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Managing Organizational Restructuring

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Introduction

Most contemporary organizations are led by managers able to read the need for change and come up with a vision of what their group or organization must do, or how it must be different, in order to thrive or, in some cases, in order to survive.

For most organizations, the real difficulty arises in bridging the gap between the present state of affairs and the desired future state. Careful, meticulous planning is required to ensure the organization is adequately prepared for change and for managing the implementation. While sometimes regarded as a time-consuming investment, planning carefully for change and intensively managing its implementation usually overcome the reasons why change efforts fail (employee resistance, lacking of monitoring/tracking processes, lack of alignment, lack of top-down commitment, and inadequate communication).

Planning and managing the implementation of change promotes understanding, acceptance and commitment – indispensable elements for success in reaching a desired future state. On the other hand, merely announcing how things will change and then pushing a button to make it happen is a recipe for disaster.

There are many reasons why change initiatives are not successful:
- Underestimating how hard it can be to drive people out of their comfort zones.
- Overestimating how successful you have already been in increasing urgency.
- Lack of patience.
- Becoming paralyzed by the downside possibilities. The worries that employees will become defensive and that morale will drop, that events will spin out of control and that they will be blamed for creating a crisis.

Other common reasons for failure include:
- Miss starts – when change is ill-advised, quickly implemented or attempted without enough commitment, this ultimately kills leadership credibility.

- Making change an option – the message that needs to be conveyed is that change is not an option.

- Too much focus on process – don't view the activity as more significant than the results.

- Downplaying or overlooking the human pain of organizational change – this can destroy self-esteem and loyalty.

- Delegating to "outsiders" – people involved inside the system(s) should accept their responsibility for the change.

- Static reward system – credit must be given for the desired change.

- Leadership doesn't walk the talk – change is terminated whenever leadership doesn't show the same commitment they expect from others.

- Wrong size – the change plan needs to be neither too easy nor too impossible.

- No follow-through – the best planning is valueless if not implemented, monitored, and further carried out properly.

We used the principles of John Kotter's eight stage process as a main reference for our project. The following documentation will be useful in helping avoid the pitfalls and achieve success in change projects.
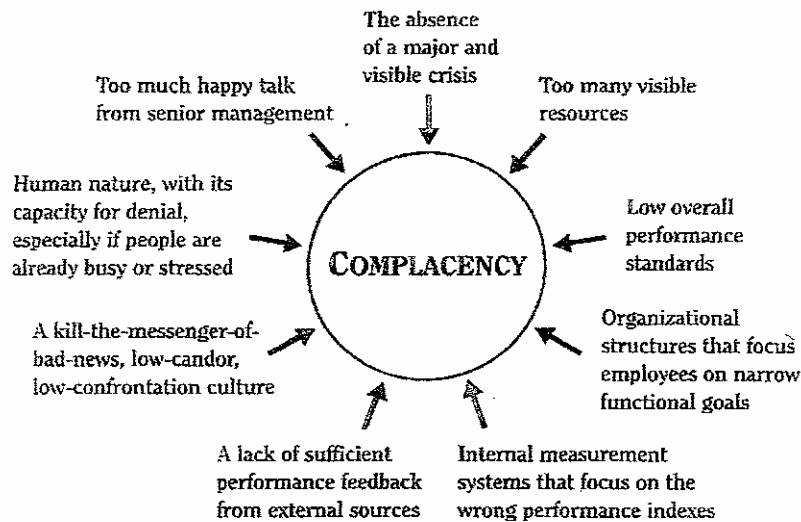
I. Assess Need For Change
1) Urgency

There are many reasons for a change in any organization. There may be a crisis or the potential for a crisis. Often there are opportunities for upward movement or financial benefits. Change could be simply for employees, safety or the need for structural change.

Before any changes should be made the realities of the commitment need to be examined. There are various methods of analysis available to check on these realities. For example, one is S.W.O.T., looking at the strengths, weaknesses, opportunities and threats. Another program is P.E.S.T. looking at the political, economical, social and technical abilities of an organization.

Failure to carefully examine an organization prior to making changes will result in failure. If all people involved don't see a need for urgency, it can result in no momentum, no drive to succeed, and possible development of non-cooperative attitudes. Complacency is also often a strong factor. It can result from people feeling that everyone has these problems, it is all management's fault and/or there may be problems but not in my department.

The following exhibit explains some sources of complacency.

EXHIBIT 1
Sources of Complacency

The absence of a major and visible crisis

Too much happy talk from senior management

Too many visible resources

Human nature, with its capacity for denial, especially if people are already busy or stressed

COMPLACENCY

Low overall performance standards

A kill-the-messenger-of-bad-news, low-candor, low-confrontation culture

Organizational structures that focus employees on narrow functional goals

A lack of sufficient performance feedback from external sources

Internal measurement systems that focus on the wrong performance indexes

Raising the urgency level will help to make the need for change clear. There are several ways to do this.

- Allow failure to happen, "Don't fix it".
- Set targets that are difficult to be reached with the present "Status Quo".
- Hold people accountable for their responsibilities.
- Be sure to give information on satisfaction, completion and weakness.
- Put problems out front and incorporate consultants in management meetings.
- Be sure to also show information on future opportunities and rewards.

2) Employee Survey

Management can help employees and themselves by conducting employee surveys. Surveys can create motivation. Involvement will enlighten management to the positive and the negative situations of its organization. A good survey will create and communicate clear actions and bring to light problems of resistance.

Poorly done surveys create feelings of management trying to change people's minds and attitudes. Surveys are often developed and analyzed with bias. The questions are often vague, targeted at certain departments, or with the biases clear to employees.

The use of multiple survey methods is often the most beneficial to management and staff.

- Methods using questions are the most common.
- Storytelling is a good way to discover the culture of the organization, and the history.
- Focus groups are able to survey employees otherwise not so willing to be involved. Make focus groups a wide cross section of employees.

Fear is often a deterrent, therefore make data anonymous, but communicate actions. Staff surveys can make or break a change. This is a good time to use an impartial consultant to administer and analyze data. If there is a survey, there must be action. Surveys raise the expectation of change, if no action is seen employees may feel more demoralized than before the survey. Decide what action to take, communicate what is possible and what is not, and why. Lack of change may be due to unreliability of survey or poor analyzing of survey.

II. Leadership Support & Momentum

Urgency in an organization is created when there is a sense of crisis. Urgency creates momentum and drive. Who drives this change momentum? A group of leaders and decision makers who have a high level of trust and a shared objective or common goal drive the change momentum. J. Kotter describes this group as the guiding coalition. It is a powerful force required to sustain the process of change. Depending on the size of the organization, the guiding team or coalition can be 3 to 50 people. The team or guiding

coalition must be comprised of enough people who have decision-making power, expertise, credibility or good reputations and leadership to drive the change process. This is a delicate balance of management and leadership. Consider the following for building such a team:

1) Composition

- mainline managers
- frontline staff   **Reputable People**
- proven leaders

2) Team Building

- off-site events
- conversations   **Create Trust**
- joint activities

3) Goal Setting

- vision that appeals to the head and heart
- stakeholder involvement   **Common Goal**
- achievable

The agreement matrix as described by Christensen, Marx and Stevenson shows the importance of ensuring that two critical dimensions are represented. Sharing a common goal requires both dimensions. To drive change momentum effectively, the team or guiding coalition must agree on what they want and which actions will lead to the desired outcome.

A good vision will facilitate a solid common goal and through having the right people who trust the process, change momentum has the ability to grow. A good vision sets direction and acknowledges that sacrifices will be necessary to accomplish benefits and personal satisfaction. Developing a solid team or guiding coalition is a crucial component to the early stages of the change management process.

III. <u>Communication</u>

Consistently, poor communication is one of the top reasons why major change effort is not achieving the desired results. Communication has been flagged by all levels of staff as an area for improvement.

Building support for a change program requires a great deal of interaction between change leaders and change recipients. The CEO needs to visibly support the change and the entire senior leadership team must articulate a consistent message about the change.

Many different methods of communication can be used, face-to-face being the most effective. Examples could include staff meetings, road shows and other town hall-style meetings.   Other methods of communication that will have varying degrees of effectiveness include: newsletters, emails, task forces, and information posted on the organization's Intranet.

The content of the message must be appropriate and should repeatedly identify the need for change. Communication should take place early and often and should continue even after the implementation has occurred.

Leaders should not refuse to speak to an issue just because they don't have all the answers. Instead, tell people what you know at that point in time. Be honest about the unknowns. Even when you cannot provide specific information and answers to all questions, you should acknowledge employee concerns and reinforce your concerns for the employees' well-being. Remaining silent can affect the credibility of change leaders and can be viewed as "keeping secrets".

There are several essential communication principles that need to be adhered to:
1) A substantial emphasis on communication is essential – there must be a deliberate, significant effort to increase effective communication. The normal, day to day communication channels are not up to the task.

2) Effective communication is not the responsibility of the communication department – study after study has revealed that people want to hear important information from their direct supervisor. It is up to the leaders and managers at all levels to communicate both consistently and constantly during a major change effort; not the communication department.

3) Information plus technology does not equal communication – effective communication is often undermined by the overuse, or inappropriate use of technology. Successfully changing an organization simply does not happen by using a memo, email or web site.

4) If it isn't face to face, it isn't communication – communication is an enormously complex process, even in the simplest of situations. The best approaches are personal and interactive. Rather than just presenting the changes or improvement plan, effective education and communication engages everyone in discussions that deepen understanding and provide feedback, options, and further ideas to the team guiding the improvement effort. That is why presentations and discussions by senior managers are such an effective educational tool in the change process.

5) Listening is the critical (and usually under-utilized) skill - many people in changing organizations have simple questions or concerns that are not being heard. Listening is a true art, and we cannot overstate the value of giving someone the time to just listen to them. It is truly amazing to see what breakthroughs start to occur in a large change effort when people actually start to feel heard.

6) There is long way from awareness to action – any change effort requires people to learn something new. People need to move through the steps of awareness, understanding, commitment and action. Unless people see actual behaviour change from their leaders and managers, it will be difficult to move them to action.

7) Developing an effective communication plan is not complex – the plan needs to contain only three key components: who, what and how. Who needs to know what and how is the best way to tell them? The "who" refers to all of the stakeholder groups involved directly or indirectly in the change. "What" refers to

the questions, issues and concerns they have, or are likely to have? The "how" refers to the best method, timing or person to deliver the message.

A very important part of any communication strategy related to organizational change is the communication that occurs following the implementation of the change initiative. The employee experience of most organizational restructuring and change involves an unsettling lack of control. It is therefore critical for managers dealing with a restructured environment to enable employees to feel empowered in restoring success to the organization. The first step to helping employees feel empowered following reorganization to take a pulse check. Find out exactly what you're dealing with – the issues, liabilities and opportunities. We would caution you to not overreact to what you hear from employees. Although you are seeking their input, keep it in perspective. The organization is not a democracy and you must remember that you are not seeking employee approval of the new organizational direction or structure. You are exploring employee perceptions and taking a pulse check to determine the most effective ways to communicate with employees on an ongoing basis and to engage them.

When communicating a major change in your organization, talk with people as much as you can and as soon as you can, sharing as much information as you can. Repeat as often as required.

IV. Emotion/Human Aspect

1) Culture

Culture is defined as the sum total of all the shared, taken-for-granted, frequently subconscious assumptions that a group has learned throughout its history. There may be subcultures within a culture. A culture can be deep where it controls you more than you control it. It can be broad and impact all areas, and stable where change won't occur unless the survival outweighs the cost of change. A culture that is deep, broad, and stable can work for or against change depending on the understanding of the culture. Culture is the glue of the organization. An assessment of the culture helps to understand who you are as an organization. Culture is often subconscious and can be raised to a conscious

level and understood better by employees and management. It is easier to use the culture for change than to transform the culture or try to push change in at the survival of the culture.

Change in culture will meet with strong resistance. Statements like, "It's not personal, it's business" or "business is business" leaves employees feeling a loss of culture. Valueless and uninspired, they become a company with a lost heart. They no longer feel being "part of a cause with a paycheck", but "a paycheck without a cause".

Culture is a key factor in the needed change. Strong leadership and strong culture are productive if they are balanced, focused and emphasizing continuous change. Management has to be alert to facts, like how we listen and talk, behave at meetings, confront problems, reach decisions and reward or punish. It is always best to use the culture to enhance the change. If needed, management may need to slowly and carefully change the culture. Remember management is also responsible for an organization's culture. For change to be given serious consideration initiatives must pass through the culture.

2) Empowerment

To work with people, groups and communities, empowerment encourages autonomy and enables them to take on greater challenges. Empowerment is a very powerful tool. It excites people about their jobs, inspires passion and commitment. Productivity is increased when people have a say. Empowering people reaches goals beyond expectation.

People who hate their jobs are slaves, and managers who try to motivate by pushing become slave drivers. The best motivating tool is empowerment. Leaders try to avoid feelings of a "check at door" policy. Such policies create an "us" & "them" atmosphere. People develop friendships at work and spend half their time there, and will have times when there is a spill over of home and work life. Some management doesn't empower staff because they feel less empowered. Middle-level managers often criticize

employees, don't communicate or respect frontline workers and resist empowering, creating independent silos. Management needs to be careful not to empower only select people as this creates a hierarchy system or bullying atmosphere.

Great leadership works through emotions. If emotions are attached to a goal you've created an emotional buy-in and the goal is achieved. Emotions are essential if employees are to contribute with their heads and hearts. Create a vision by asking people about the direction of the workplace and communicate the vision. Employees will have a shared sense of purpose. To empower employees, provide the training/skills needed to carry out the vision; otherwise it could create feelings of disempowerment. Empower people by supporting them in reaching the goal/vision. If people help to plan the battle, they won't battle the plan.

IV. <u>Sustaining Momentum</u>

Change momentum can be sustained and built upon by generating short-term wins. Short-term wins are essential for building excitement about small successes as it moves closer to larger goals. It builds further momentum for larger wins during the change process. The short-term results are somewhat of a test. It is a test of the vision against conditions of the organization. Similar to a Plan Do Study Act (PDSA) cycle that tests a small piece of the overall aim. Short-term results help fine tune the vision by giving the team or guiding coalition data on the viability of their ideas. The evidence or results must be frequently provided to demonstrate that successful change is occurring and that the organization is on the right track. The emphasis on short term wins or results builds credibility.

Short term wins or results are more than having a successful meeting or completing a specific task. It is meeting or beating a quarterly target or being recognized by an outside agency. Short term wins or results have three characteristics:

1) Visibility. Most people can see the change. The data clearly reflects improvement or process changes reflect changes in behaviour.
2) Clarity. The process or changes are unambiguous. Process changes are consistent and clearly recognized.

3) Connected.   The wins are related to the change effort.   The data show improvements due to the specific change.

Short term wins or results that are occurring as predicted are extremely important in building momentum and excitement and increasing credibility of the team or guiding coalition and its change management.

VI.   Consolidating Gains and Producing More Changes

Keeping the momentum going is one of the most challenging stages in the change management process and is critical to consolidating the gains and producing more changes.   Having teams and coalition members who are well suited to each stage is crucial. This group needs to think long term as many change projects take a very long time, especially in health care settings, and they may or may not affect the entire region. Honesty from the team or guiding coalition about the changes goes a long way in consolidating the gains.

Keys to Success

1) Short Term Success

Short term successes are vital to keep the project moving forward and without them factors waiting to halt the project become apparent and destructive very quickly. Positive momentum of the changes needs to be kept up. Two factors that lead to breakdowns in the processes are:

- Resistance leads to regression
- Interdependence of departments

2) New Teams/Groups

During different stages of the change management process you may be required to get different teams together to keep the energy going. The people on these new teams should be good at whatever the project task is. In other words they should be specialists.

3) Leadership and Project Management

Senior management teams should focus on the overall leadership of the process. Their main task is to support staff with the overall mission, vision and purpose of the project. They should be the ones to foresee conflicts between projects, establish priorities and provide assistance in moving the organization forward.   The management of the project should be left up to the team or guiding coalition who is closer to the actual change. They are ultimately more familiar with the relevant information.

VII.   Securing the Changes

Rooting the changes depends on the behaviours and goals that are shared by the group and the culture. Culture is difficult to change because it is nearly invisible. Regression will occur to some degree and can even occur years after the change effort. If the changes aren't firmly anchored they become very fragile and subject to regression.

Ways to Aid the Anchoring of Changes by Management

1) Honestly talk to the employees regarding the change and how the changes have been proven to enhance organizations.

2) Provide time to reminisce about the old culture, how it served the organization well and why it was an appropriate time to change.

3) Make staff changes.

   a) Long term employees find it hardest to accept new changes.

   b) All new hires should be screened to ensure they fit into the culture.

   c) Encourage those employees who embrace and accept the change.

4) Ensure the CEO or Director is behind the change decision and promotes it at every possibility.

Culture cannot be changed easily and can only occur after the process has been successfully implemented. For that reason most culture changes occur near the end of the process and not the start. However, it requires attention throughout all the stages.

VIII.   <u>Measurement of the Changes</u>

In the change management process it is important to measure the success or failure of the process.

1) Employees need the opportunity to express their concerns and ask questions:

   a) Employee surveys

   b) Conversations with employees

   c) Meeting with employees

   d) Performance appraisals

2) Attendance Management Analysis

   A detailed analysis of the sick time, absent time and even vacation time surrounding the change process can be a valuable tool in measuring the success of the process.

3) Retention of Staff

   This is a good indicator of staff satisfaction. Analysis of age of employees leaving as well as gender may provide valuable information.

4) Showcasing the successes with posters, publications and news conferences.

5) Continued Education Programs

<u>Summary</u>

Your organization will need to provide continued support programs for the change process. Change, by definition, requires creating a new system which, in turn, always demands leadership. The most general lesson to be learned from the more successful cases of change is that the change process goes through a series of phases that, in total, usually require a considerable length of time. Skipping steps creates only the illusion of speed and never produces a satisfying result. A second very general lesson is that critical mistakes in any of the phases can have a devastating impact, slowing momentum and negating hard-won gains.

Organizational changes are challenging. Understanding these challenges, developing a proper implementation plan and proactively managing that plan will dramatically increase your chances of success.

The following checklist provides an approach to effectively manage change at every level of the health region. The checklist is a guide that can be used in the change management process which enables the employees to embrace the changes because they have been involved in the process.

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