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Change management perspective

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Executive summary

Managing change is a critical component of any major transformation. It is a necessary process that helps companies successfully implement new strategies. Change management gets results by building sponsorship from the top, creating leaders who will act as change agents, and by changing behaviors in frontline teams and individual employees in business units.

Managing change

The most common refrain we hear from executives who have pursued major transformations is that *they should have started managing the change process earlier*. More time should have been dedicated to creating buy-in at the beginning of the process, communicating with the organization, identifying change zealots, realigning organization structures and incentives, making physical site visits, managing labor relations (as necessary), and taking preemptive legal/regulatory moves. Change management is a central feature of our Phase 1 approach.

We typically consider change management as three separate sets of activities designed to influence behavior — techniques and processes, change interventions, and discipline. All three aspects of change management are necessary for a successful transformation.

- *Applying a set of techniques and processes* that we bring to bear to drive the change program. This includes project management tools, issue log management, governance, and decision processes.

- C*hanging the behavior* of leaders, managers, and employees. True organizational change requires aligning the senior leadership around a strategy and direction and changing thousands of individual attitudes and behaviors *by applying a broad toolkit of change interventions*. Transformation is possible only if hundreds or thousands of people are aligned and engaged with the change program.

- *Maintaining discipline* during the change process, encompassing configuration management, initiative prioritization, risk management, and document control.

The most successful change programs are those led by experienced practitioners who can apply a deep understanding of both people and systems to tailor the processes to an organization's unique culture. Our change management approach is designed to achieve the following objectives:

- Ensuring the realization of stated benefits of the new strategy.
- Minimizing disruption to the workforce as change initiatives are deployed.
- Encouraging participation in and input into the change process.
- Enhancing the preparedness of employees for change.
- Managing staff expectations and actions appropriately through coordinated communications.
- Maintaining efficient and personalized treatment of stakeholders that lives true to corporate values.

Our overall philosophy and approach to managing change in major transformations is distinctive and has been proven successful in both the private and public sectors in hundreds of change programs worldwide. Our three-phased (*see Exhibit 1, next page*) change management approach is consistent with our approach to driving the transformation. We believe that the analytical/technical aspects of the program must be closely aligned with a conscious program that addresses and manages the human side of change. Thus the change agenda is baked into each step of the program — it is not an independent process.

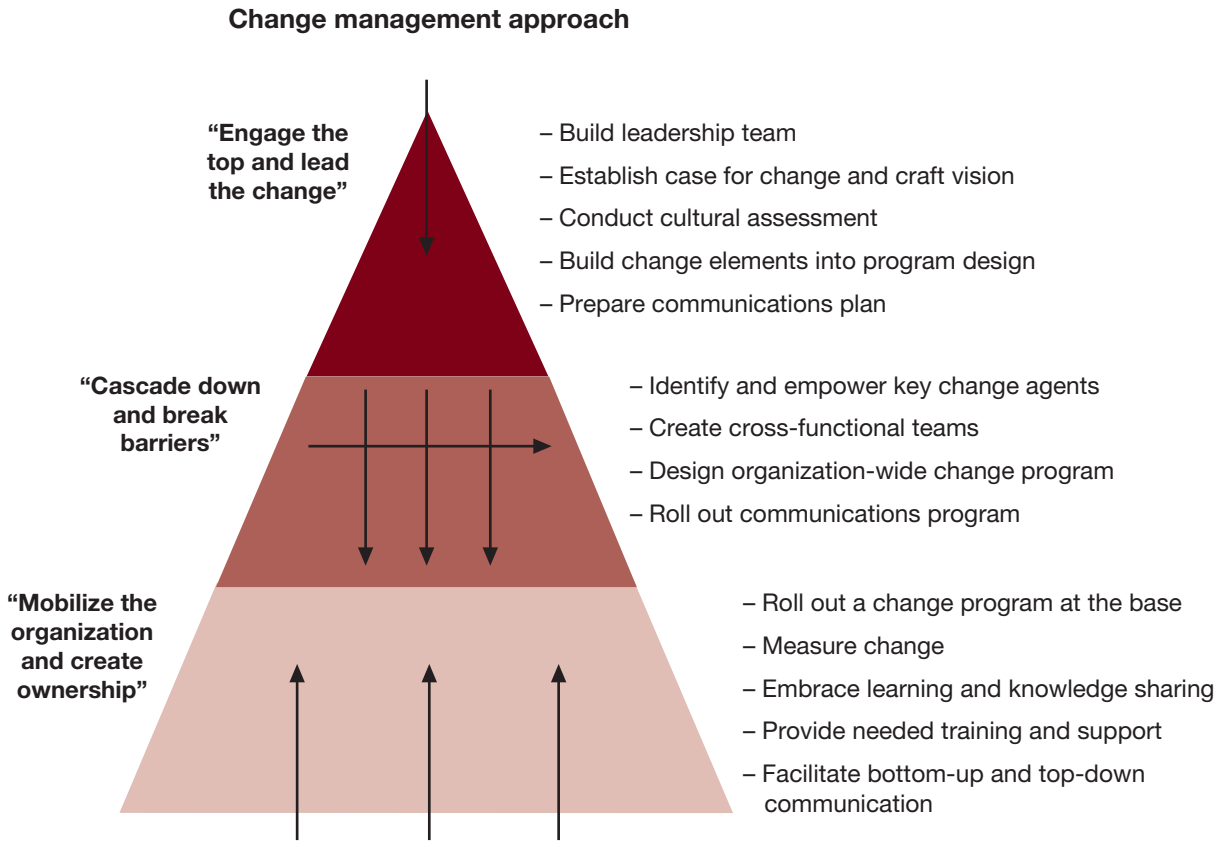
In Phase 1, we focus on developing senior team alignment and preparing to roll out and communicate this change to the organization (*see Exhibit 2, page 7*). Senior team alignment is crucial to driving change in all transformation programs. Given the speed with which most companies expect to achieve results, senior team alignment and preparedness deserves explicit attention.

Based on the results of an initial set of interviews, we will develop a customized Phase 1 change management approach that addresses the central change issues and is consistent with the overall program architecture. An example of a change management work plan used at a recent client (*as shown in Exhibit 3, page 8*).

In addition to addressing issues of senior team alignment and preparedness, Phase 1 will include an initial assessment of cultural and change readiness issues. With many clients, significant cultural and behavioral information has already been gathered through client surveys, and we leverage that material to the greatest extent possible. However, often the change process benefits from a broader understanding of key change issues, not just cultural and behavioral information but details regarding the ability of systems and processes

Exhibit 1

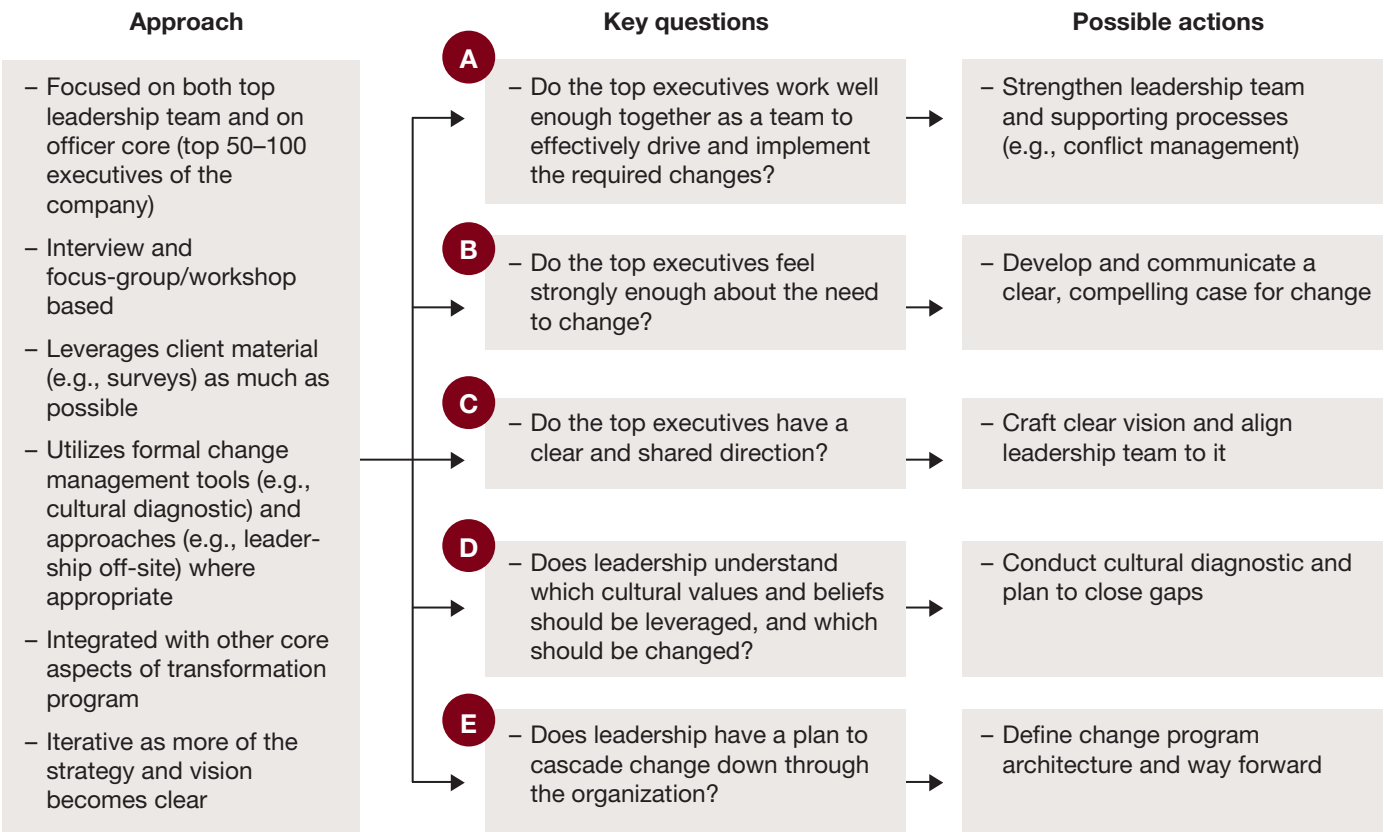
Change management approach



Source: Strategy&

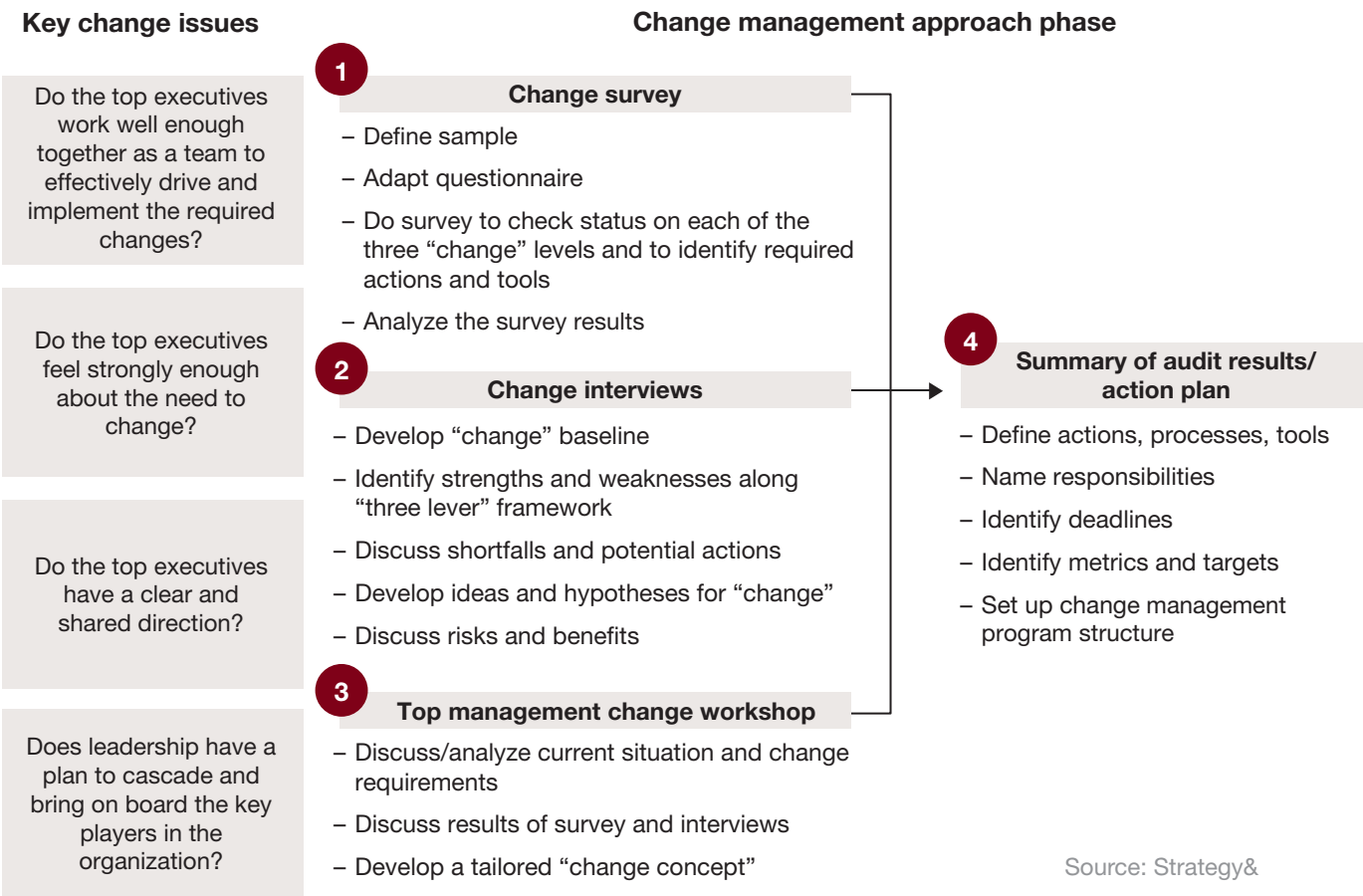
Exhibit 2

Phase 1 approach and senior team diagnostic



Source: Strategy&

Exhibit 3



Source: Strategy&

to support change initiatives, the appropriateness of structure and the associated decision making protocals, resource allocation and the linkages between planning an motivation. An example of one such in-depth assessment tool, OEP, is described below. This approach looks across different organizational layers and is designed to address all stakeholders at various levels in the organization.

Core elements of cultural change program

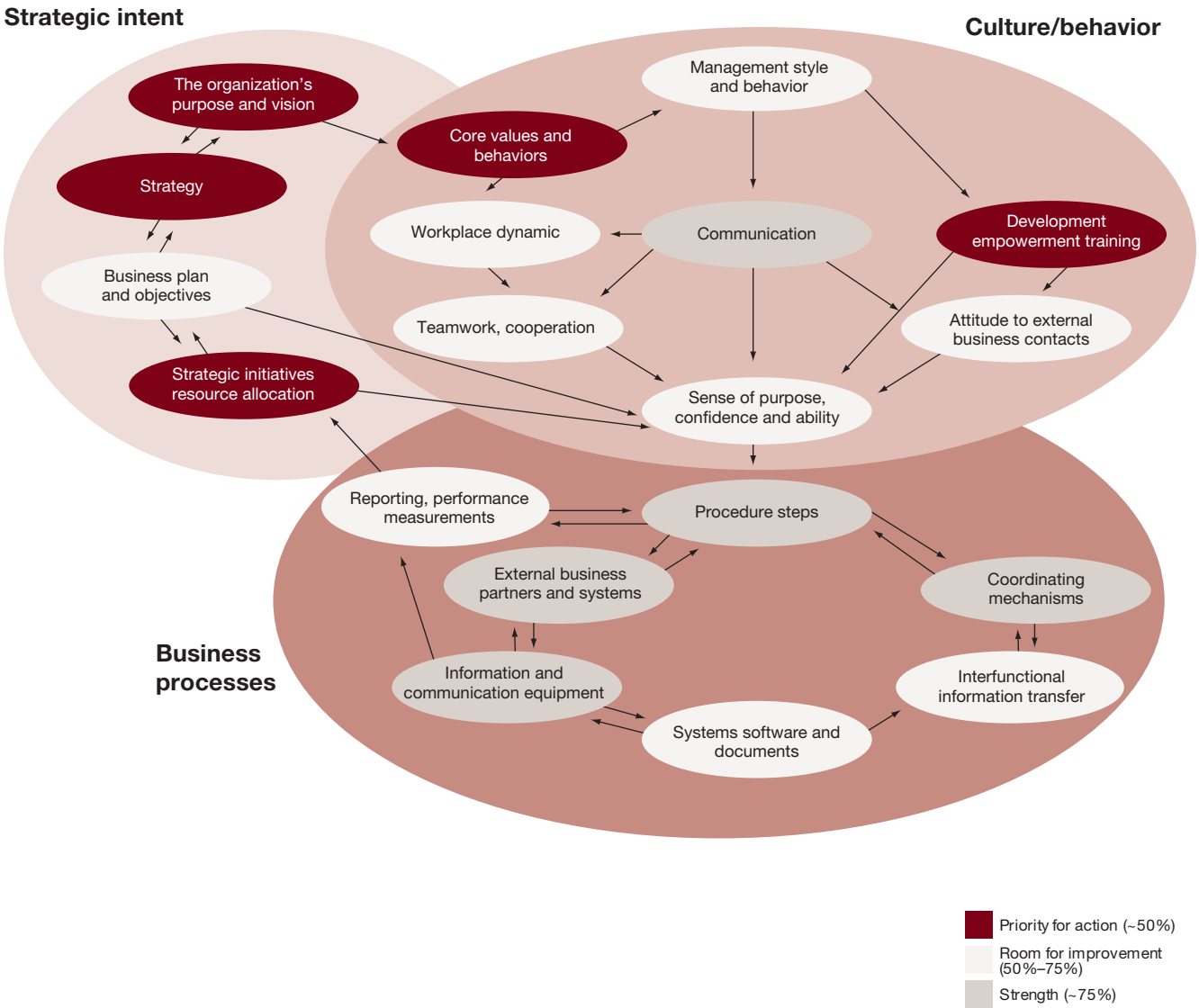
- Identifying sources of power and influence (formal and informal, internal and external) and the "cultural center" of the organization.
- Identifying opponents and resisters.
- Recognizing that resistance to change is normal.
- Converting the cultural center first, by turning resisters and opponents into supporters of change.
- Building coalitions and alliances around the cultural center changes.
- Systematically identifying and addressing the obstacles to change.
- Creating the critical mass of support to drive change.

If the company does not have sufficient culture and change readiness information, we would propose using a tool such as the Organizational Effectiveness Profiling (OEP) tool, which measures an organization's strengths and weaknesses in a number of key drivers of change. OEP is an example of the range of cultural survey tools and practitioners Strategy& has used depending on the client situation. We are also comfortable, however, using client-recommended or client-supported tools.

Supported by Web-based technology, OEP (*see Exhibit 4, next page*) is a comprehensive change-diagnostic process that provides structured report data across an entire workforce, facilitating targeted action planning and the focusing of resources in critical areas. A key benefit of the OEP tool is that it is not merely a cultural diagnostic tool, but rather places culture and behavior in the context of the specific changes to the business strategy and processes, measures comprehensively the drivers of change and performance, and allows progress with the overall change program to be consistently tracked and reported on.

Exhibit 4

OEP driver performance — global view



Source: OEP

OEP is designed to support major change programs by providing consistent Web-based access to diagnostic data across the whole organization throughout the life of the change program. The OEP analytical reports are a powerful filtering and prioritizing tool, providing organizational effectiveness results in a colored-coded matrix indexed by business units, job levels, and geographies (plus a range of other parameters) across the organization.

Communications

Communications are a crucial change management tool in realigning culture and building commitment and enthusiasm for change. Carefully designed and deliberately timed communications will be critical to the success of the change program.

The best change programs reinforce core messages through regular, timely advice that is both inspirational and actionable. Communication is both outbound and inbound. It should be targeted so as to provide employees the right information at the right time, to solicit their input and feedback and to check in on their emotional response to what they've heard. Change programs often require over-communication through multiple, redundant channels. However, communication must be timed, coordinated, consistent, and personal. The best change leaders speak from the heart and convey a deep sense of personal commitment. They tell a consistent story and view telling the story as a key responsibility in the change process. The detailed communications plan will fall out of Phase 1 work but should adhere to a set of common guiding principles:

- Build a communications plan early (*see Exhibit 5, next page*).
- Link message to strategic purpose/direction, so employees will understand need for change.
- Be honest and open, but recognize when "open" doesn't have to mean all information available every step of the way.
- Set realistic expectations — outline potential implications early and don't gloss over potentially negative messages.
- Provide for two-way communications.
- Identify each major constituency (inside and outside of Allstate), frame their needs, and link the messages to those needs.
- Be conscious of the need to cascade ownership level-by-level.

Exhibit 5

Communication stages for Phases 2 and 3

Process team launch

1. Build and maintain understanding

- Why do we need to change? Consequences of not?
- Where are we headed? Will it be better?
- What are we doing to fix the problem? How does process improvement and other projects fit in?
- Do leaders believe in this? Are they aligned?

Outcome

- Business imperative understood/internalized
- The vision is clear. Understanding how all the pieces fit together

2. Build alignment and readiness

- What are the emerging process changes?
- What will change? What will stay the same?
- What will it be like to work here?
- Alternatives to begin thinking about?

Outcome

- Changes will become clear
- People know what it will be like to work in the future state
- Next gen. leaders motivated

3. Set up the new process/organization

- How does this affect me personally?
- What are my options?
- Support in place to help me?
- Plan and timing for the new operation?

Outcome

- Employees clear about how they are affected and their options
- Implementation timeline understood

Source: Strategy&

- Rely extensively on engagement through in-person dialogue with leaders; use broadcast vehicles only as one element of communications.
- Put greater emphasis on being proactive versus reactive — send out messages in advance, before the hue and cry becomes too great.
- Send the same message repeatedly through alternative channels.
- Find the right places to create the symbols and “moments of truth” to communicate by actions.

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