

Change Management in Volatile Times

The Bureaux (Melbourne & Sydney)

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Topics to be Covered

- **Latest thinking, theories and trends in change management**
- **Common errors and pitfalls**
- **Practical ways to boost your organisational transition**
- **Questions and answers**

What do these Successful Entrepreneurs have in Common?

- **Richard Branson** (Virgin group of companies)
- **Kerry Packer** (Consolidated group of companies)
- **John Chambers** (Cisco)
- **Paul Orfalea** (Kinko)
- **Walt Disney** (Disney Entertainment)
- **Ted Turner** (CNN)
- **Kerry Stokes** (Channel 7)

**All Suffer Varying Degrees of
Dyslexia !!!!!**

Coping Skills Developed to Handle Dyslexia

- **As used to failure, they are willing to take risks**
- **As slow readers**
 - **forced them extract vital information**
 - **prefer face-to-face meetings (importance of non-verbals)**
- **Delegate**
- **Think differently (creativity)**

Volatile Times

(2008/2009)

Economic Indicators

- **Stock markets** (Aust. index – peaked over 5k; falls to around 3k and now oscillating near 4k)
- **Exchange rate** (re \$A v. \$US – peaked at around parity; falls to mid 60s and now around 80 cents)
- **Oil price** (falls from \$US 150 per barrel to under \$50 and now is over \$70)
- **Interest rates** (RBA's cash rate falls from 7.25 to 3 %)
- **Government debt** (surpluses to deficits)

(Volatile Times cont.)

Non-economic Indicators

- **Simultaneous bushfires and floods in Australia**
- **Levels of urban water storage**
- **Drought continues**

Reactions to Volatile Times

Traditional Mindset ie survival mode (FUD) eg

- **Downsizing, especially staff**
- **Capital expenditure delayed or cancelled**
- **Training reduced or stopped**
- **Stop recruiting**
- **Use of outside consultants curtailed**
- **Non-core activities excised**
- **Go for safe jobs (public sector)**

(Reactions to Volatile Times cont.)

Greatest Negative Impact (so far on following industries)

- **Financial (estimate that over 20% of staff lost jobs)**
- **Service (professional)**
- **Car industry**
- **Those needing to borrow money /or renegotiate loans**
- **Importers**

Impact of Volatile Times

- **Past success no guarantee for future**
- **Lay foundation for future, ie chasing market share/ revenue/keeping top performers**
- **“Business as usual” less likely to be an option**
- **Diversification**
- **Two-tiered economy**

(Impact of Volatile Times cont.)

- **Back to basics, ie**
 - **cash flow (revenue)**
 - **profitability**
 - **inventory levels**
 - **debtor control**
 - **focus on core activities, etc**

Some Flow-ons from Volatile Times

- **Traditional business models under threat, eg**

- **Movies**

- **Car**

- **Music**

- **Media (newspapers)**

Globalisation increases

- **Outsourcing**

- **Increased competition**

(Trends cont.)

Decisive opportunities (around technology)

- **nano-technology**
- **internet**
- **digitilisation**
- **human genome project**
- **sustainable development, especially green, climate, water, etc**

Infra-structure opportunities

“War for talent” over

Need to get ready for upswing



Indicators to Watch

All commentators agree that we will come out of the current crisis but just disagree on **how, when** and **what shape**

Lead indicators to watch

- Share markets
- Inventories levels
- Lending
- Trade
- Customer confidence

Change

means experiencing something different
and/or doing something differently

Usually with the basic aim of

*“...Increasing the organisation’s capability to
adapt to and adopt new ways of doing things...”*

Change is Everywhere !!!!

- **Changes in technology, communication, demographics, product lines, services, organisational structures, concepts of management, business frameworks, workplace protocols, marketing, consumerism, etc.**
- **All this demands that all organisations anticipate and respond quickly to a wide variety of new challenges.**

Background

- Change management is about changing mindsets
- Need to be willing to be challenged and to feel insecure as

"...we basically do not know what the world of tomorrow will really be like, except that it will be different, more complex, more fast-paced and more culturally diverse..."

Edgar Schein, 2004

QUOTES

“...organisation today - has to be designed for change as the norm and to create change rather than react to it ...”

Peter Drucker, 2001

“...it is not the strongest of the species that survives, nor the most intelligent; it is the one that is the most adaptable to change...”

Charles Darwin as quoted in Harvard Business Review, 1998

(quotes cont.)

“...change does not come from a slogan or a speech. It happens because you put the right people in place to make it happen...”

Jack Welch as quoted in Jack Welch et al, 2001

“...An organisation is a web of interconnections; a change in one area can throw a different part of the organisation off balance. Managing these ripple effects and the unexpected outcomes is the challenge of change...”

Harvard Business Review, 1998

(quotes cont.)

“...The real voyage of discovery consists not in seeking new lands, but in seeing with new eyes...”

Marcel Proust as quoted by David Osborne in “Re-Inventing Government”, 1993

“...Few goals are more challenging to achieve than significant change in adult human beings...”

Howard Gardner, 2006

(quotes cont.)

Change involves

“... combining “inner shifts” in people’s values, aspirations and behaviours with “outer shifts” in processes, strategies, practices and systems.....It is not enough to change strategies, structures, and systems, unless the thinking that produced those strategies, structures and the systems also changes...”

Peter Senge, 1999

Levels of Change



NB: There is overlap & interaction between the different levels

Stability is No Longer the Norm

Competition comes from

“where you least expect it”

In a survey it was found that

“...industry newcomers – not the traditional competitors – had taken the best advantage of change over the past ten years.....by profoundly changing the rules of the game...”

Gary Hamel, 1997

eg Murdoch, Branson, Gates, Packer, etc

SACRED COWS MAKE THE BEST BURGERS

“...an outmoded belief, assumption, practice, policy, system or strategy, generally invisible, that inhibits change and prevents resources being used for new opportunities...”

Robert Kriegel et al., 1996

Remember:

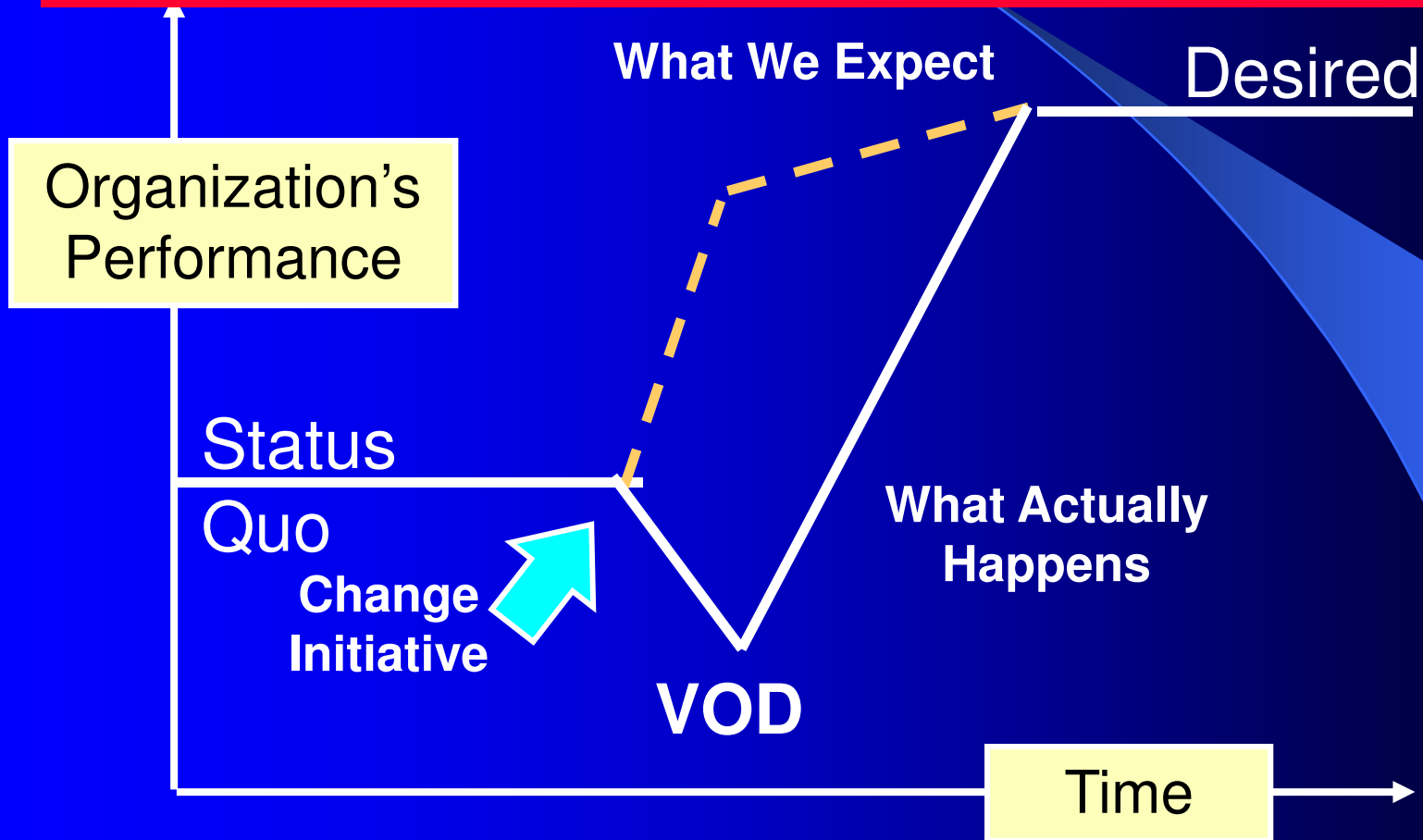
“...Over 50% of technological breakthroughs that influence an industry or organisation come from outside that industry...”

Peter Drucker, 2001

Why Do Some Organisational Transition Efforts Fail ?

In many organisational transitions, the gap between expectations and achievements is very large

The J-Curve



Most Common Management Error

“...generally social and behavioural causes frustrate change initiatives rather than technical problems...”

Patrick Dawson, 2005

Each table to identify some common management errors

(most common management errors cont.)

- **Thinking that you are “bullet-proof”**
- **Unable to handle the unexpected**
- **Not understanding the organisational culture**
- **Not understanding circumstance (situational & contextual settings)**
- **In decision-making not appreciating the importance of emotions and unconscious biases**

(most common management errors cont.)

- **Lack of ownership or emotional “buy-in” or “co-creating” by staff at the start of the process**
- **Not psychologically ready, ie the importance of timing**
- **Under-estimating the importance of intuition (gut feeling) and story telling, while over-focusing on conventional measurement**
- **Too much focus on symptoms rather than causes**

(most common management errors cont.)

- **Lacking the balance between**
 - **hard (tangible) and soft (non-tangible) approaches**
 - **present (short-term) and future (long-term)**
- **Lack of a sense of urgency (not shared)**
- **Chasing of fads, ie “One Size Fits All/Silver Bullet/Instant Coffee/Magic Wand/Cure-all Recipes/Quick Fixes/Management by Best Seller (the boom theory of change)”**

(most common management errors cont.)

- **Not realising the importance of structural inertia and related organisational matters**
- **Ignoring that change is a personal journey, ie human aspect of change (dealing with people), WIIFM, etc**
- **Lack of resources (time, money, etc.)**
- **Not realizing that change is a continuous process that needs regular reviews. It is not a one-off event**

(most common management errors cont.)

- **Too much complacency (paying “lip service”, organisation too successful, not holistic approach, etc)**
- **Change fatigue - too many/multiple change projects**
- **Not appreciating the power of leverage, ripple effect, interdependence, time delays and holistic approach**
- **Past not treated with respect**

(most common management errors cont.)

- **A previous failed change effort is not acknowledged or addressed or learnt from**
- **Technocratic approach to transitions, ie linear (cause and effect)**

Do you have any additional ones?

The Hardest Organisation To Change is a Successful One

(or one which perceives itself to be successful)

ie why dabble with the formula for success?!!

BUT

*“...over 40% of the businesses listed in the 1985
Fortune 500 are not in business today...”*

Karlson Hargroves et al, 2005

Problem of Status Quo Thinking

eg - happy the way we are (zone of comfort)

- custodians of the traditions, etc

The combination of cultures that resist change and managers who support the status quo is lethal for any change process

Most Models Over-Simplify the Situation

Change is very

- *Contextual*
- *Situational*

“...At high tide, fish eat ants; at low tide, ants eat fish...”

Thai proverb as quoted by James Carlopio, 2007

Quotes

“...All models are wrong – some models are useful...”

Edward Deming (1980)

“...The value of the model is not in its predictive power but in its power to catalyze reflective conversations...”

Andrea Shariro (1999)

“...There is no science of transformation, only an art...”

Fortune Magazine (1996)

“...there are too many factors to lay down fixed rules...”

David Hains as quoted by Andrew Cornell, 2009a

Limitations of Overseas Models for Australia

Australia's situation is different from other countries like USA, Europe and Japan.

Seven Ingredients for Effectively Handling An Organisational Change

- 1 Laying a foundation for new ways (includes building on the past)
- 2 Establishing a sense of urgency
- 3 Forming a transitional team
- 4 Creating alignment
- 5 Maximising connectedness
- 6 Creating short-term wins
- 7 Consolidating performance improvements

There is overlap between the ingredients, and different degrees of emphasis needed in different situations

C.A.V.E

(Citizens Against Virtually Everything)

Resistance to Change

- **It is normal**
- **People are concerned about loss (real & perceived)**
- **Need to understand what is under-pinning the resistance.**
- **They can be like an early warning sign by highlighting the flaws in change process**
- **Minimise time with resisters by focusing most attention on supporters of the change**

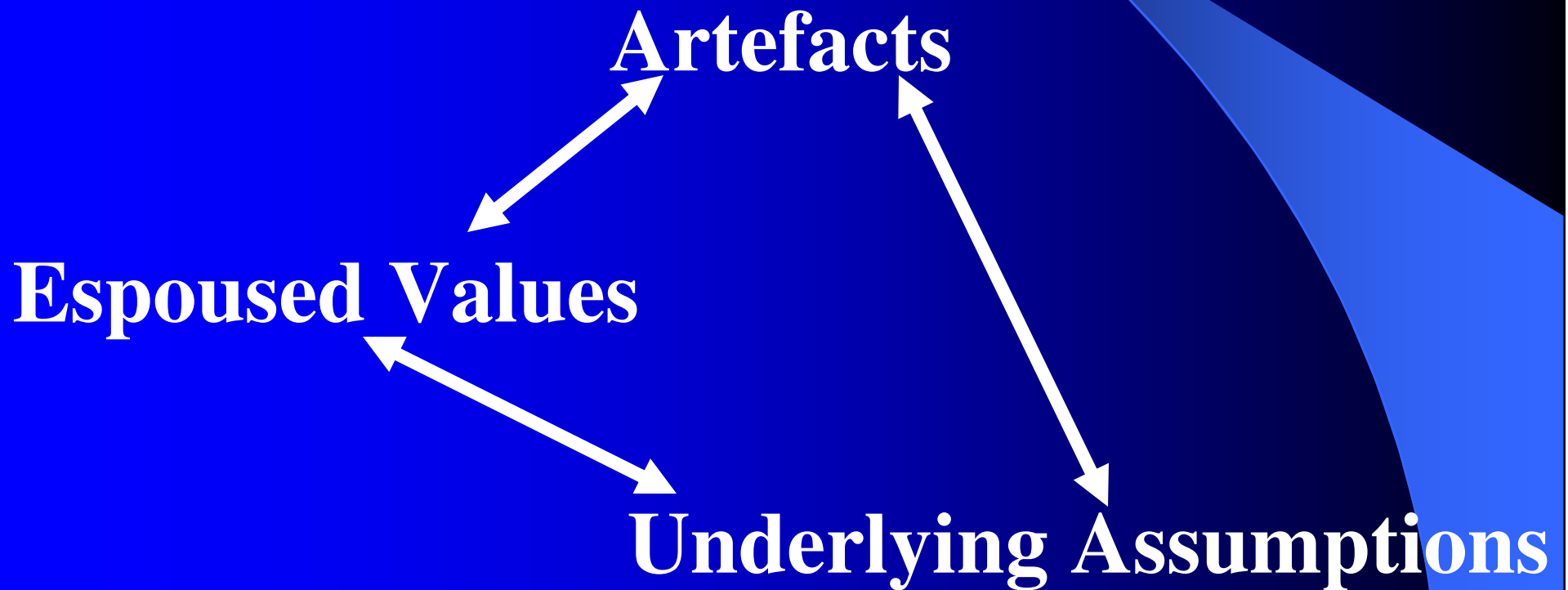
Some Tools

Definition of Insanity

**Need for Circuit Breakers to Achieve Mindset
Changes**

Understanding Culture (p. 104)

(Relationship between Artefacts, Espoused Values and Underlying Assumptions)



Driving Forces Analysis (p.29)

Forces	Direction	Impact	Term	Control	Strategies
	(+/-)	(L/M/H)	(S/M/L)	(C/S/U)	

Non-verbal Signals (p. 32)

- Communication Formula
 - ✓ Words (20%)
 - ✓ Body Language (40%)
 - ✓ Tone (40%)
- Make communications receiver-friendly
- Describes ways to read and understand non-verbal signals

Story-telling (p. 41)

- Explores the importance of story-telling
- Detailed ways to improve your story-telling
- Indigenous story-telling

Network Mapping (p. 111)

This tool explores how the “informal” network works,
ie how the organisation actually works

Creative Thinking (p. 171)

The 6 hats made meetings more productive

- i) White (information)
- ii) Red (feelings)
- iii) Green (creativity)
- iv) Black (criticism)
- v) Yellow (positive aspects)
- vi) Blue (overview)

Masterclass

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Bill Synnot & Odile Williams

(see brochures on table)

Masterclass

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Location

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Dates (2009)

August 17

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August 21

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Book

(on sale here at a reduced price of \$50 !!!!)

Toolbox for Change: a practical approach

by Bill Synnot & Rosie Fitzgerald

**Contains 60 widely-applicable, user-friendly tools under
7 headings**

(see brochures on table)

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