

Developing strategic changes to generate a competitive advantage

Background

Change management is an approach that allows today's leaders to introduce strategic changes into their organizations in an effective way. This so that companies increase their adaptation levels in order to generate a competitive advantage. Then, when an organization needs to introduce strategic change, people are supported so that they are ready, willing and able to assimilate such change. This, regardless of the nature of the change: Introduction of new technology, new processes, new certifications, new parameters for the organization culture, among others.

This, because it has been seen in many occasions that strategic changes fail because even though the new technology has been installed or the new processes have been already defined, people simply do not use them. Consequently, going back to investing does not happen within the time planned.

Therefore, the objective of this article is to share what the strategic value of planning and manage changes is. And at the same time, to make reference to some of the main risks associated to any change. As a result, we would have a reference framework so that the next transitions to be lead are successful.

Manage change?

Although Heraclitus (535-475A. C.) already reflected on the fact that everything changes, that nothing remains and that "we cannot shower twice in the same river"; at the beginning of this new millennium the nature of change, in a general context, has been considerably modified:

- The volume of changes has increased
- The *momentum* or the duration of a change before another change is implemented has decreased
- The nature of changes is more complex

Thus, when we talk about managing or planning strategic changes within an organization, we refer to the approach that allows those who introduce or lead strategic changes of any kind, to decrease the risks associated with it. In which case two significant benefits will be obtained:

- The people who will live this change will be ready, will want and be able to assimilate it
- The investment made while introducing this planned change will be capitalized

As a result, the pace at which a company will be adapting to the demands of its environment will be much faster and therefore, change management itself becomes a tool to generate a competitive advantage.

Changes and transitions?

Before speaking about planning a specific change in an organization it's important to differentiate between a change and a transition:

Change: Something external to the individual, something that happens and that affects human being
Examples:

- The loss of a love one
- Getting a new job
- The birth of a new son/daughter
- The arrival of a new director
- The new economic and social policies of a specific government
- New technological developments, etc.

Transition: Something internal to the individual, the adaptation process the human being is experiencing upon the emergence of change. Examples:

- The process a person faces when he/she losses a love one
- When a job somebody has had for many years is lost, the psychological adaptation experienced by the person given its new reality
- When after performing a job in a given way, one is informed overnight that there will be a new information system that will help do the job; the internal acceptance period experienced upon the arrival of this new tool

A specific case of applying these concepts may be when a leader of a company makes the decision to invest in a new information system to provide a better service to clients. The introduction of change is the time when the new system is launched (and the old management and/or control methods stop functioning). On the other hand, transition would be an adaptation process experienced by those involved or employed upon the arrival of new technology.

Therefore, before the new information system is introduced, it will be necessary to plan how and when to introduce such change. So that, upon the arrival of it people want, embrace and can use the new system. In my experience, for example, depending of the scope and impact of a new technological system, in order to be successful, preparations may take from a few weeks to months.

What is the value of planning change?

The great difference between not planning a change and planning it is that:

- When the introduction of a change is planned, the transition people will go through (red arrow) - See FIGURE 1 - may take much time. Further, the loss of productivity will be very high, since the depth of “living in the valley of desperation” may be very deep when planning the introduction of change, transition (green arrow) will be carried out smoothly - See FIGURE 1 - That is, if the people was prepared in advance and the key risks associated with it were mitigated, transition will be carry out within the expected time and the low productivity will be minimal.

One of the key observations - after having supported different teams to successfully introduce strategic changes internationally and globally - is that this simple aspect (planning or not planning change) makes a major difference between the companies that invest and see concrete results and those that invest but never recover their investment.

FIGURE 1

Thus, managing change is simply to assure that the companies are ready, that they want and can successfully embrace change.

Is change a process?

While moving from a point A (current state) to a point B (wished state) implies a sequence, it is important to highlight that this is not an automatic series of steps. That is, what is happening in individual, team and organization contexts will always have to be observed.

The next time that a change process is decided to be started, make sure you have information about the main risks associated to this change in these three aspects:

- Individuals: What motivates them? What distracts them? What does the arrival of this change mean for them? In what way does it have impact on them?
- Team: What would it be necessary to communicate them before, during and after the arrival of the change? What kind of skills and qualifications do they need to develop? Who benefit with the change?
- Organization: Is this change aligned with the strategic frame or not? Do the heads of the company agree with the benefits of this change? In general, how does the company react to changes?

How to effectively plan a change?

Let's imagine that at this time your company is experiencing a situation A (current state) and that in order to continue in the market it needs to move to a situation B (future state): What strategic changes would you implement? Regardless of the fact that they are aspects related to a new technology, new processes, a new profile of the work team, a new organizational structure or even to set the basis for a new organizational.

Therefore, effectively planning a change implies not only to overnight announce that the change will arrive at a specific time. On the contrary, so that transition is smooth (in the shorter time and with minimal decrease of productivity) it is necessary to observe the following points:

- Identify the risks associated to the change (at individual, team and organization levels) to just assure that people are ready to assimilate it.
- Start action BEFORE a change is introduced to "prepare the terrain" and also
- Continue the action AFTER the change has arrived.

Assuming, for example, that the strategy to move from point A to point B is to introduce a new technology, the stages previous to the introduction of the change shall include the following:

Analysis: Stage where the risks associated to a change are identified.

- **Design:** Stage where it is determine how the key risks will be mitigated and at the same time it is determined what tools will be used to duly prepare the terrain for the arrival of change. Examples:
 - If the risk to be mitigated is “sponsorship”, identify the structure that is most suitable to promote and lead change.
 - If the main risk is a communication strategy, identify to whom communication will be addressed, what kind of messages will have to be issued, how often they will be issued, who will be in charge of executing them, what means will be the most effective, etc.
 - If it is about a learning strategy, determine the specific training needs and the programs to be developed so that the people can have the skills that are necessary in the situation B.
- **Development:** Stage where the tools to mitigate change are created. For example, making a reference to specifically how to mitigate the risk of lacking communication, develop all the tools necessary for communication to be effective: electronic messages, posters, newspapers, information meetings, intranet, letters, articles in internal magazines, etc.

Now, as for the introduction of change itself, pilot tests shall be planned as well as the supportive structure so that when change arrives (day zero or the launching day) people can make adjustments to their daily operations almost immediately. It will also be very important how to celebrate the arrival of this change, so that the people celebrate at this point such arrival.

At the same time, once a change has been introduced, it is also important to lead these stages so that transition to situation B is successfully carried out:

- **Post-implementation:** Stage in which all the participants affected by change are closely supported to begin transition in such an effective way. For example, this is the time to apply specific contingency plans, to establish specific supporting structures, etc.
- **Stabilization:** Stage in which it is assured that the change gaps between situation A and B are minimal. It is here where all the persons affected by the change are closely supported so that the transition is successfully attained.

Where do I get started?

Although to this point the change has been stated, it may be managed as an integral approach (from an analysis stage through a stabilization stage). What can we do the next time it is decided to introduce a strategic change in the company?

The answer is very simple, to identify: what are the risks associated to the change that you wish to introduce? So that, as soon as the project or initiative is conceptualized, it is known where you are standing and what measures are necessary to be taken to assure that people are ready, want and can assimilate the change in question. Thus, we can have a solid platform so that in further stages there is a high probability of success (design, development, introduction of change, implementation and post-implementation).

This because in many occasions, given the decision of introducing a change, isolated efforts are made which instead of preparing the terrain, they increase the likelihood of failure. Then, besides making reference to some of the key risks, questions are shared that allow exploring their nature and scope.

Factors to get ready: They are those that allow identifying the extent in which a company “is ready” to begin a given change. Examples:

Direction:

- Have the business reasons for change been identified? If the answer is no, take into account that the likelihood of failure is high.

Alignment:

- Is the change aligned to the strategic frame? If the answer is no, be careful since the risk to initiate the change effort but not having positive results is very high.

Factors of Wanting: They are attributes that allow us to identify the extent in which a company “wants” or is open to a change. Examples:

Culture:

- What are the cultural characteristics of the company? Is this change compatible with culture?
- Can this change be perceived as positive or negative by the different groups/audience? Why?

Organizational Resistance

- Are there potential conflicts between this change and the organization objectives? If so, what kind of resistance may occur?

Skill Factors: They are aspects that allow identifying the extent of “power or skill” that the organization has on a change. That is, the organization is maybe ready and wants to initiate a change but this does not necessarily mean that it can do it.

Planning

- Is there a plan to mitigate and manage all the risks associated to this specific change? Will there be sufficient resources to support the implementation and transition? Is it clear how change will be measured?

Skills

- Are there other skills that need to be developed as a result of this change?

Conclusions:

After going over some of the most general aspects of change management we may conclude the following:

- Change management is not the solution for all your problems. However, it is a simple perspective that allows assuring that people -given the strategic changes of an organization- are ready, want and can successfully adapt to change.
- Change management is “a catalyst” that allows assuring the investment of an organization is recovered since it prepares the terrain so that when change comes people can assimilate it.
- Planning the introduction of strategic changes may become a competitive advantage factor since it allows the organization to increase its adaptation capacity before the challenges the organization faces.

Final Comment

After having lead different initiatives - of local, regional and/or global scope- throughout the last decade in different regions of the world, specially, for leaders of my native country (Mexico), I would like to suggest the following points:

- Despite our entrepreneur culture favors short-term decision-making, I call to consider change management as an alternative that, if used properly may help capitalize investment in different areas. This, regardless of the type of investment in question: Technology, processes, certifications, cultural aspects or others. Once the benefits of it are experienced, you will adopt it as a fundamental success tool, as now is pointed it out by the leaders of international organizations that apply it.
- Are you exploring the possibility of introducing change in your organization? Before starting action, identify with your work team what the nature, scope and impact of this change are.
- Once the nature of change has been identified, bear in mind that the process is not automatic. That is, when moving from a situation A to a situation B, this implies to go through a series of structured steps; the context of change implies mobility in individual, team and organization aspects. However, the time invested in planning this mobilization will set the basis for success.
- Finally, but not less important, remember that planning the introduction of a strategic change, so that people are ready, want and can assimilate change, may become a factor to make the difference to generate a competitive advantage in the national, international and/or global market.

Do you have questions or do you wish to have more information about our successful cases in Europe, North America and other parts of the world? Just send me a note, regardless of where I am, I will gladly talk to you.

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