Leading Change

Presented by IMA Leadership Academy

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Featured Presenter

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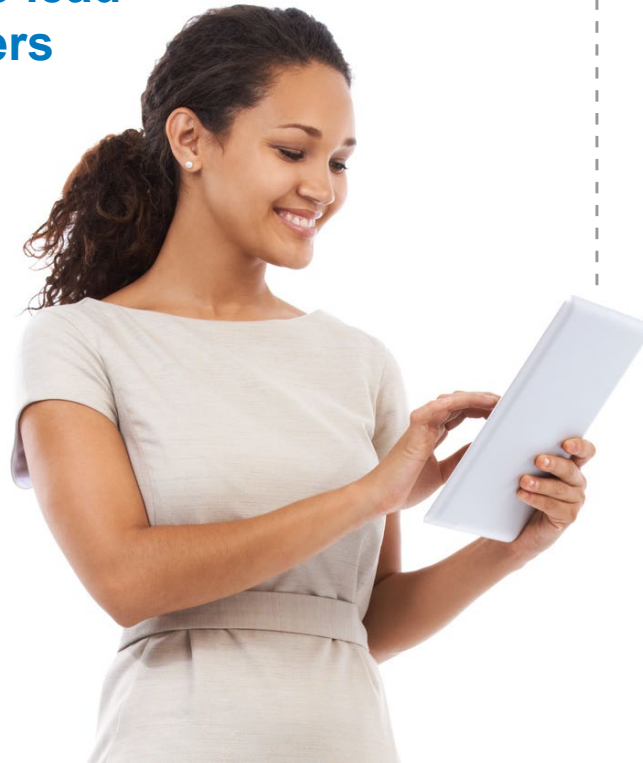
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Course Goal and Agenda

We all know that change is accelerating and ever-present. Our goal in this course is to improve management accountants' **ability to lead themselves and others through change**.

- ● **Introduction**
- ○ **Change Management Basics**
- ○ **Kotter's Model Updated**
- ○ **Addressing Disruptive Change**
- ○ **Close**

Learning Objectives

AFTER THIS SESSION, ATTENDEES WILL BE ABLE TO:

DEFINE | change management and its benefits and challenges.

DEFINE | disruptive change and its common causes.

IDENTIFY | ways to help others through change.

DESCRIBE | Kotter's Change Model and updates to the model.

LIST | strategies for leading through disruptive changes.

Reflection

1 **WHAT** are some of the **strategies** you use to personally **cope with change?**

2 **WHAT** is the **best example** of managing change that you have seen? **What made it the best?**

Definitions

CHANGE

- Any **alteration** of a situation or a process.
- An **outer event** that happens to us.

CHANGE MANAGEMENT

- An **enabling framework** for managing the people side of change.
- A **systematic approach** to dealing with the transition or transformation of an organization's goals, processes, or technologies.

CHANGE vs. CHANGE MANAGEMENT

Source: See Bibliography [25,43]

Benefits of Change Management

ORGANIZATIONS WITH **EXCELLENT CHANGE MANAGEMENT** ACHIEVE GREATER SUCCESS.

6X
More likely to achieve project objectives

5X
More likely to stay on or ahead of schedule

2X
More likely to stay on or under budget

ACHIEVE
People-dependent ROI

- Greater alignment between suggested change and what gets implemented.
- Better ability to identify what can be safely eliminated or updated.
- Employees stay engaged in the organization during disruptive change.
- Employees understand why the change is happening.
- Employees have the time and tools to get on board and feel heard and supported.

PW-3

Challenges

- **Resource management**
- **Resistance**
- **Communication**
- **New technology**
- **Multiple points of view**
- **Scheduling issues**

Source: See Bibliography [25]
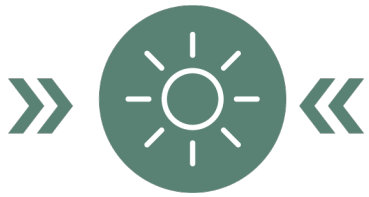
Forces of Organizational Change

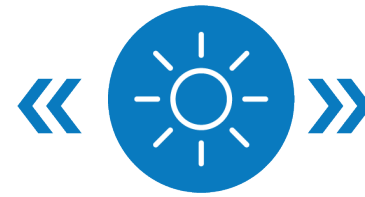**Planned Internal Change**

- Changes in services or products
- Changing administrative systems
- Changes in organizational structure or size

Unplanned Internal Change

- Change in demographic composition
- Performance gaps

Planned External Change

- Technological innovations
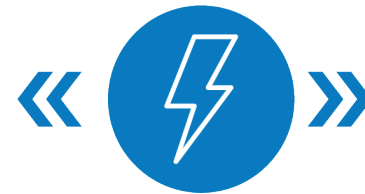
Unplanned External Change

- Government regulation
- Global economic competition

Source: See Bibliography [19]

Change Indicators

EXTERNAL

- Increase in customer complaints or customers lost
- Decline or unexpected financial results
- Poor supply chain relationships
- Loss of market share

INTERNAL

- Breakdowns in communication
- Inconsistent effectiveness, efficiency, and productivity
- Missed deadlines
- Low morale
- Bullying or abusive team member
- Employee turnover
- Absenteeism
- Employees avoiding taking risks

Source: See Bibliography [8]

Poll Question #1

Of the forces of organizational change, which has had the **greatest impact** on you over the last year?

A. Planned internal change

B. Planned external change

C. Unplanned internal change

D. Unplanned external change

E. I have not been impacted by change in the last year.

Poll Question #1 Results

Best Practices for Change Management

① **Establish** a clear vision.

② **Plan** carefully.

③ **Recruit** champions of change.

④ **Support** your employees.

⑤ **Focus** on skill development.

⑥ **Explore** the reasons behind any resistance.

⑦ **Don't expect** to implement change overnight.

Source: See Bibliography [2,12,17,24,25,26,29,33,36]

More Best Practices for Change Management

8   **Monitor** and measure.

9   **Focus** not only on immediate goals but also on the process of change itself.

10   **Take the time** to build consensus rather than bulldoze dissenters.

11   **Consider** feedback as a guide rather than as an obstacle.

12   **Demonstrate** strong leadership.

Source: See Bibliography [24,25,29,36]

Communications

CONSTANT
CLEAR
COMPELLING
CREDIBLE

Source: See Bibliography [1,24,26,33]

Bridges' Transition Model

ENDING

- **Gain as much information as possible about the change**
- **Consider what is at the root of the change, and how the change will allow you to keep what really matters**
- **Identify what is continuing**
- **Compensate for loss**
  - **Allow for grieving**

NEUTRAL ZONE

- **Don't rush through this stage**
- **Remember that this stage is temporary**
- **Develop short-term goals**
- **Create temporary support systems**
- **Recognize that feelings are okay**
- **Be gentle with yourself**

BEGINNING

- **Visualize the change you desire**
- **Consider your specific role and how you can concretely contribute toward living the change**
- **Continue to share your concerns and problems**

Source: See Bibliography [5,28,41]

Applying Bridges' Model

- **Understand** employees' emotions.

- **Define** the change and educate employees.

- **Share** regular feedback.

- **Set** quick wins and milestones.

- **Sustain** the change.

ENDING

NEUTRAL ZONE

BEGINNING

Source: See Bibliography [5,28]

Poll Question #2

In leading others through change, which application of **Bridges' Transition Model** do you most want to remember and use?

A. Understand employees' emotions

B. Define the change and educate employees

C. Share regular feedback

D. Set quick wins and milestones

E. Sustain the change

Poll Question #2 Results

Kotter's Original Model—The Eight Steps

1 CREATE URGENCY

2 FORM A POWERFUL COALITION

3 CREATE A VISION FOR CHANGE

4 REMOVE OBSTACLES

5 COMMUNICATE THE VISION

6 CREATE SHORT-TERM WINS

7 BUILD ON THE CHANGE

8 ANCHOR CHANGES IN CULTURE

Source: See Bibliography [22]
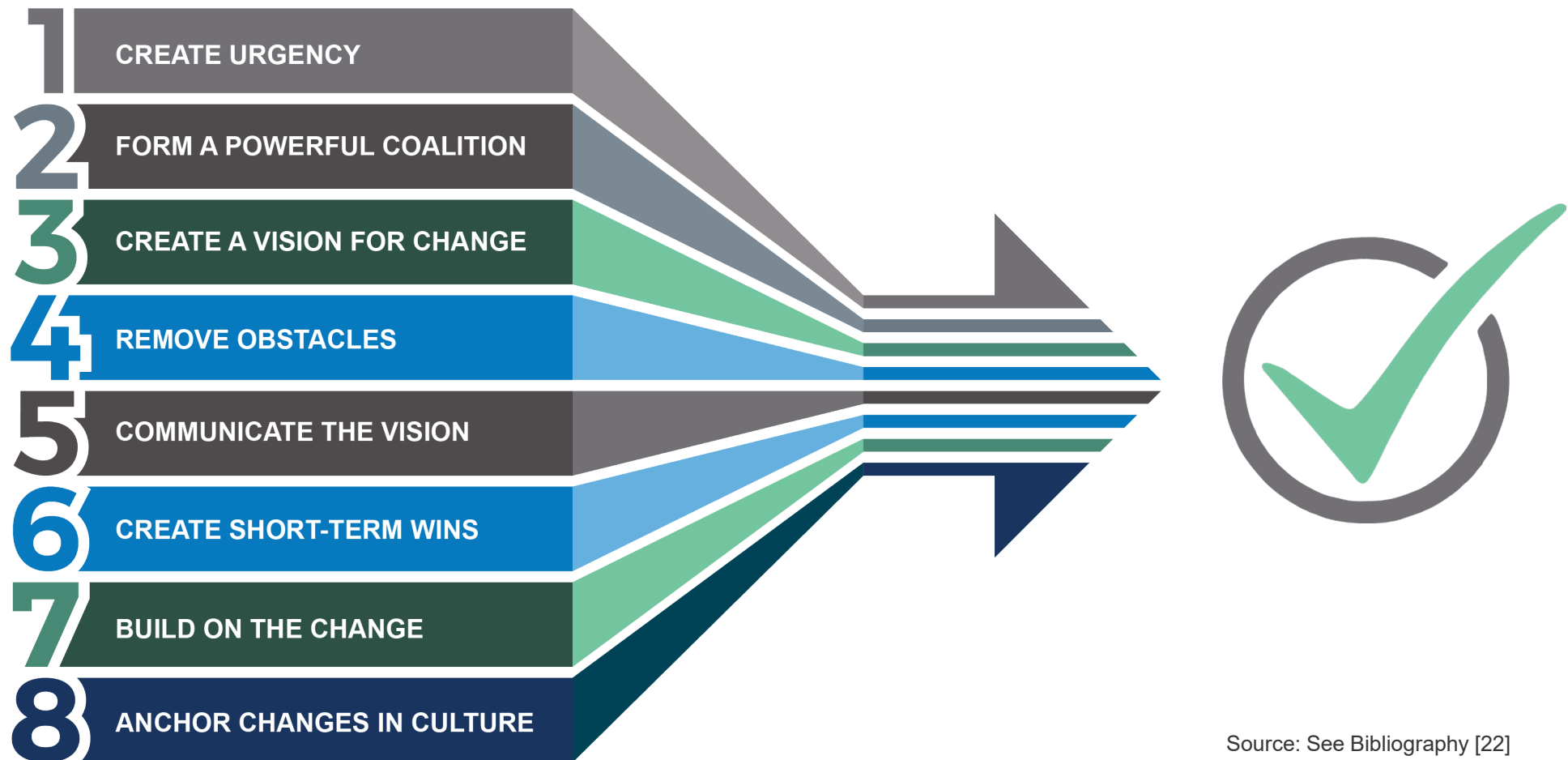
The Enhanced Model—The Eight Accelerators

Source: See Bibliography [4]

Create a Sense of Urgency

What is your big opportunity?

- Do you see a **big opportunity** that could ignite the hearts and minds of your people?

- Do you know how to **identify, articulate,** and **communicate** it?

- Are you able to connect an **external change factor** with a special capability of your organization?

- What are the stakes if you **succeed?** What are the consequences if you **fail?**

CREATE A sense of urgency

BUILD A guiding coalition

FORM A strategic vision and initiatives

ENLIST A volunteer army

ENABLE Action by removing barriers

GENERATE Short-term wins

SUSTAIN Acceleration

INSTITUTE Change

THE **BIG** OPPORTUNITY

Creating True Urgency
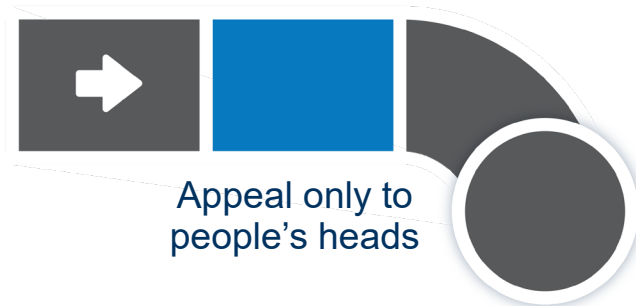
The Path to SUCCESS
Appeal to people's hearts

Connect to people's deepest values

Human experience

Create simple and imaginative messages

Engage the senses

Call people to aspire

The Path to FAILURE

Appeal only to people's heads

Source: See Bibliography [22]
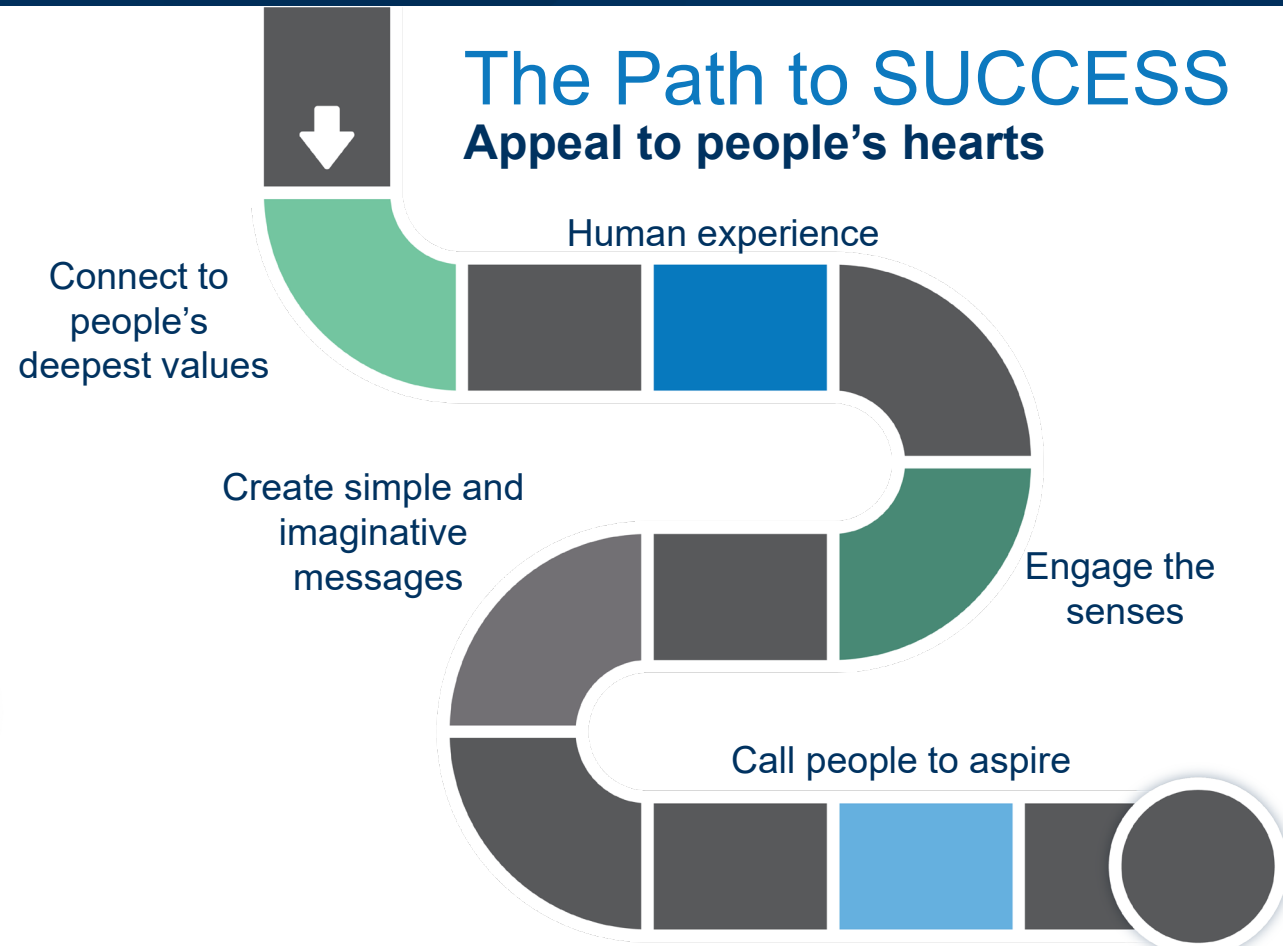
Build a Guiding Coalition

What makes a great coalition?

- **Diversity** of the team.

- An **ability and a willingness** to work across the hierarchy with all levels and functions… with respect and energy.

- A **commitment to the change** initiative at hand.

THE **BIG** OPPORTUNITY

CREATE
A sense of urgency

BUILD
A guiding coalition

INSTITUTE
Change

FORM
A strategic vision and initiatives

SUSTAIN
Acceleration

GENERATE
Short-term wins

ENABLE
Action by removing barriers

ENLIST
A volunteer army

Source: See Bibliography [4,22]

Form a Strategic Vision and Initiatives

What makes a great strategic vision?

- **Motivates** people to take action

- **Coordinates** and aligns their actions

- Without it, **strategic initiatives** can struggle to get activity behind them

- **Clarifies** how the future will be different from the past and how that future will become a reality

- **Ties directly** to the big opportunity

Source: See Bibliography [4,22]

Nine Steps for Creating a Strategic Vision

1 DETERMINE THE VALUES THAT ARE CENTRAL TO THE CHANGE.

2 DEVELOP A SHORT SUMMARY OF THE VISION.

3 CREATE A STRATEGY TO EXECUTE THE VISION.

BUSINESS PLAN QUESTIONS:
- **What** actions or changes will occur?
- **Who** will carry out these changes?
- **By when** will they take place and over what period of time?
- **What** resources are needed to carry out these changes?
- **What** is the plan for communication?

ASK:
- **What** beliefs do you want to change?
- **How** do you help people adopt the new belief?
- **What** actions do you want people to take?
- **What** beliefs support those actions?

4 CREATE AN ELEVATOR SPEECH.

5 PRACTICE THE VISION SPEECH FREQUENTLY.

6 COMMUNICATE THE VISION FREQUENTLY.

7 ADDRESS CONCERNS OPENLY AND HONESTLY.

8 APPLY VISION TO EVERYTHING.

9 TIE EVERYTHING BACK TO THE VISION.

Source: See Bibliography [22]

Poll Question #3

Beginnings are often foundational. Of the initial **accelerators**, which have you found to be most **challenging**?

A. Identifying a big opportunity

B. Creating a sense of urgency

C. Building a guiding coalition

D. Forming a strategic vision and initiatives

Poll Question #3 Results

Enlist a Volunteer Army

How do you build a successful volunteer army?

- Give people a **reason and motivation** to join the movement.

- **Don't overdo it.** About 15% of your organization is enough to build material momentum toward change.

- **Recognize the effort** of existing volunteers to keep them engaged and to recruit more.

THE **BIG** OPPORTUNITY

- **CREATE** A sense of urgency
- **BUILD** A guiding coalition
- **FORM** A strategic vision and initiatives
- **ENLIST** A volunteer army
- **ENABLE** Action by removing barriers
- **GENERATE** Short-term wins
- **SUSTAIN** Acceleration
- **INSTITUTE** Change

Source: See Bibliography [4]

Enable Action By Removing Barriers

How to spot barriers:

- **Think about why past initiatives have failed.** At what stage? Did they get off the ground at all? Stall midway? Get completed but then abandoned?

- **Barriers can be commonly accepted statements that can deter attempts to get past legacy obstacles.** These are statements like, "It's just not done that way," or "We tried that before—it didn't work."

- **Common barriers** include silos, parochialism, pressure to hit numbers, complacency, legacy rules or procedures, and limited access to key stakeholders and leaders.

Source: See Bibliography [4]

Generate Short-Term Wins

Characteristics of an effective win:

▪ **Relevant** in light of the opportunity before you.

▪ **Meaningful** to others.

▪ **Unambiguous, visible, and tangible** such that people can replicate or adapt it.

CREATE
A sense of urgency

BUILD
A guiding coalition

INSTITUTE
Change

THE **BIG** OPPORTUNITY

FORM
A strategic vision and initiatives

SUSTAIN
Acceleration

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Source: See Bibliography [4]

Sustain Acceleration

Tips:

- **Revisit urgency** after generating some significant wins.

- Get more and more people **involved.**

- With new volunteers and fresh eyes, you'll find **more barriers** in need of knocking down. Remove them, too!

Source: See Bibliography [4]

Institute Change

Making it stick:

- **Accelerator #8** is about sustaining new muscles, new behaviors, and new ways of working long into the future.

- **New practices** must be deeply rooted and anchored to replace the old ways.

- There must be **clear communication and synchronization** between the traditional hierarchical structure and the innovative network of volunteers.

- **A key challenge** is grafting the new practices onto roots that may be old but still effective, while killing off the inconsistent pieces.

INSTITUTE Change

CREATE A sense of urgency

BUILD A guiding coalition

FORM A strategic vision and initiatives

ENLIST A volunteer army

ENABLE Action by removing barriers

GENERATE Short-term wins

SUSTAIN Acceleration

THE BIG OPPORTUNITY

Poll Question #4

Consider the following **accelerators**. Which, in your experience, is most often **overlooked** in change management efforts?

A. Enlist a volunteer army

B. Enable action by removing barriers

C. Generate short-term wins

D. Sustain acceleration

E. Institute change

Poll Question #4 Results

Addressing Disruptive Change

Definition

DISRUPTIVE CHANGE

occurs when the fundamental concepts and processes of an industry or business start to shift.

Disruptive change often requires **high-level strategic responses** from company leadership to ensure the company can survive long-term.
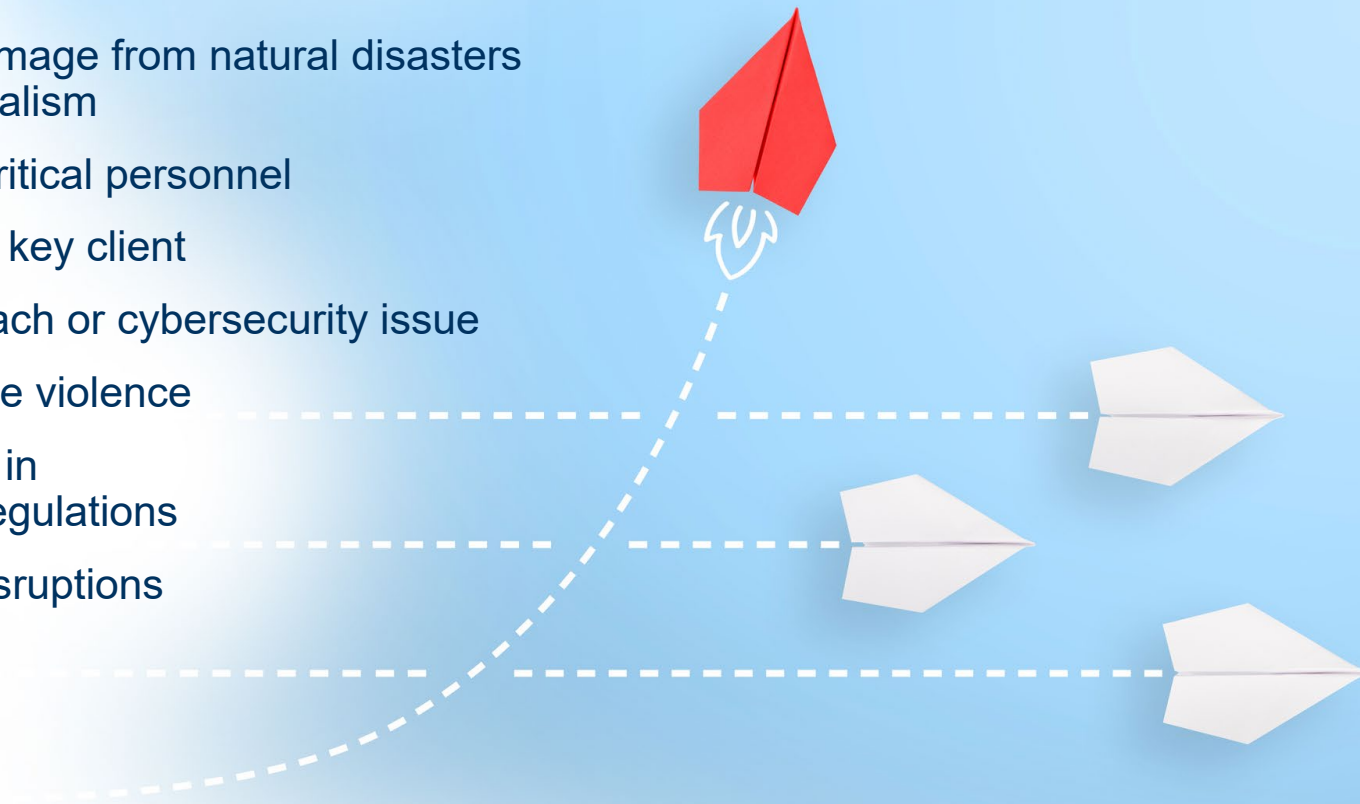
DISRUPTIVE CHANGE

Source: See Bibliography [14]

Potential Indicators and Common Scenarios

POTENTIAL INDICATORS

- Government and industry rules

- Limited supply chain availability

- Lower volume of customer interactions

- Decreased customer satisfaction

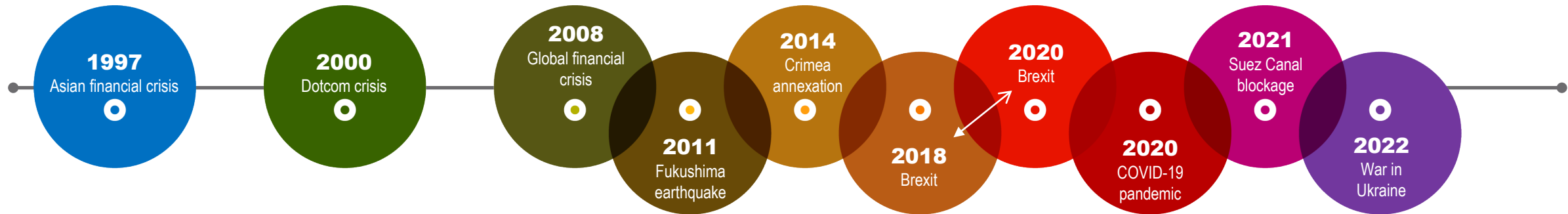- Specialties entering the mainstream

- Changing public opinion

COMMON SCENARIOS

- Office damage from natural disasters and vandalism

- Loss of critical personnel

- Loss of a key client

- Data breach or cybersecurity issue

- Workplace violence

- Changes in laws or regulations

- Global disruptions

Source: See Bibliography [14,15]

Global Disruptions

LARGE-SCALE DISRUPTIONS TO THE **GLOBAL ECONOMY** ARE OCCURRING MUCH **MORE OFTEN**.

1997 Asian financial crisis

2000 Dotcom crisis

2008 Global financial crisis

2011 Fukushima earthquake

2014 Crimea annexation

2018 Brexit

2020 Brexit

2020 COVID-19 pandemic

2021 Suez Canal blockage

2022 War in Ukraine

Source: See Bibliography [6]

Responding to Disruptive Change

- **Shift strategic priorities** to values-driven, sustainable performance and resilience

- **Assess** your resources

- **Study** your competition

- **Diversify** your efforts

- **Identify** new demands

- **Acknowledge** people's emotions

- **Perform** a SWOT analysis

- **Plan** your communication and first steps.

Source: See Bibliography [6,14,15]

Personal Coping

- **Reach out** for help if you feel overwhelmed.

- **Create** a daily schedule or structure.

- **Be easy** on yourself.

- **Focus** on what you can control.

- **Engage** in creative activities.

- **Limit** news exposure.

Source: See Bibliography [31]

Crisis Plays Out Over Three Timeframes

RESPOND

A company deals
with the present situation
and manages continuity

RECOVER
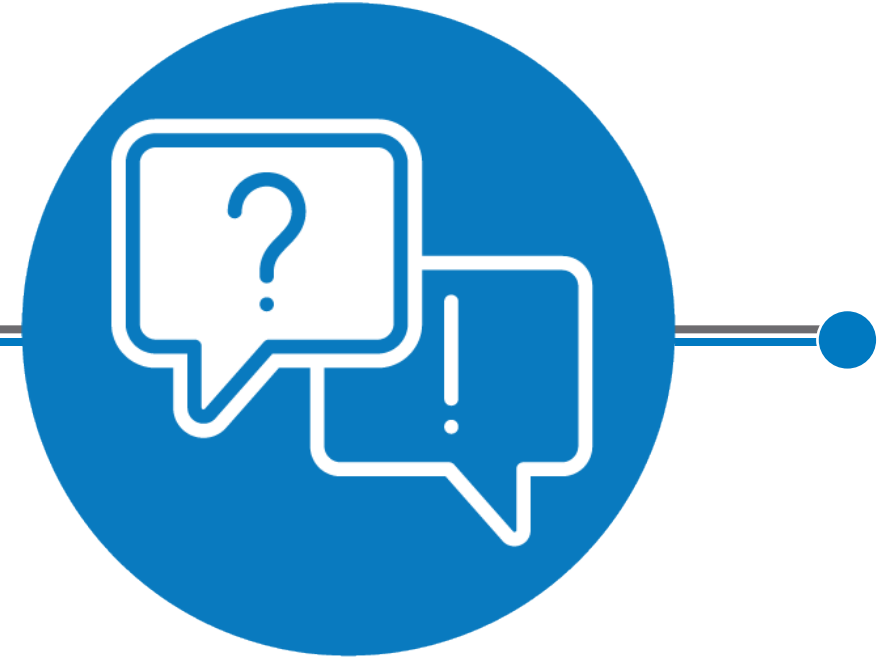
A company learns and
emerges stronger

THRIVE

The company prepares
for and shapes
the "next normal"

Source: See Bibliography [37]

Responding

Five fundamental qualities of resilient leaders:

① **Design** from the heart…and the head.

② **Put** the mission first.

③ **Aim** for speed over elegance.

④ **Own** the narrative.

⑤ **Embrace** the long view.

Recovering

Five imperatives:

(1) **Understand** the required mindset shift.

(2) **Identify and navigate** the uncertainties and implications.

(3) **Embed** trust as the catalyst to recovery.

(4) **Define** the destination and launch the recovery playbook.

(5) **Learn** from other's successes.

Source: See Bibliography [37]

Thriving

- **Adapting, adjusting, prioritizing, and creating** resilience to manage through instability.

- **Embracing** the insights and capabilities that the disruptive change has accelerated to reimagine the future.

- **Where** do we want to go? **How** quickly? And **how** will we get there?

Source: See Bibliography [37,42]

Poll Question #5

For the three crisis timeframes identified, which one is most often **overlooked** in your experience?

A. Respond

B. Recover

C. Thrive

D. Respond and Recover

E. Respond and Thrive

F. Recover and Thrive

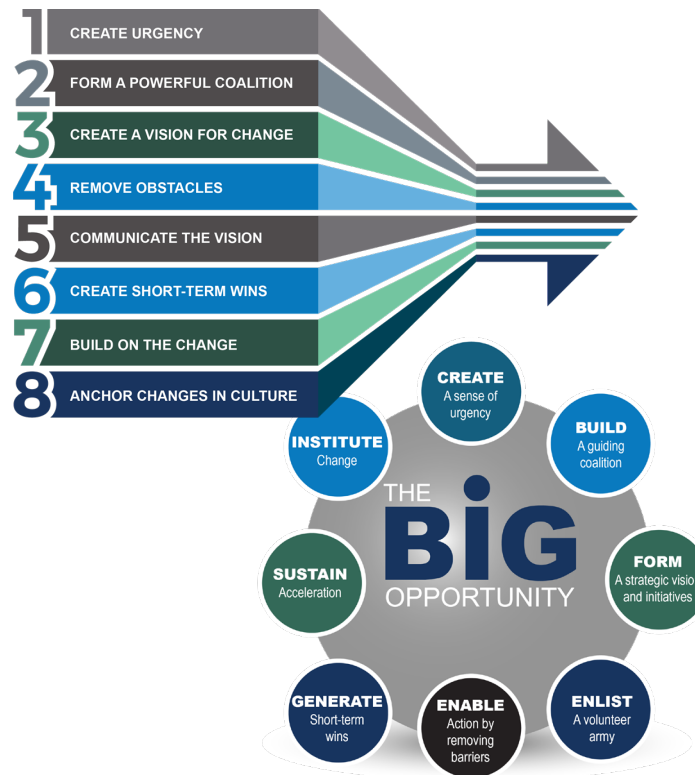G. All three

Poll Question #5 Results

Close

Key Ideas

CHANGE MANAGEMENT BASICS

- **Benefits** of change management
- **Challenges** of change management
- **Forces** of organizational change
- External and internal **change indicators**
- **Best practices**
- **Communications**
- **Bridges' Transition Model:** Ending/Neutral Zone/Beginning

KOTTER'S MODEL UPDATED

1 CREATE URGENCY
2 FORM A POWERFUL COALITION
3 CREATE A VISION FOR CHANGE
4 REMOVE OBSTACLES
5 COMMUNICATE THE VISION
6 CREATE SHORT-TERM WINS
7 BUILD ON THE CHANGE
8 ANCHOR CHANGES IN CULTURE

THE BIG OPPORTUNITY

- CREATE A sense of urgency
- BUILD A guiding coalition
- FORM A strategic vision and initiatives
- ENLIST A volunteer army
- ENABLE Action by removing barriers
- GENERATE Short-term wins
- SUSTAIN Acceleration
- INSTITUTE Change

ADDRESSING DISRUPTIVE CHANGE

- Potential **indicators**
- Common **scenarios**
- **Global disruptions**
- **Responding** to disruptive change
- **Personal coping**
- **Crisis timeframes**: Respond/Recover/Thrive

Learning Objectives, *revisited*

AFTER THIS SESSION, ATTENDEES WILL BE ABLE TO:

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IDENTIFY | ways to help others through change.

DESCRIBE | Kotter's Change Model and updates to the model.

LIST | strategies for leading through disruptive changes.

Action Plan

WHAT? A **new idea** you got from this workshop	SO WHAT? Why the idea is **important** to you and the work you do	NOW WHAT? One way you can **use** this idea in your work

Questions and Answers

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