

Module 4

Change Management

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Learning objectives

You will go away with the understanding

- Why and when companies need to change
- How companies can change
- Top-down vs bottom-up changes
- Why most of change initiatives fail



Why should we talk about change in the first place?



“What if we don’t change at all ...
and something magical just happens?”



Why change? The companies that failed to change



Why change? Companies that decided to change



Need for change appears when

- Internal and external environment continuously changing



- Organization strategy stays the same



There is no discussion if companies should change, but rather how to do it the proper way ...



What do organizations need to do in order to embrace change?

1

Become aware of changes in environment

- Competition
- Customer's behaviors
- Politics
- Legislation
- Technology
- Climate

2

Understand how to renew your strategy

- Product
- Market
- Business model

3

Understand what organizational changes are required

- Processes
- Culture
- Structure

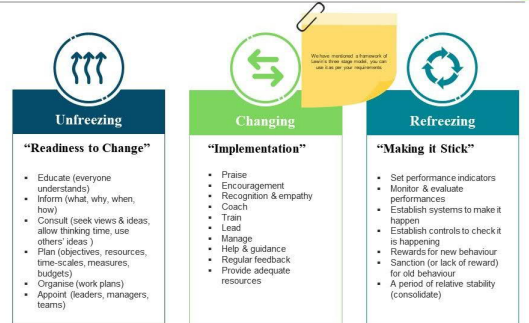
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Understand how to implement changes
prepare, equip and support **individuals** to successfully implement/adopt change in order to drive organizational success and outcomes

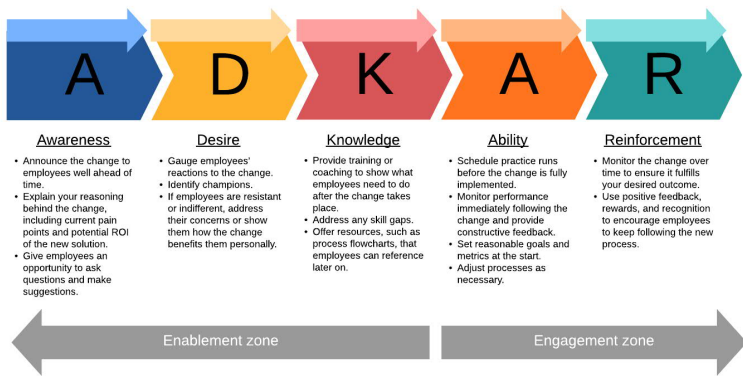


Models of change

Lewin's Three Stage Change Model



8 step change model by John Kotter



Beer's Six-Step Process

1. Mobilise commitment to change through joint diagnosis
2. Develop a shared vision of how to organise
3. Foster consensus, competence & commitment
4. Spread the word about the change
5. Institutionalise the change through formal policies
6. Monitor and adjust as needed



Kotter's 8-step change model



8 step change model by John Kotter



Step 1: Create urgency

- Identify potential threats, and develop scenarios showing what could happen in the future
- Examine opportunities that should be, or could be, exploited
- Start honest discussions and give convincing reasons to get people talking and thinking about change
- Consolidating gains and producing more change
- Anchoring new approaches in culture



Step 2. Form a powerful coalition

- Identify leaders in your organization, as well as key stakeholders, and make sure they are supporting the change
- Once your change team is formed work together towards the final goal and organize team building events so that you keep the coalition strong
- Check your team for weak areas, and ensure that you have a good mix of people with different knowledge and different levels within your company



Step 3: Create a vision for changes

- Develop a short summary (one or two sentences) that captures what you "see" as the future of your organization
- Create a strategy to execute that vision and
- Ensure that your change coalition can describe the vision in five minutes or less



Step 4: Communicate the Vision

- Walk the talk
- Demonstrate the kind of behavior that you want from others



Step 5: Enable action by removing barriers

- Identify, or hire, change leaders whose main role is to deliver the change.
- Recognize and reward people for making change happen.
- Take action to quickly remove any kind of barriers



Step 6 Generate short-term wins

- Create short-term targets – not just one long-term goal. You want each smaller target to be achievable, with little room for failure
- Look for quick and simple to implement projects that you can do without help from any strong critics of the change
- Don't choose early targets that are expensive. You want to be able to justify the investment in each project



Step 7 Don't let up

- After every win, analyze what went right and what needs improving
- Set goals to continue building on the momentum you've achieved
- Ensure that your change team has the proper people skills so that they can influence others through coaching, feedback and by adjusting the objective and incentive systems in such a way that it now supports the vision



Step 8 Make changes stick

- Include the change ideals and values into the hiring and training process.
- Publicly recognize key members of your change coalition, and make sure the rest of the staff (new and old) remembers their contribution.
- Create plans to replace key leaders of change as they move on. This will help ensure that their legacy is not lost or forgotten.
- Change procedures, objectives, incentives, work layout and any other relevant topic in order to support the change





8 step change model by John Kotter



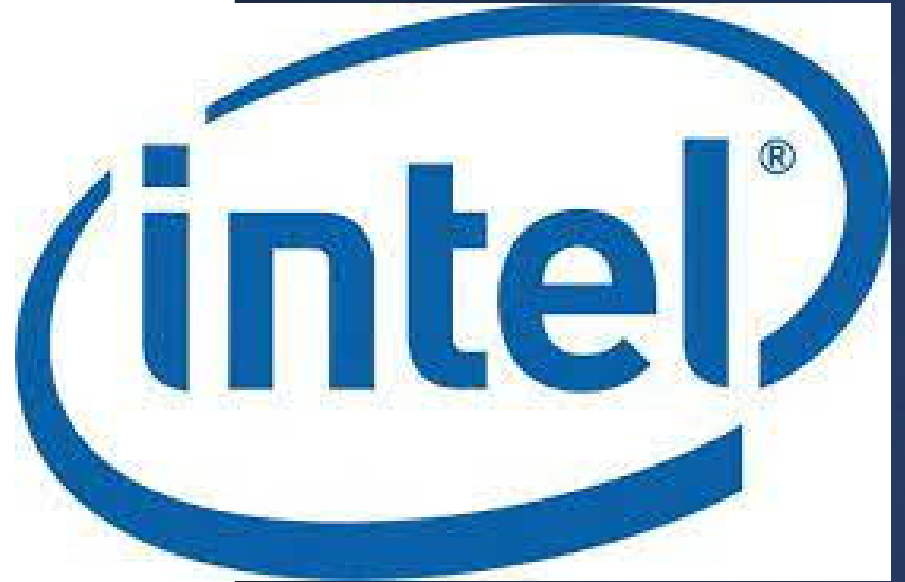
Bottom-up changes

- Steve Sasson, the Kodak engineer invented the first digital camera in 1975
- However, the initial corporate response to his invention was

“But it was filmless photography, so management’s reaction was, ‘that’s cute—but don’t tell anyone about it.’” Steve Sasson



Bottom-up changes



Most of changes fail

- McKinsey and Company shows that 70% of all transformations fail.
- Between 1955 and 2016 only 12% of Fortune 500 firms managed to keep their position.



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