The Change Leader's Roadmap

How to Navigate Your Organization's Transformation

Linda S. Ackerman Anderson and Dean Anderson

Chapter One

Phase I: Prepare to Lead the Change -- Start Up, Staff, and Create the Case for Change

Activity 1.A and 1.B Task Deliverables

I.A.1: A project briefing has been obtained, shared, and agreed on by all key leaders.

I.A.2: Change leadership roles have been defined, and the change effort is staffed with qualified people.

I.A.3: Optimal working relationships among all change leaders have been established.

I.A.4: The project community has been identified and mobilized to support the change.

I.B.1: The process for creating the case for change is clear and has been staffed appropriately.

I.B.2: The drivers of the change have been determined.

I.B.3: The organization's systems dynamics have been mapped, and the leverage points for making the change have been identified.

I.B.4: An initial analysis of the organizational and human impacts of the transformation has been done.

I.B.5: The primary type of change is known, the scope of the change is clear, and the targets of the change have been identified.

I.B.6: The degree of urgency for making the change has been assessed.

I.B.7: The complete case for change has been prepared for communication, and the initial desired outcomes for the change have been determined.

MOST OFTEN, WHEN LEADERS DECIDE to mobilize a change effort, events are already underway and information has already been surfaced that affect what the leaders must do. Consequently, they need to figure out what has been happening, what is known, and who is doing what. Phase I has been designed for the leaders to discover where they are in their effort's start-up and what additional clarity and action are needed.

The overall purpose of Phase I, which is covered in Chapters 1 through 4, is to establish the shared intention and strategy for a successful transformation and to prepare the leaders to lead the effort through:

- Clarifying their roles and the status of the change effort, and staffing the effort with the right people;

- Determining initial desired outcomes and creating a clear case for change that will be used to inform and compel the people of the organization to support and succeed in this change;

- Assessing the organization's capacity to take on and succeed in the effort;

- Strengthening leaders' capacity, individually and collectively, to understand, commit to, and model the behaviors and approaches required to lead this change successfully;

- Designing the optimal approach, process, conditions, and structures for facilitating this change successfully; and

- Clarifying the overall change strategy.

These efforts represent the six activities of Phase I. This chapter covers the first two activities, Start Up and Staff Your Change Effort, and Create the Case for Change and Determine Your Initial Desired Outcomes. Before we address the work of these two activities, let's start the action where it actually begins, with the first notion of the need for change.

Hearing the Wake-Up Call

The actual process of change begins the moment a person or a group hears the wake-up call and recognizes that there is a reason to change-an opportunity to be pursued or a threat to be removed. The wake-up call can be heard anywhere in the organization, at any level. At times, there is grass-roots awareness of the need long before the executives take notice. However, for an organization-wide transformation to mobilize, the leaders of the organization affected must ultimately hear the signal clearly enough to warrant attention and discussion, if not action. In change-resistant organizations, executives typically do not get or heed wake-up calls until the signals become so painful and dangerous that they threaten the organization's very survival.

The wake-up call may come in the form of a dramatic event, such as the competition beating you to market with a similar or better product than you have under development; or it may be the accumulation of many small indicators that finally culminate in a loud and meaningful message. Examples of the latter include loss of market share, new technological advancements in your industry, mergers of your key competitors, the required closure of a once valuable factory, the initiation of a hostile unionization effort, or an increase in turnover of critical employees.

At this very early stage in the transformation, it is important to identify and understand what wake-up calls exist, what they mean, and what is being done with them by those in positions to initiate a change effort. The mindset of the leaders has a major impact on the meaning made of the information in the wake-up call. If the leaders are conscious and open to learning and changing, they will deal with the wake-up call differently than if they are not. However, let's assume that, at some point, the signal is received, the insight about the need for change is registered, and the change process is set in motion.

In Beyond Change Management, we introduce four levels of wake-up calls that set the stage for a transformation to be led in a conscious manner. They include recognition that: (1) a change is needed; (2) the change is transformational; (3) transformation demands new approaches, strategies, mindsets, and behavior; and (4) transformation requires the leaders to personally change their mindset, behavior, and style.

The change strategy the leaders ultimately design will be determined by their depth of understanding of these four wake-up calls. If you are consulting to the change, your initial responsibility is to assist leaders to acknowledge and respond to these wake-up calls in depth. This is the first moment of truth in the change effort; it can mean the difference between a reactive, superficial change and one that is conscious, purposeful, and profound for everyone involved.

Those who hear these wake-up calls will automatically create an initial or informal case for change in their minds. This initiates the formal change process. These informal impressions about the meaning of the wake-up calls will be used later as the starting point for designing the official case for change. After the wake-up calls have been heard by enough people to mobilize action, the change process is underway, officially beginning Phase I.

Phase I: Prepare to Lead the Change

Identifying and establishing clear foundations for a successful change effort from the beginning increase the organization's likelihood of success. Phase I accomplishes the majority of this work.

Phase I is critical for the leaders and for the success of the effort. Phase I covers 50 to 60 percent of the decisions made in your change strategy and plan. It does not take that same percentage of time, but it requires that amount of up-front decision making. This work cannot be delegated, although other people can be involved and supportive of the effort and help lay the groundwork for the change leaders. Remember the television commercial where a car repairman removes himself from under the hood of a car and says to the viewer, "Well, you can pay me now, or you can pay me later." He is referring to the fact that work must be done. You can do it now, or you can do it later; but you cannot skip it. Doing this required work up-front will undoubtedly be easier and less costly than neglecting it and dealing with the problems downstream. In our experience, attention to the work of Phase I is the most powerful of all change acceleration strategies. It models the principle "Go slow to go fast" and is well worth the time and effort.

Activity I.A: Start Up and Staff the Change Effort

This first activity organizes the start-up of the change effort. Although the change may already be underway, you will have to obtain a realistic picture of the status of the effort, clarify leadership roles, and ensure that everyone initially working on the effort is aligned.

Task I.A.1: Obtain a Project Briefing

After the leaders decide formally to initiate a change process to orchestrate the transformation, it is imperative to gather and coalesce all of the existing information and opinion about the effort. Without a clear picture of what is known, who has been doing what, and what the current reactions are, attempting to lead the change will be like herding cats.

You may find it useful to interview the various people or groups that know about the change and are going to be impacted by it to assess how they view the effort. Questions to these people usually address their knowledge about the drivers of the change, the history of the effort, perceptions of the current change events and activities underway, key issues that have arisen, and future plans. Once gathered, this information is prepared as a briefing for everyone who needs to know the status of the change effort at this early stage, including all consultants in the effort.

Briefing data usually reveals whether key stakeholders see the change effort through the same set of lenses or whether there are potentially confusing or conflicting discrepancies in people's perceptions. How people are talking about the change effort at this early date can be a significant predictor of how well it will be received once it gets underway.

For change consultants, a very powerful intervention at this point is feeding back the survey data to the senior leaders, pointing out where they are aligned and where they are not. This often initiates the first intervention to raise their awareness about how they are viewing the change and, if successful, can save tremendous time and confusion and expedite early alignment among the leaders.

Task I.A.2: Clarify Required Change Leadership Roles and Staff the Change Effort

The second task in this activity is to determine how the transformation will be led-who is sponsoring the effort, who is designing and leading the change strategy and process design, and who is involved in various other ways. Clear roles and responsibilities are needed for all of the change leaders to minimize redundancy and ensure full coverage of change leadership responsibilities.

Because taking on change leadership responsibility is usually considered an addition to one's existing duties, frequently these roles are assigned to people who are the most available. Caution! Roles should be given to the people who are the most competent and best positioned to successfully lead the effort. These selections must be very strategic, as your effort will either be enhanced or encumbered by these staffing selections. If your best people are busy, then you must ask yourself whether their current activities are more important than the successful transformation of your organization.

The following boxed copy presents a list of six typical change leadership roles. You can use all of them as described, or you may want to tailor them to fit the magnitude of your change effort and the available resources for it. To tailor the roles, you can use different titles and determine expanded, reduced, or different responsibilities for each role.

Change Leadership Roles

Sponsor Individual with highest line authority over the transformation; "owner"; primary influencer of values and culture; sets parameters, allocates resources, often has veto power over decisions; appoints the change process leader and provides him or her support; keeps the transformation in alignment with overall business strategy, redirecting the change process or outcome when information surfaces to do so; handles major communications; undergoes required personal change in mindset and behavior and models the transformation in word and action; celebrates and acknowledges benchmark successes; and maintains ongoing link with key stakeholders.

Executive Team   The executive leadership team of the organization within which the transformation is occurring (may be the entire company or a segment); responsible for supporting and modeling the desired outcomes of the transformation (usually at a vision, strategy, and behavioral level); runs the business and buffers the change effort from organizational constraints; makes strategic decisions for the transformation as negotiated with the sponsor (however, the sponsor and/or executive team in a large organization-wide transformation may delegate all or part of this responsibility to a change leadership team.); participates in designing the change strategy and design of the desired state, as needed.

Change Leadership Team The group of leaders or cross-functional or key stakeholder representatives from the entire system being transformed with delegated authority to shape both the desired outcomes and the change process; usually focuses on the vision, strategy, and managerial level design and planning of change activities; assures adequate resources; actively involved in directing and guiding communications and course correcting the transformation. Depending on the scope of the change, this team may be the same as the executive team, in which case it would have responsibilities for the combined functions of both teams.

Change Process Leader   A line manager or executive as high in the organization as possible who has been delegated the authority by the sponsor to lead the change process; facilitates the process of defining, planning, and course correcting the change strategy and change process; responsible for clarifying the scope, outcomes, pace, conditions for success, constraints, and infrastructure; provides advocacy for and integration of change initiatives; secures resources for the transformation; oversees communication, information generation, and course correction; engages in mindset and behavioral changes along with the other leaders; provides feedback and coaching to all change leaders and stakeholders; leads the change leadership team and the change project team.

Change Project Team   Cross-functional representatives, subproject/

process leaders, and/or specially skilled individuals, who assist the change process leader in the day-to-day activities of facilitating the change effort, doing the work required to complete the various activities of the change process (for example, design and impact analysis); pursue feedback and information for course correcting; and communicate as appropriate.

Change Consultant   Change process expert and coach; acts as a sounding board and third party; educates about transformation and strategies for how to proceed; helps plan change strategy and major events, communications, training sessions, and meetings; assesses progress, problems, concerns, political and cultural issues; helps facilitate change in mindset and behavior; facilitates course corrections to the change strategy and change process; coaches, provides feedback, and acts as a conscience for the sponsor, change process leader, executive team, change leadership team, and change project team; advocates for conditions for success; interfaces and coordinates with other consultants working on the transformation.

We have labeled the role of the person in charge of planning the change effort as the change process leader, rather than change project manager. This title conveys the required shift in the organization from project-oriented thinking to process thinking, as described in Beyond Change Management, and emphasizes that the person in this role is responsible for designing and overseeing the transformational change strategy and the transformational change process. This person may become involved in the content of the change, but the priority of this role is to shape how the change is led, designed, implemented, and course corrected.

The person selected as the change process leader will represent the degree of importance the transformation has for the organization. The more well-respected the person is, the more important the change will be perceived as being. In most cases, our bias is that a high-level line executive should fill the role of change process leader. This role should not be filled by a consultant or a staff person, unless the change is occurring primarily in a specific staff organization or the staff person is well-respected by the leaders and the organization. It is critical that the entire workforce respond positively to the leaders of the change. The person selected to fill this role is one of the first clear signals leaders send about the magnitude and priority of what is to follow.

The change process leader should be selected not only for the respect he or she commands from the line organizations, but also for his or her ability to demonstrate conscious process thinking and design skills and a facilitative change leadership style. In addition, the more dedicated he or she is to personal development, the better, for all the reasons discussed in Beyond Change Management. Change process leaders stuck in the reactive, controlling, or project thinking modes will severely limit the probability of a successful transformation.

Once change leadership roles have been defined and staffed, a common dynamic that surfaces is the confusion or tension created when leaders are asked to wear two very distinct hats-a functional executive hat and a change leadership hat. Most often, the functional hat takes precedence because it is most familiar and immediate. Plus, leaders' compensation is often tied only to their functional performance. Without support to balance leaders' drive to keep the business running and the need to change it, this conflict can sandbag the change effort before it gets off the ground.

Under normal circumstances, leaders' tendency to take care of daily crises in their functional organizations first is a good thing. However, when an organization is undergoing major transformation, the functional leader mindset is not sufficient. Change leaders must focus on doing what is good for the overall organization as it transforms while keeping it operational, especially at start-up. There is no formula for the percentage of time a leader will spend wearing each hat. We do know, however, that keeping full-time functional responsibilities without making real space for change leadership duties is a formula for failure. Therefore, you will need to set clear priorities and expectations for how and when the leaders should be wearing each hat. The resolution requires a shift of both mindset and behavior because there is only so much time available for both roles.

We have seen many creative ways of identifying and tailoring the change process leader role. One way is to create a "project/process" partnership between an individual who has the technical or business content expertise required for the change and a consultant with process design and organization development expertise. The benefit of this scenario is that the technical leader learns how to design a complex change process and the consultant learns about how to make the process relevant and timely to the business. This design requires that the two leads have clearly defined "decision rights" and work in true partnership.

Ensuring that the right people are in key change leadership roles and that core responsibilities are fully covered is essential to mobilizing the quality of leadership required for conscious transformation. Our definition of "right people" here means the best match of mindset, behavior, expertise, and leadership style with the magnitude and type of change you are facing.

An exploration of your change leadership roles may reveal that the wrong people are in key roles. This task is an opportunity to correct your change leader selection and role expectations. Although this can be politically ticklish, making these changes now is far less costly than doing it later.

Task I.A.3: Create Optimal Working Relationships

Building and sustaining effective working relationships is an important condition for success. When people take on special change leadership roles, it is essential to clarify the working relationships among them and with their peers who retain existing functional roles. Too often, old political struggles will surface and hinder the change leaders from doing what the change effort requires. By addressing and clearing up past history, conflicts, or political dynamics, the leaders ensure the cleanest, clearest leadership thinking and behavior to support the overall transformation. Having the leaders model the healing of broken relationships and the creation of effective partnerships is a powerful cultural intervention, one that is absolutely required to make your change effort successful and expedient.

When key change leadership roles, such as the change process leader or the top change consultants, are filled by people from lower levels in the organization, you must re-establish effective working relationships among all of the change leaders and the executives. Everyone who has a key role must be clear about who has responsibility and authority to do what so that everyone can pull in the same direction. It is especially critical that people from lower in the hierarchy be given the authority they need to succeed in their new roles.

The relationship between the executive team running the business and the change leadership team changing it has to be crystal clear. The business must continue to operate effectively during the transformation, and it must also be enabled to change so that it can better serve its customers' new needs. This requires negotiating clear decision authority and responsibilities between these two teams. Make the predictable tension between these teams overt and clarify how both teams can best serve the overall good of the organization. Organization development consultants can assist with this work, which should begin when the change leadership team is established and be re-visited periodically throughout the transformation.

Task I.A.4: Identify the Project Community

How clear are you about who is or should be involved in this transformation? Who has a vested interest in its success? Who is going to be seriously impacted by it? Whose voice has to be heard as the transformation is being planned? It is essential at start-up to identify everyone, internally and externally, who has a stake in the change effort and is involved in or affected by it. This identification will provide you an easy reference for thinking through various stakeholder needs as you shape your change strategy and process plan. It will also help identify the critical mass of support required for the transformation to succeed.

Some change management approaches refer to this exercise as building a "stakeholder map." We call this group the "project community," preferring this language to convey the intention of this group to share a common vision of the change and to work together for the collective good of the organization. Exhibit 1.1 shows a sample project community map.

When you map your project community in detail, specify the various roles of each member. For example, in Exhibit 1.1, the CEO is the sponsor, leads the executive team, and is a member of the change leadership team as well. Be sure to specify all roles for any individual or group.

Your project community map should graphically reveal the relationships among its members. This will enable you to leverage these relationships strategically throughout the change process. You may also want to identify any relationships within the community that need improvement, because you will be counting on these relationships to function effectively to support the overall transformation. Use this information as input to Task I.A.3, Create Optional Working Relationships.

You can work with your project community in many ways-in person, by memo, or electronically. Your primary intention for the community is to create the conditions among all of the members to support the transformation actively as it unfolds. We are not advocating that you make this group into a formal structure. You will likely have greater impact by allowing it to operate organically, working with parts of it as your change process requires. Your strategies for this group may include:

- Publishing who these people are as key players in the transformation;

- Keeping them informed of the status of the change effort;

- Interviewing them to gather pertinent input or using them as sounding board advisors on various strategic or operational choice points during the transformation;

- Assigning them key roles in major change activities or events;

- Establishing shared expectations for how they can add value to the effort;

- Working with them to create a critical mass of support for the vision and desired state; and

- Positioning them as change advocates, models of the new mindset and behavior, information generators, and so on.

Exhibit 1.2 presents a worksheet to assist with identifying your project community.

Exhibit 1.2. Identifying the Project Community

Identify the members of your project community for your project. Name the key players from the following groups:

Change Leadership:

  - Sponsor

  - Change process leader

- Executive team
- Change leadership team
- Change project team
- Change consultants (internal and external)

Stakeholder Groups or Individuals:

- Board of Directors
- Executives
- Upper management
- Mid-management
- Employees
- Stockholders
- Unions

Customers:

- Internal
- External

Suppliers:

Areas of the Organization (Functions/Processes):

Locations Within the Organization:

Other Important Change or Improvement Initiatives:

Related Change Process Leaders or Project Managers:

Others:

Now that you are clear about who is doing what and what the current status of the change effort is, you can proceed with the important work of creating your official case for change.

Activity I.B: Create the Case for Change and Determine Your Initial Desired Outcomes

No one, leader or employee, will give heart and soul to such a complex and challenging effort as transformation unless he or she understands why the change is necessary and what benefit it promises-personally and organizationally. This activity answers the basic questions: "Why transform?" "What needs to transform?" and "What outcomes do we want from this transformation?" Frequently, people have many different views of why change is needed, what is driving it, and how big it is. Until your desired outcomes are clear, people will not know why they should invest the effort it will take. Creating the case for change and your initial objectives for it creates a common view for the change leaders and gives their efforts meaning, direction, and energy for aligned action. Without a clear case for change, the transformation will lack relevance for employees, causing resistance, confusion, and insecurity.

The case for change includes the following:

- Why the transformation is needed;
- What needs to transform about the organization;
- Leverage points for changing the systems dynamics of the organization in support of the transformation;
- Initial impacts on the organization and its people;
- Type of change;
- Scope of change;
- Targets of change;
- Urgency for the change; and
- Initial desired outcomes for the change.

Although we have positioned this work as a part of leader preparation for the transformation, many other people may be involved in shaping the case for change and its outcomes. The marketplace, as the primary driver of the transformation, dictates the content of the case for change. Marketplace requirements for success can be sought by anyone who has a perspective on what your customers and competitors are doing. When front-line employees and middle managers participate in creating the case for change, they add credibility to the assessment of need, leverage points for transformation, and impacts. Their participation is an enormous catalyst for their understanding and commitment. No matter who generates the data for the case, we believe the leaders are responsible to put all of this information into a clear picture that they agree with and will communicate to the organization during Phase II.

The information for your case for change may already have been generated through the organization's business strategy efforts. If so, take the exploration of the business strategy to the next level of specificity: How does the strategy require the organization to change? Use the business strategy as input to the tasks of this activity to ensure that you have a complete picture and that your case for change and your business strategy are aligned.

Task I.B.1: Identify Who Will Do This Work and the Process for How It Will Be Accomplished

Who builds the case for change and how is it best accomplished? Your decision criteria for both answers should include: (1) People who have a big-picture understanding of the systemic and environmental dynamics creating the need for the transformation; (2) people who model your desired mindset and culture; (3) the level of urgency you face; (4) the degree to which your case has already been formulated by your business strategy; and (5) people's expertise in the areas defined by the predicted scope of your transformation.

Design your process for creating the case by reviewing all of the tasks of this activity and then determining how to accomplish them in a way that reflects your desired culture.

Task I.B.2: Assess the Drivers of Change

At this point, you must assess what is driving the transformation. Beyond Change Management introduces the drivers of change as the essential triggers for the scope of change facing the organization. The Drivers of Change Model is shown in Figure 0.1 in the Introduction to this book. The following boxed copy briefly defines each driver. Each provides essential data for the determination of what must change in the organization and why.

The Drivers of Change

Environmental Forces	The dynamics of the larger context within which organizations and people operate. These forces include social, business and economic, political, governmental, technological, demographic, legal, and natural environment.

Marketplace Requirements for Success

The aggregate set of customer requirements that determine what it takes for a business to succeed in its marketplace. This includes not only the actual product or service needs, but also requirements such as speed of delivery, customization capability, level of quality, need for innovation, level of customer service, and so forth. Changes in marketplace requirements are the result of changes in environmental forces.

Business Imperatives	Business imperatives outline what the company must do strategically to be successful, given its customers' changing requirements. This can require systematic rethinking and change to the company's mission, strategy, goals, products and services, e-commerce position, pricing, or branding. Business imperatives are usually identified through the organization's strategic planning process.

Organizational Imperatives

Organizational imperatives specify what must change in the organization's structure, systems, processes, technology, resources, skill base, or staffing to realize its strategic business imperatives. Examples include reengineering, restructuring, or work redesign.

Cultural Imperatives

Cultural imperatives denote how the norms, or collective way of being, working, and relating in the company, must change to support and drive the organization's new design, strategy, and operations.

Leader and Employee Behavior

Collective behavior creates and expresses an organization's culture. Behavior speaks to more than just overt actions; it describes the style, tone, or character that permeates what people do and how their way of being must change to create the new culture. Leaders and employees must choose to behave differently to transform the organization's culture.

Leader and Employee Mindset

Mindset encompasses people's worldview, assumptions, beliefs, and mental models. Mindset causes people to behave in the ways in which they do; it underlies behavior. Becoming aware that each of us has a mindset and that it directly impacts our feelings, decisions, actions, and results is often the critical first step in building individual and organizational capacity to change. Mindset change is often required to catalyze and sustain new behaviors in both leaders and employees. A shift of mindset is usually required for organizational leaders to recognize changes in the environmental forces and marketplace requirements, thereby being able to determine the best new strategic business direction, structure, or operation for the organization. Mindset change in employees is often required for them to understand the rationale for the changes being asked of them.

Exhibit 1.3 provides a worksheet to assist you with an assessment of what is driving your change.

Exhibit 1.3. Determining What Is Driving the Change

Environmental Forces

Marketplace Requirements

for Success

Business Imperatives

Organizational Imperatives

Cultural Imperatives

Leader/Employee

Behavior

Leader/Employee

Mindset

Task I.B.3: Assess the Organization's System Dynamics to Identify the Leverage Points for Change

Organizations are extremely complex. They are multi-dimensional systems comprised of an enormous number of variables. For example, organizations have strategies, structure, management systems, and business processes. They have cultural expectations and people who are all unique. They are affected by marketplace dynamics, competitive pressures, and employee morale. They may have excellent teamwork or hostile internal role conflicts. The list of elements within organizations is virtually endless. All of these variables are interdependent. Change in one factor may have either immediate or distant impacts on other variables. The dynamic interactions of all of these variables comprise the organization's "system dynamics."

For those of you knowledgeable about the principles and tools of systems thinking, this is familiar territory. Systems thinking describes that, within every organization's system dynamics, there exist underlying patterns of interaction between variables. These patterns are referred to as the organization's "underlying dynamic structure." This structure, or set of interactive patterns, causes the organization's current behavior and performance-both what is working well and what is not.

Systems thinking approaches use "systems diagrams" to map an organization's underlying structure. Systems diagrams can be incredibly revealing as they graphically portray, in clear and simple terms, not only the dynamic "causes" of current behavior but "leverage points" for change. Leverage points are places in the organization where small, focused action can produce larger positive changes. In other words, by altering the dynamic interactions between certain variables, positive results occur across larger domains of the overall organization.

The objective of this task is to map the organization's systems dynamics that are relevant to the change to reveal the underlying structures that are causing its current behavior and performance. Using this information, you can gain insight about what needs to change in your organization and where the leverage points are for producing that change.

Once you have identified the underlying structure and leverage points, they become inputs to your case for change. Both are central forces for why you need to change and what needs to change. Unless you understand them, your effort may never affect the kinds of shifts required for your organization to achieve its desired outcomes.

System dynamics, underlying structures, and systems diagrams deserve a thorough description and exploration, which we cannot do justice to here. We refer you to The Fifth Discipline (Senge, 1990) and The Fifth Discipline Fieldbook (Senge, Kleiner, Roberts, Ross, & Smith, 1994) for a further introduction to these concepts and tools and guidance on how to use them to support the identification of your organization's underlying structure and leverage points for change.

Task I.B.4: Perform an Initial Impact Analysis

As you become clearer about what this change effort entails, it is important to clarify the types of impacts it will create throughout the organization. At this point in the process, an assessment of impacts can only be done at a generalized level. When you have designed the actual future state, you will be able to do a more thorough analysis. That is the focus of Phase V. For now, this general assessment focuses the leaders' attention on both the business/organizational elements and the personal/cultural impacts.

A helpful tool to perform this assessment, the Initial Impact Analysis Audit, is provided in Exhibit 1.4. This tool lists many typical impact areas affected by change in the organization. These areas will tell you, at a high level, how broad and how deep the impact of making the transformation will go. This information, in addition to the assessment of the drivers of change and your system dynamics and leverage points, is critical to understanding what your change strategy needs to include for the transformation to succeed. This information will be used as input to determining the scope of the change.

To fill in the Impact Analysis Audit, consider the change effort as you currently understand it. Review each item in the tool, marking it if your change effort will impact it directly (D) or indirectly (I) when it is successfully completed. Each item with a "D" or "I" requires more detailed planning and attention as a part of Phases V and VI in your change process plan. For now, noting the areas requiring more focus will help you to clarify your scope of change.

The initial impact analysis is a powerful way to expand the change leaders' view of the amount of attention, planning, and resources the change will require. It is designed to create a systems view of the organization and the transformation.

Exhibit 1.4. Initial Impact Analysis Audit

What aspects of your organization will be impacted by the change? How will the organization be affected? Mark the following areas that apply to your case by writing a "D" on the line for direct impact and an "I" on the line for indirect impact.

BUSINESS/ORGANIZATIONAL IMPACTS:

___ Purpose/Vision/Mission

___ Business Strategy

___ Market Posture

___ Organizational Structure

___ Management Systems and Processes

___ Technology/Equipment

___ Tasks/Job Definition/Job Levels

___ Products and Services

___ People: Numbers/Skills/Systems

___ Policies/Procedures

___ Resources Needed/Resources Available

___ Space Requirements/Layout/Moves

___ Image (How we are perceived by others)

___ Identity (Who we are; how we see ourselves)

___ Customer Service

___ Union Activity

___ Response to Government Regulations

___ Merger or Acquisition

___ Splits/Divestitures

___ Downsizing

___ Growth/Expansion/Start Ups

___ Management Succession

___ Work Flow

___ Governance and Decision Making

___ Team Structures

___ Technical Skills

___ Current Skills Training

___ Communication Systems

PERSONAL/CULTURAL IMPACTS:

___ Resistance and Anxiety

___ Sadness at Letting Go of Old Ways

___ Motivation and Commitment

___ What People Are Recognized for

___ Inclusion/Exclusion Issues

___ Politics and Power Plays

___ Perceptions of Fairness

___ Values

___ Expectations

___ Employee Mindset, Attitude

___ Norms

___ Need for Learning and Course Correction

___ People Skills

___ Changes in Relationships

___ Leadership Style/Executive Behavior

___ Employee Behavior

___ Team Effectiveness

___ Leader Mindset, Attitude

___ Management Development/People

Effectiveness Skills Training

Task I.B.5: Identify the Type, Scope, and Targets of the Change

Determining the Type of Change

The drivers of your change tell you the primary type of change you are leading-

developmental, transitional, or transformational. The type of change has direct implications for the change strategy the effort requires. The consequences of not defining the type of change accurately can create costly havoc or failure for the effort. Figure 1.1 graphically portrays the three types, discussed in depth in Beyond Change Management.

Although you may have multiple types of change present within your overall effort or your composite initiatives, one type is always primary. That is the one that will most influence the design of the change strategy. For instance, you may need to develop better marketing skills and systems (developmental change), and you may need to consolidate several functions to improve efficiencies (transitional change), but the primary change is a radical transformation of your business model to e-commerce. Such a change is transformational because it calls for a significant shift in direction and requires major behavior and mindset change in your people.

Identifying the Scope and Targets of the Change

One of the most common mistakes leaders make in change is to misdiagnose its scope, typically making it too narrow. Scope determines what you will pay attention to and plan for. If it is too limited, repercussions will be occurring outside of your view of things, creating all kinds of unpleasant surprises. If your scope is not accurate, you may be missing key leverage points for getting the change to happen or expending energy on the wrong things.

Inaccurate identification of scope is one of the leading causes of failure in reengineering efforts. The classic reengineering effort's scope has focused on changing business processes, structure, and job definition. These are all organizational imperatives for change in the Drivers of Change Model. However, reengineering efforts typically have overlooked the internal system dynamics of people's behavior, communications, and working relationships, which are cultural, behavioral, and mindset drivers. For successful transformation, scope must attend to all of the drivers, both external and internal.

Your case for change must accurately identify the scope of change required in the organization, as well as the targets of the transformation. Scope is the breadth and depth of the change effort. Targets are the groups and people who will be directly impacted by the change or who are essential in carrying it out. The three assessments performed in Tasks I.B.2, 3, and 4 are all inputs to the identification of scope. Review this information and determine the breadth and depth of your change.

Task I.B.6: Determine the Degree of Urgency

Another output of your assessment of the drivers of change is the determination of the degree of urgency for making the transformation. A common error in leading transformation is the automatic assumption that the change needs to occur faster than is humanly possible. Our society assumes urgency; we live in the face of the tidal wave of speed. Urgency, in and of itself, is not a bad thing. It is an important motivator for focused action. However, when leading transformation, a realistic sense of urgency is essential. It is one of the key determinants of how well the organization will respond to the change.

Wanting speed is not the same as the marketplace absolutely dictating it. Employees will understand a true need for speed, but will disregard fabricated urgency and label it one more reason executives cannot be trusted to tell the truth. Don't make this mistake. Executives who push transformation into unrealistic timetables, without thinking through their internal motivations or the state of their people, usually cost the organization in damaged morale, lost productivity, or impaired quality, all of which inevitably take more time to repair.

Phase VI of the Change Process Model, Plan and Organize for Implementation, provides a more informed determination of the timeline required for the change process based on a more detailed impact analysis of both external factors (environment, marketplace, and organization) and internal factors (culture and people's capacity). At that point, the real work of the change, outlined in the Implementation Master Plan, better indicates how long the effort will take if done well. At this early stage, however, the change leaders can only guess, using their initial assessment of its scope and their impression of people's ability to do what is required. Therefore, in communicating timelines at this early stage, present them only as general estimates.

Task I.B.7: Determine Your Initial Desired Outcomes and Compile the Case for Change

The results of the six tasks of this activity provide information for your initial take on what you want this transformation to produce. You may have outcomes for any of the drivers of change as well as one central objective for the overall organization. This determination begins to shape the vision for this transformation. It is used to provide motivation, rationale, and inspiration for the organization to take on this effort. The change leaders can use the desired outcomes they identify here to craft their vision for the transformation or provide them as input to members of the organization engaging in the visioning process. (Task I.E.5 is to shape the change leaders' visioning strategy and establish whether it will be primarily leader-driven or participatory.)

All of the information generated in this activity forms the basis of the case for change.

The introduction at the beginning of the chapter lists all of the elements of your case for change. Review them, refine the results of all of the tasks of this activity, and write your case for change.

The case for change is critical input for your change strategy, which is compiled as the last activity of Phase I. Both the case for change and your change strategy will be communicated to the organization at the beginning of Phase II. With this in mind, tailor your case for ease of communication, making it concise, informative, and inspirational.

Summary

You have now formed a realistic picture of the current status of the change effort and staffed its leadership. You understand who all of the stakeholders are and have begun to align all of these key players to support the transformation. In addition, you have clarified your initial assumptions about your case for change, desired outcomes, scope, and pace of the transformation. The next chapter continues with more Phase I work, addressing the organization's level of readiness and capacity to proceed with what you are currently planning.

Consulting Questions for Activity I.A: Start Up and Staff the Change Effort

Task I.A.1: Obtain a Project Briefing

- Who has to be briefed about the status of the transformation (leaders, key stakeholders of the change effort, consultants)?

- What information will you gather about the history, current reality, and future plans of the effort?

- What methods will you use to gather briefing information, and whom will you interview?

- What will you do if you surface conflicting data about what has been happening and how it is perceived? How will you secure leadership alignment with the current reality?

Task I.A.2: Clarify Required Change Leadership Roles and Staff the Change Effort

- Who is currently in charge of the change effort?

- What roles are needed for this effort to be led and facilitated effectively?

- How will you select the best people to staff each of the change leadership roles? Who will fill each role?

- How will these people be informed and introduced to the expectations and deliverables of their roles?

- How will you address the conflict or time pressures for individuals who are asked to wear both a functional leadership hat and a change leadership hat?

- What will you do if someone currently in a change leadership role is not the best person for the job?

• What is your role in this change? Is it what you think it needs to be to make your greatest contribution? If not, what will you do to reposition it?

• What consultants are being used in the transformation and for what purposes? How will you interface with the consultants involved, integrate their activities, and bring them up to speed regarding current plans?

Task I.A.3: Create Optimal Working Relationships

• What is the current condition of the relationships among all of the people filling change leadership roles? Between those in change leadership roles and those in functional leadership roles? Do any of these relationships need to improve? In what way? How can you help?

• How can the relationship between the executive team and the change leadership team be clarified and strengthened between the sponsor and the change process leader?

Task I.A.4: Identify the Project Community

• Who are all of the stakeholders of this change effort? Is everybody who must have a voice in this transformation identified and able to be heard as the change is being planned?

• How does this change effort interface with other groups or projects underway in the organization?

• What are all of the connections and organizational relationships among the change stakeholders? Are the relationships that will be called on for change tasks working well? If not, how can they be strengthened?

• How will you inform the stakeholders that they are an important part of this effort's project community?

• What will the various members of the project community be asked to do? How will the project community be used to support the overall good of the transformation?

Consulting Questions for Activity I.B: Create the Case for Change and Determine Your Initial Desired Outcome

Task I.B.1: Identify Who Will Do This Work and

the Process for How It Will Be Accomplished

• Who are the best people to determine the transformation's desired outcomes and create the case for change? Should the people who created the organization's business strategy be included? How?

• What process will be used to accomplish this work? How will you ensure that the process reflects the organization's desired culture? How will you use your business strategy to inform your case for change?

Task I.B.2: Assess the Drivers of Change

- How will you go about assessing the drivers of this transformation?

- What is driving this change? (Consider environmental forces, marketplace and customer requirements for success, strategic business imperatives, organizational imperatives, cultural imperatives, leader and employee behavior changes needed, and leader and employee mindset changes needed.)

Task I.B.3: Assess the Organization's System Dynamics to Identify the Leverage Points for Change

- Who are the best people to accomplish this task?

- Who should champion it and who should provide input?

- What tools will you use to map the organization's system dynamics and underlying structures?

- What underlying patterns of interaction among organizational variables are revealed?

- What are the leverage points within them for the transformation?

Task I.B.4: Perform an Initial Impact Analysis

- What is the change leaders' initial assessment of the business and organizational impacts of this transformation?

- What is the change leaders' initial assessment of the personal and cultural impacts of this transformation?

Task I.B.5: Identify the Type, Scope, and Targets of the Change

- What is the primary type of change happening in this effort?

- What other types of change are also involved in it?

- How will you integrate the drivers of change, leverage points for change, and the initial impact analysis data to determine an accurate scope for this transformation?

- What is the scope of the effort?

- Who are the targets of this transformation?

Task I.B.6: Determine the Degree of Urgency

- What is the realistic degree of urgency of this transformation?

- What are the operational and people implications of this degree of urgency? What implications do you see for the organization's readiness, morale, and stamina?

Task I.B.7: Determine Your Initial Desired Outcomes

and Compile the Case for Change

- What are your initial desired outcomes for this transformation?

- How would you summarize the case for change in a way that can be effectively communicated to the organization?

0-7879-5640-6