

Implementing Enterprise Wide Change Programs

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→ Change programs focused on re-engineering, process improvement and systems design such as Kaizen, Lean, Six Sigma and TQM have a proven track record in revolutionising processes resulting in improved quality, efficiencies and reduced costs. The challenge comes in the *implementation*, which is the focus of this discussion paper.

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Executive Summary

Change programs focused on re-engineering, process improvement and systems design include methodologies such as Lean, Six Sigma and Kaizen for increasing quality and decreasing process costs. They have been used around the world in major organisations including General Electric, Starwood Hotel Group, Motorola, Westpac and American Express with outstanding results.

Six Sigma evolved from TQM in the 1980's and was first fully implemented by Motorola. It was made famous by Jack Welch at GE where it was used across all aspects of the business from manufacturing and engineering to finance and television networks.

In my own experience I have seen the power of it first hand when it was introduced at a major Australian bank. In the very first project as manager of three teams combined into one I was responsible for facilitating the change management. By effectively implementing the methodologies we reduced the processing time from 63 days to just three, and reduced the staff from 32 to 23. I personally went on to manage several projects and was intimately involved in the roll-out company wide.

The methodology is only as good as the weakest link. The first challenge is the perception that people don't like change – change isn't the problem; it's the ambiguity that's the problem. In implementing a change management program the major issues are:

- Developing and Fostering Corporate Culture
- Accountability and Structure

Developing and Fostering Corporate Culture

Implementing a quality program is a self imposed change, as opposed to factors that are forced on the business, such as market conditions. Either way these are dramatic and challenging changes. Having been involved in the rollout of quality programs for a major bank and now as a consultant creating change throughout organisations of all sizes; where the change comes from is no little consequence and the processes to deal with it don't alter either.

The first challenge is the perception that people don't like change – change isn't the problem; it's the ambiguity that's the problem. People adapt to change all the time. It's the employees who will need to change behaviour, reward schemes, and outcomes, work habits and culture.

Typical cultural challenges within larger organisations can be outlined as follows.

- Self Interest of powerful individuals and departmental bickering
- Laziness, Idleness, and apathy
- Ill-defined desired behaviours
- Un-identified motivators and de-motivators
- Not involving team members in the change

To counter these issues lets look at the following:

→ Leadership & Visibility

Key sponsors are very important. The plan is to be upfront and honest, that the success of the initiative is up to them. The strategy is to minimize work they have to do while increasing their exposure. For example they don't need to attend every meeting but ask them to stand up and vocalise their support for the projects.



"To survive in modern times, a company must have an organisational structure that accepts change as its basic premise, lets tribal customs thrive, and fosters a power that is derived from respect, not rules. In other words, the successful companies will be the ones that put quality of life first. Do this and the rest – quality of product, productivity of workers, profits for all – will follow." – **Ricardo Semler, from the book *Maverick*.**

Ensure management buy-in, the only way to do this is change their objectives. Otherwise the black belts won't be able to get the air time they need to get around the inevitable road blocks. By aligning the objective and reward systems, focus, attention and behaviour will move in favour of the change effort. But not until. This is a critical point.

→ Cultivate Zealots

Ordinarily I would say exemplars but for a change initiative such as this, organisations really need zealots. Zealots are people who are passionate about the methodology and the prospective change. They

can see benefit for themselves and the organisation as it grows with it. They actively sing the praises and quickly cultivate a positive message.

Look for the following people who, because of organisational visibility, will have impact.

- Hierarchical people, eg. Director of Marketing
- Respected people – top performing sales people
- People of exceptional expertise, learned individuals throughout the organisations, could also be key clients or customers.

→ **Promote from within the desired culture**

The path to promotion into senior positions, be that management or otherwise, must come from having gone through the methodology as a development channel. This could be as a practitioner, or at the very least undergone training and served as a sponsor

GE set it up this way, and consequently there are possibly thousands of people who have had the training and worked as quality green belts or black belts. This spreads and empathy and understanding on the methodology throughout the organisation.

→ **Communicate, Communicate, Communicate**

Communicating to the project team goes without saying, but we must also communicate to the wider department and organisation about what is happening, to build the buzz. Communications is the glue that holds these types of change initiatives together.

But note that too much glue gums up the whole works. My view is to vary where the glue is placed. Communicate frequently and in varied styles. I have found focus groups and feedback forums, work well when combined with email and physical communications.

Don't forget the one to one and informal corridor discussions. Make sure everyone is singing from the same song sheet and check in regularly on the Chinese whispers. Settle them quickly and decisively.

→ Cultivate “intrepreneurs”

These are the change agents who, if you don't give some challenging work will up and leave. Identify these people early and get them onto the initiative.

Give them guidance, and encouragement, in the early days it takes a lot of guts and energy to break through the change barrier. Just like real world entrepreneurs you need people who have tenacity and staying power.

→ Small Bites to reduce complexity

How do you eat a chocolate elephant? One bite at a time. Start with the quick wins and build some momentum. And then move on to the more challenging projects.

Quick wins will also generate a buzz and hold off the nay sayer with the burden of proof. It will also help the executive team justify the program.

Start with small processes. And even then break them down. The more steps introduced the complexity increases exponentially. It is frighteningly easy to do once you're in there looking around.

It is easy to say 'lets do that while where here' and then it snow balls and now you're working on a department wide initiative with the stakeholder list turning the project plan into a 30 page book.

This is an important discipline otherwise the team members who ultimately need to be won over, will become weary and resistant.

→ Have patience

I say this because whether it is Kaizen or Lean Six Sigma , they are supposed to be reasonably quick implementations, which is the sell. And it is true - for a mature organisation.

For organisations in the infancy of introducing quality, the complicating factors of the organisational learning and change management is extremely challenging. Projects always go over time.

The first project I was involved was the first for the bank and was supposed to take 14 weeks. It took 9 months in the end.

Case Study

The Bank was under tremendous pressure to be more of a 'gentle hand' with customers who were experiencing financial difficulty. A team to help with 'hardship' existed, and another who provided financial solutions. Both doing more or less the same thing but generating duplication and getting into each other's way.

Having been asked by the client to review and improve the two teams, investigations revealed it took 63 days for customers to receive an approval for assistance. Meanwhile the account continued to cycle without payment, making it more difficult for declined customers to catch up.

A complete systems review was carried out, eliminating wasted effort from the process and challenging long held beliefs about 'how things must be done' (after all this was a bank).

A concurrent change plan was implemented to help manage such a dramatic change, which included focus groups, regular email communications and status reports.

Resulting in a reduction of time to approval from 63 days to just three and an annualised bottom line saving of \$300,000.

Accountability & Structure

STRUCTURAL changes support performance and culture changes. Changes such as moving to an open plan office can improve open communications, but usually more lasting and impactful measures are to improve beliefs and attitudes of key people.

The pay structure and reward and recognition systems are critical. I was helping to introduce a new sales process with a client and I was getting enormous push back from the sales manager. I inquired into his remuneration plan and found the reason; he would have been disadvantaged under the new system. His structure had to change and the difficult decision was taken to re-align it with the business goals.

Other structural issues can be the bean counters, risk and compliance people. They serve a purpose but compliance is meant to be a check and balance not the driver of change.

Unions. Some companies have such poor relations with unions that any change no matter how beneficial to the employees will be rejected. Reach out early and often, these are smart people, who when involved in the process and are made aware of the benefits in their self-interest will come around. Further they are at the coal face and may have some of the best ideas.

→ **Establish Clear Indicators of Success**

By establishing clear indicators of success, you create a vision for your people. Something they can buy into and get excited about. Something they can see themselves enjoying and that serves a great purpose outside of the self.

It needs to be measurable in some way. Behaviour change is driven first by attitude, then beliefs, in that order. But changing someone's beliefs is very difficult to do. Instead drive at the behaviours you would like to see through clear indicators.

When others are being rewarded and enjoying success their beliefs that might be OK will change, and then their attitude toward the change will improve.

→ **Reward Results**

Introducing wholesale change to organisation requires guts and is ultimately very challenging and stressful for anyone involved. Typically in larger organizations there will be a lot of resistance. Change the

KPI's and objectives to reflect the behaviours and results you want to see and reward those who hit the bar. Do this early and often. Word will get out as there will be tangible evidence of company commitment to the process. Soon this will cascade into an enterprise wide culture change.

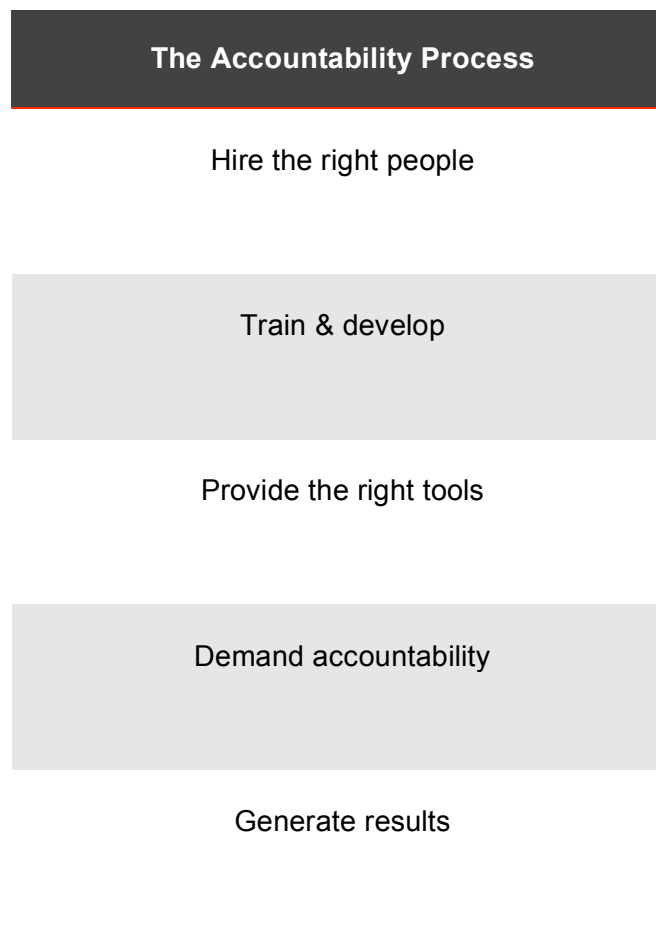
Ultimately you must appeal to people's self-interest. That is their rational self-interest. People will embrace change when they see it is in their best interest. There maybe some new learning, contribution, promotion and so on. Look for people who have the ability to embrace others in their value systems and cultivate them as change agents.



*Meetings are incredible time wasters in organisations, and especially during change programs. To reduce meeting times, **increase objectives**. Strangely the more objectives and clearer they are stated the quicker and less meetings you will have.*

→ Develop Accountability

In any change effort you must hire the right people, train and develop them properly, give them the right tools, before you can demand accountability and generate the results. The first three steps in that order must be followed.



Source: Alan Weiss; Process Consulting.

→ Take Prudent Risks

The conditions for success from a change or innovative effort will never be perfect. But we must leap anyway. The perfect solution doesn't exist. Develop a culture that allows people to make mistakes. If people aren't making mistakes they aren't trying anything new. And they certainly aren't growing and stretching themselves.

The Pareto principle says that 80 percent of the results come from 20 percent of the inputs. Conversely 20 percent of the unknowns in a project will be far too expensive and time consuming to fully comprehend and if you insist on knowing everything in advance you will never begin.

Change and innovation has its inherent risks, and while I am advocating change, I don't mean with reckless abandon. We must take prudent risks. The downside of risk is often overstated. Gather as much information as possible, make the jump and cover your bases, start small, test, then leap.

This quote from Mike Ditka an NFL coach says it all: [Success isn't permanent, and failure isn't fatal.](#)

→ Be a learning organisation

A great deal of organisational learning will occur as you progressively implement a series of projects. Ultimately you must learn from every project and engagement. To do this, set objectives for the learning. Have the leadership team review these pre and post projects, and hold de-brief sessions after completion.

Provide assistance to the projects team to implement the learning outcomes from each project and provide assessments of the impacts of the learning up the line.

Summary

Depending on the size of your organisation the time taken to fully imbed this, as a way of doing things around here is likely to be two to three years at the minimum. So know your strategy – GE called it the GE Way. Is this intended to be ad-hoc as systems and processes become problems, in which case you bring in a consultant in? Or are you intending to reap the powerful rewards of embedding this into the culture? If so, commit strongly and early. Obviously a pilot will be required, from experience there is little doubt about the ROI that will be attained, but if this isn't being discussed at board level then it simply will not work. It requires focus and commitment from the top down.

About Daniel

Daniel Lock is the principal of Daniel Lock Consulting Group, a firm specialising in helping leadership to innovate to more rapidly achieve individual and organisational goals.

Daniel is a former project manager, and operational manager at Westpac Bank in Adelaide, Australia. He has managed both line and project functions, and overseen re-organisations and department amalgamations. He has been a speaker at Westpac charity workshops.

The Bank awarded Daniel Excellence in Quality Awards, for outstanding and innovative work maximising the team effort in a quality enhancement project. He currently sits on the sponsorship committee and education committee of the South Australian chapter of the Urban Development Institute of Australia (UDIA).

Daniel is a member of the Urban Development Institute of Australia (UDIA) where he serves on the sponsorship committee, the Australia-Israel Chamber of Commerce (AICC), Young Business Leaders Forum (YBF) and National Speakers Association of Australia (NSAA).

The facilitation of strategy formulation, implementing innovation strategies, process improvement and coaching in creative and innovation thinking skills has been numbered amongst his work. For the latest information about our product and services, please see the following resources:

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