

Northeast Supply Chain Conference

Effective Approaches to Managing Change: Getting People on Board

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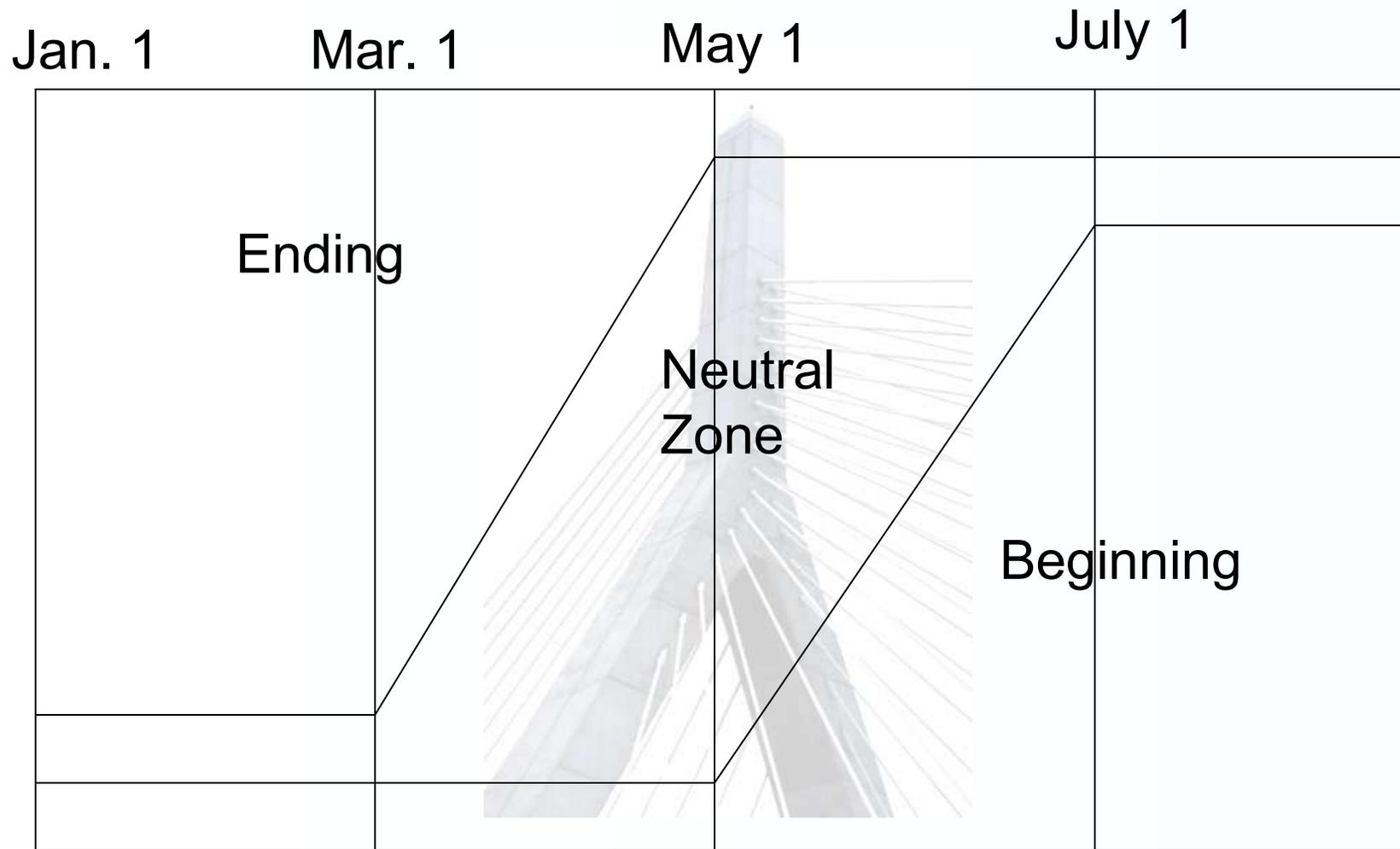
Why Change Attempts Fail

- **Announced change is logical, strategic, complete and well-planned...yet it fails**
- **Failure results from:**
 - Inadequate attention to the people dimension
 - Lack of a sound “change management strategy”
 - Underestimating “what it takes”

Some Fundamental Principles

- **Changes require people to implement**
- **Process changes are predictable, reliable and replicable; people are not**
- **Organizations are systems. Changes have ripple effects, impacting various elements in various ways**
- **People naturally resist change—even positive change**

Transitional Model



Adapted from William Bridges model in "Managing Transitions," 1991

Ending: Getting People to Let Go

- Identify who's losing what
- Expect “overreaction”
- Acknowledge losses openly
- Give people information, and do it again and again
- Define what's over and what isn't
- Mark the endings
- Let people take part of the old ways with them
- Show how endings ensure continuity and growth

Managing the Neutral Zone

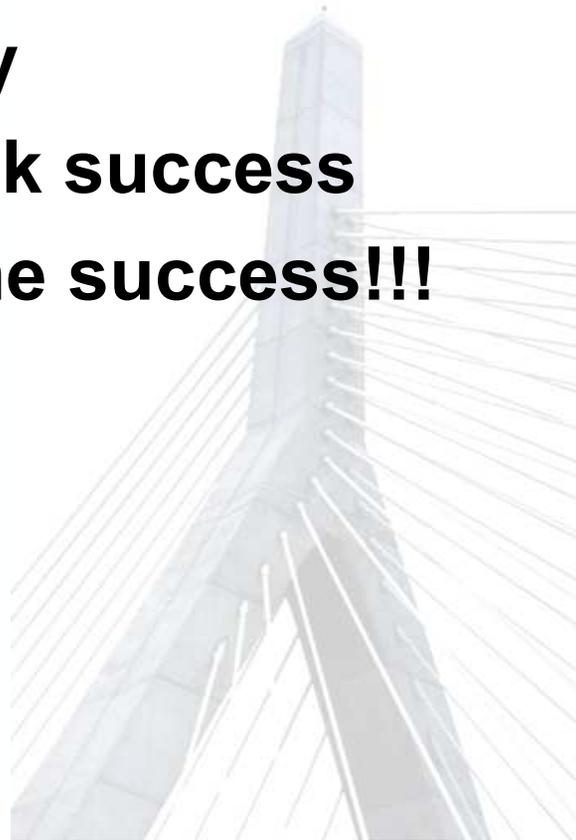
- **Acknowledge and expect anxiety**
- **Encourage creativity, exploration**
- **“Normalize” the Neutral Zone**
- **Strengthen intra-group connections**
- **Create temporary systems**
- **Establish monitoring and feedback**

Launching a New Beginning

- **People need to understand the four P's:**
 - *Purpose* of the change
 - *Picture* of the Future State
 - *Plan* – in detail
 - *Part* – role in process and outcome
- **Beginning date depends upon:**
 - The Four P's
 - Transition through the Ending and Neutral Zones

Rules to Reinforce the New Beginning

- **Consistency**
- **Ensure quick success**
- **Celebrate the success!!!**



Building Commitment to Process Change

- **Communication – a town meeting**
 - Identify/address resistance
 - Confirm reasons for change
 - Create/reinforce future vision
 - Confirm process elements
 - Identify strengths, weaknesses and challenges
 - Develop action plans to address issues
 - Provide for monitoring and feedback

Building Commitment to Process Change - Continued

- **Management to “walk the talk”**
- **Identify necessary competencies**
- **Plan training and orientation**
- **Do “force field” analysis**
- **Clarify ownership**
- **Identify performance goals and indicators**
- **Have realistic expectations**
- **Feedback from participants and observers**

Reinforcing Change Through Performance-Based Rewards

- Designed to reinforce process changes
- Performance-based rewards *work!!*
- Encourages new and creative thinking
- **Bonuses vs. Incentives:**
 - Bonus: pool of money established and end of period, distribution in relation to base salaries or discretionary. A look backward.
 - Incentives: expectations and payouts established in advance. A look forward.

Incentive Design Tips

- **Goals must be seen as important and clearly tied to organization goals**
- **Goals must be realistic, credible and within participants' "line of sight"**
- **Must be able to track and regularly report performance vs. goals**
- **Limit individual goals to 5 or less**
- **Involve participants in establishing performance measures and goals**

Are Incentives Working?

- **Are process changes taking hold?**
- **Are participants paying attention? Are they excited?**
- **If participants try to “beat the system,” are they doing just what they should be doing?**
- **Is the organization or unit performing better?**
- **Are you happy with what you’re paying out?**
- **Are the best performers earning the most?**

About the Presenter

Since founding Management Strategies Group in 1987, John Haas has helped small- and mid-sized organizations which are experiencing and needing to manage major changes. Most clients are privately held owner-managed companies, and many are family businesses. He also works with a number of non-profit and cause-related organizations.

Working in close collaboration with the CEO/entrepreneur and other senior executives, Haas helps assure that **practical and strategically sound solutions** are developed, implemented and maintained. The focus is always on custom-tailored approaches to improving organizational effectiveness within each unique organizational setting and culture.

Typical projects include:

- Facilitating mission clarification/strategy development sessions
- Organization design, development, staffing and communications
- Shaping corporate culture
- Building and mobilizing high-performance teams
- One-on-one executive coaching and development
- Employee performance planning and appraisal systems
- Performance-based incentive compensation plans for executives, sales staff and professional teams
- Succession planning and other family business issues
- Strengthening non-profit organizations

Prior to founding MSG, his consulting experience included 16 years with the New England office of The Hay Group, a worldwide Human Resources management consulting firm. At Hay he served as project leader on many complex assignments in a wide variety of industries, in both private and public sector organizations, ranging from the Fortune 500 to small privately-held companies.

Haas holds a B.A. in Psychology from Tufts University, and an MBA and Ph.D. in Organizational Psychology from the University of Pittsburgh's Katz Graduate School of Business. He is a licensed Psychologist in Massachusetts, and serves on the Board of the New England Society for Applied Psychology and Employment Options, Inc.

He is a frequent speaker and seminar leader for many small business and professional organizations, including the Smaller Business Association of New England (SBANE), TEC Worldwide, CEO Roundtable Forums, The Survey Group, Financial Executives International (FEI), The Employers Association, The Alternative Board (TAB) and the (former) Boston Computer Society. Presentations and seminars include such topics as incentive compensation, developing a professional services practice, performance management, managing change, shaping corporate culture and organizational effectiveness.