venture between TATA group and Tamil Nadu Industrial Development Corporation. Titan was formed in 1985 to design, manufacture, brand and retail watches. It went on to become a dominant watch retailer in India. Its current market share is about 60%. In 1995, Titan diversified into precious jewellery manufacturing and retailing. However, the company could not penetrate the domestic jewellery market which was then dominated by family jewellers.

The jewellery division was making losses year on year from 1995 to 2003. In 2002, an international consultant engaged by Titan, studied the market situation and recommended the closure of the jewellery manufacturing plant. However, the company launched a change initiative - one, based on innovation, and made a turnaround in a couple of years. Today, jewellery accounts for around 75% of Titan.

Writing for Management Innovation Exchange (1), a portal on management ideas, Mr Lalgudi Ramanathan Natarajan, a senior executive of Tanishq, shared how the turnaround story began with people and teams. "We engaged with union office bearers and opinion makers in formal discussions in the factory and informal discussions outside the factory premises, in creating awareness on the current situation, and the expected outcomes in terms of productivity for us to break even (200%

improvement in productivity). We shared with them the turn-around stories of many corporate with employee involvement. We sensitized them to the urgency and leading them with conversation to think that, we need to innovate, and they can innovate

After taking the department heads, office bearers of the union and opinion makers in to confidence, we conducted many open houses to genuinely communicate with employees on the need for break through improvements, and sharing many inspiring innovation stories.” A lot of preparation with people preceded the launch of the innovation drive.

Concept

Creating a unique concept of future that is shared by all is crucial to aligning people around Change Management initiatives. Writing for Harvard Business Review (2), management gurus: Gary Hamel, and C.K. Prahalad share that “When we talk to senior managers about competing for the future, we ask them three questions. First, what percentage of your time is spent on external rather than internal issues—on understanding, for example, the implications of a particular new technology instead of debating corporate overhead allocations? Second, of this time spent looking outward, how much do you spend considering how the world may change in five or ten years rather than worrying about winning the next big contract or responding to a competitor’s pricing move? Third, of the time devoted to looking outward and forward, how much do you spend working with colleagues to build a deeply shared, well-tested perspective on the future as opposed to a personal and idiosyncratic view?”

The future competitiveness of an organization can depend a lot on the uniqueness of its collective view of future - for it would decide to which function(s) the organization will commit its resources to.

Communication

Bringing in change calls for constant communication. Take the case of Samsung. From a run of the mill electronics company in South Korea, Samsung became the world’s largest electronics company in 2000. It all started with a three day meeting that the former chairman of the company, Mr Lee Kun Hee, conducted in 1993 (3).

Lee Kun Hee wanted Samsung to be like G.E. — an internationally recognized industrial powerhouse. And he wanted it to happen within 2000. In June of 1993, while on his global tour, he landed in Germany, where he called Samsung's hundreds of executives for a meeting. He gave a three day speech laying out his vision for the future of Samsung and what the company had to do to become successful. The speech became known inside Samsung as the "Frankfurt Declaration of 1993."

Outside of Samsung, no one knew much about Lee Kun Hee. But inside, he was omnipresent. Lee went around the globe, evangelizing his gospel to all corners of the Samsung empire. He conducted a lot of lectures. It comes to 350 hours. When they were transcribed, it took 8,500 pages.

And communication can take different forms. Once in 1995, the CEO - disgusted by the low quality mobile phones coming out of his factories - ordered it all destroyed. He and his lieutenants, carrying out his order, cracked the screens and cases with heavy hammers, in front of 2,000-odd workers who were weeping. Then they lit a bonfire and threw everything in. In all, something like \$50 million worth of hardware was burned that day. From those ashes emerged a global electronics conglomerate very soon.

The entire organization should know that they mean business - and they mean change.

Commitment

The next step is securing the commitment of the team to make change happen in their work. One example is the ‘Whiteboard’ revolution of Titan’s Jewellery Division. In 2004, the division started ‘What is New?’ program. Each department was given a white board, where members of the department should capture, three new things that they were pursuing, every month. Titan had 14 departments. Each department gave 3 ideas per month, and in 12 months, that gave the company amazing results.

Celebration

People do not do what is expected of them - sometimes, not even what is inspected. They do what is celebrated. And for the celebration to be frequent and to be the way of life or part of the culture, we must have small targets. Keeping small targets, and celebrating small wins is the hallmark of successful Change Management stories. This is also called the Kaizen way:

aiming for incremental improvements - probably, in quick successions - and recognizing the team for taking the idea to the next level.

Toyota's success in becoming a leader in hybrid cars with its Prius model can show how small wins can lead to historical achievements. When Toyota launched Prius in 1998, it achieved 28 kilometers per liter - double the fuel efficiency of a conventional car. The company kept increasing the target in incremental ways. And the fourth generation of Prius released in 2015 boasted fuel efficiency of more than 40 kilometers per liter. Every year, the team worked on small wins - bringing in incremental improvements to fuel efficiency - one can assume there were celebrations the Toyota Way, whenever there were small wins.

Culture

Making change a habit is about institutionalizing practices as long as they are appropriate for the external environment. Institutionalization happens when the new practice finds itself embedded in the standard operating procedure - formally and informally.

Charles Duhigg, author, *The Power of Habit*, wrote about how Alcoa (4), a large aluminium company in the US, kept making records in workplace safety. When Paul O'Neill, took over as the chairman of Alcoa in 1987, he intended "to make Alcoa the safest company in America. I intend to go for zero injuries." Every year, numerous Alcoa workers were getting injured so badly that they miss a day of work. Alcoa had 175 plants. O'Neill asked the executives of these plants to report as soon as there is an incident, and come up with a remedial plan within 24 hours. Those who followed the routine were rewarded, and those who covered up the incidents were sent home.

O'Neill's 24-hour policy caused a chain reaction that improved Alcoa's operation in countless ways. Alcoa soon became a world-class safety organization. Over O'Neill's tenure, Alcoa dropped from 1.86 lost work days to injury per 100 workers to 0.2. O'Neill left in 2000 but the momentum continues. By 2012, the rate had fallen to 0.125.

The fact that the organization continues to improve its workplace safety, even when O'Neill is no more at the helm, proves that certain Change Management practices have already become part of Alcoa's culture.

The C6 Framework thus captures the key stages of Change Management - from the formation of a team to institutionalizing change. But as we saw in the beginning it all starts with the top management willing to spend time and see - if not, imagine - the change in the external environment, and asking those two questions: one, 'What business function is most important now?', and two, 'What constitutes the best practice today?'

References

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Sankar currently offers editorial services for brand building and thought leadership. He provides training and consulting services based on his ideation frameworks. Some of his acclaimed ideation frameworks include: Total Value Matrix, a business growth framework, P6, a digital / social business framework, C6, a change management framework, and 5 Growth Dimensions, a framework on leadership.

Sankar's books include: *The Co-creation Roadmap: Six Steps to Tap the Wisdom of Crowds*, which deals with strategy formation on co-creation; *Facebook, Twitter, and a Pair of Shoes*, which presents insights into social business strategies using news, stories, and humour. His forthcoming book is on work-life balance – it is titled: *Tales of Two Lists*, which presents ideas on creating a balanced to-do list and a practical to-be list.