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Title: The Integration of a Change Management Approach With IT Implementations Should Not Be an Afterthought or Add-on

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THE INTEGRATION OF A CHANGE MANAGEMENT APPROACH WITH IT IMPLEMENTATIONS SHOULD NOT BE AN AFTERTHOUGHT OR ADD-ON

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INTRODUCTION

Too often, implementing information technology initiatives neglects consideration of the human factor from very early in the process. The author demonstrates that attention to organization development and change management in IT implementation has resulted in a positive impact on productivity, job satisfaction, and other work attitudes. This justifies proactive efforts to plan for change management effectiveness in most organizational interventions, particularly in IT initiatives that traditionally tend to turn the organization into which they are introduced upside-down.

ENGAGING STAKEHOLDERS FOR SUCCESSFUL INFORMATION TECHNOLOGY CHANGE

One consequence of market competitiveness and survivability pressures is the heavy investment by many organizations in capital-intensive expenditures such as business process re-engineering efforts, and new equipment and technology purchases and implementations (such as IT system hardware, and ERP packages like SAP and Oracle). Additionally, this strategy has continued to be linked to the distasteful and hopelessly short-sighted tactic of employee downsizing, the hope being that these will quickly reduce cost and increase productivity and profitability.

Executives and managers have been seduced into believing the slick presentations by consultants and sales representatives which promise positive results over-night. Alternatively, they have adhered to a century-old belief, which has been largely debunked, that has said that through technological innovation alone survival and prosperity will be assured. It is ironic that almost 40 years after it was demonstrated in the manufacturing and process industries that spending on technology alone did not assure financial survival, the same misperceptions and beliefs are being recapitulated by the IT industry. The prevailing expectation is that the shiny new thing is more “sexy” and easy to sell to customers who are looking for the one thing that will solve all their profitability and survivability issues.

There is much academic research that has shown that it is not the “hard” technology acquisitions by themselves that guide organizational success, but the integration of the implementation of these assets into organizational change management processes that elevate the importance of the human system. It is the integration that really makes the difference. Moreover, it has been demonstrated that the viability or success of downsizing is incomplete, at best, because the impact on employee turnover in the aftermath has not been considered. That is, recent studies suggest that turnover rates are negatively associated with business unit and organizational success, and turnover rates increase significantly post-downsizing (see, for example, Charlie O. Trevor and Anthony J. Nyberg, 2008. Keeping your headcount when all

about you are losing theirs: Downsizing, voluntary turnover rates, and the moderating role of HR practices. *Academy of Management Journal*, 51(2), 259 – 276).

In 2003, a Standish Group International survey showed that an astounding 66 percent of information system (IS) projects failed/were cancelled or were challenged (Standish is a market research and advisory firm that regularly tracks the success of IT projects around the world). It maintained that a significant contribution to this poor showing was the failure of most IS/IT interventions to effectively address employee adoption issues (including how to effectively resolve resistance to change). These findings have been supported by academic studies into the positive health and organizational performance impacts of high involvement, engagement-oriented human resource practices.

This discussion paper will attempt to demonstrate how important it is that the users and marketers of IT tools recognize that in order for computer technology to make the impact that it promises, the users and other impacted stakeholders must be engaged in implementation planning at the beginning instead of as an afterthought. The necessary focus on the effective integration of change management and change leadership processes requires more energy, attention, knowledge and expertise than project managers and business analysts normally have and/or can mobilize given all the tasks that they ordinarily must complete. It is far past time for change management/leadership to be more than just another skill set in a long line of skills in a job description.

THE NEED FOR THE PROACTIVE MANAGEMENT OF CHANGE

In 2004, Statistics Canada reported that investment in information and communication technologies (ICT) had contributed to strong labour productivity growth in Canada after the mid-1990s. Moreover, industries that have invested heavily in ICT, for example, retail trade, finance, and communication services, have experienced more rapid productivity growth. Rapid technological progress in ICT-producing industries has also contributed to strong productivity growth in Canada after the mid-1990s.

However, one must be careful to note that ICT “contributed” to productivity growth; it did not guarantee it, nor is it sufficient. Simply purchasing and installing advanced technologies does not necessarily predict success. Firm performance critically depends on how these technologies are implemented. Successful implementation requires among other things a human resource strategy to develop the necessary worker skills and engage them in the process. In the absence of effective employee adoption, it is unlikely that technological or equipment-based expenditures will demonstrate an adequate ROI.

In Canada, the financial transgressions of the prior sitting government have resulted in the passage of legislation whose intent is to bring fiscal accountability back to the everyday functioning of government, i.e., through implementation of the Accountability Act. For one of Canada’s public safety and security organizations (known herein as “The Agency”), one consequence of the drive for increased accountability, both in the fiscal and service realms, has been to use technology and business process redesign to lever the necessary improvement. One can appreciate that the cultural and people system impacts of these changes are significant including possible role changes as people need to accommodate work processes that are no longer paper-based and require more computer literacy. It also goes without saying that downsizing often accompanies these kinds of work modifications accompanied by undesirable social and health side effects, e.g., stress of being laid off for fear of being unable to provide financially for one’s family. In 2006, Don de Guerre and I referred to research that has clearly identified the negative health consequences for employees of unmanaged and/or poorly managed change and being forced to work in hierarchical, bureaucratic work systems (see Henry A. Hornstein and Donald W. de Guerre, 2006. Bureaucratic organizations are bad for our health. *The Ivey Business Journal*, March/April 2006, http://www.iveybusinessjournal.com/view_article.asp?intArticle_ID=618).

These “change management” consequences have been largely unconsidered and unaddressed by organizations like The Agency, and by most IT consulting and staffing/recruiting firms regardless of what appears in their marketing material even though taking a proactive and more engaging stance in involving their clients and their employees in the implementation would likely result in a lessening of the negative impact on performance that is often seen when change is introduced. Notably, however, “The Agency” engaged change management consultants during their technology and BPR efforts to aid in employee engagement. An organizational health assessment instrument administered after one of the initial phases clearly demonstrated the positive benefits of the engagement relative to a lessened negative performance.

Existing academic research has paid little attention to the fact that external variables have contributed to a disjointed process of organizational reform. When the issue of change has been examined within the public safety and security context, it has most often focused at the micro-level of the police detachment (i.e., enforcement) and its ability to adopt community focused and/or service-based practices. Nonetheless, even in these situations, research has suggested that there is great value in taking a more proactive stance in engaging police officers “on the beat” in the upfront decision making and action planning around how to effectively integrate new practices into their everyday routine. The Canadian Department of National Defense has demonstrated similar results in a recently undertaken major survey of army personnel.

In an unscientific survey of a variety of IT recruiting firms, job boards (e.g., Workopolis, Monster.ca), and career sites of the large IT consulting firms, I entered the words “change management” into their respective search engines. Subsequently, I discovered that the overwhelming majority of career and job opportunities that returned were targeted at those individuals possessing what could be only described as purely technical and IT-support roles (e.g., Java developers, IT project managers and business analysts, and process mapping specialists, respectively). Buried in some of these job descriptions was a requirement for change management, but clearly this was not the priority emphasis. This tends to suggest that the IT industry and those organizations that are receivers of its products and services are woefully unsophisticated about the importance and impacts of proactive change management/leadership. That is, IT organizations tend to approach the inevitable change mechanically and as a result pay inadequate attention to the people who must interact with the technology. What consideration does exist seems to target communications and training alone which, while important, are inadequate responses.

THE CHANGE CHALLENGE

The change challenge that faces IT and other departments when new technology initiatives are introduced is to engage the staff most impacted, not simply communicate to them and/or provide training. Those who are the targets of initiatives often feel quite threatened because they are frequently excluded from receiving necessary information and from participating in decision making, and consequently may be reluctant to be cooperative. They often have insufficient information about the scope of the change, the training implications, the potential for loss of employment, and the potential impact on role changes. The information vacuum is then filled with rumours instead of integrating and engaging all employees with the technology and business process improvement activities. Rumours often have very negative performance consequences.

Some examples of how this could be addressed are presented below:

- The engagement of all staff in a visioning process that encourages their participation in, understanding of, and contribution to future goals

- The creation of internal change agent groups who at the minimum facilitate the communication process between staff and management
- The encouragement of the development of more participative leadership practices in traditionally hierarchically structured organizations

The importance of managing organizational change effectively has compelled a growing number of organizations to attempt to incorporate the discipline into major initiatives of all sorts, from the introduction of IT software packages to business process and organizational structure changes. But as implied by the results of the above informal career search survey, far too many continue to operate as if technology and the know-how associated with it are pre-eminent and sufficient.

Nonetheless, the contribution of effective change management/leadership to the achievement of positive results cannot be ignored. For example, Statistics Canada has reported that Canadian firms have achieved performance improvements of 46 percent for process innovation, 32 percent for product innovation and 25 percent for productivity improvement, when combining high usage of progressive Human Resource Management (HRM) practices with high usage of information and communication technologies (ICT), in change initiatives.

When firms do not include, or use only low levels of HRM practices, and only rely on high ICT for benefits, the resulting productivity improvements were noticeably smaller: 24 percent for process innovation, 14 percent for product innovation and 9 percent for productivity improvement (see Wulong Gu and Surendra Gera, 2004, The Effect of Organizational Technology on Firm Performance. *Statistics Canada Research Paper: The Canadian Economy in Transition Series, Catalogue no. 11-622-MIE – no. 007*).

These findings have served to reinforce the importance of engaging employees in any IT initiative, establishing alignment through an industry best-practice change process, establishing a common vision for the end-state, and to maximizing the benefits derived.

A MANAGEMENT OF ORGANIZATIONAL CHANGE APPROACH

A more systemic, engagement-oriented and process-focused approach to the management of organizational change enables collaboration between leaders, managers and staff in the implementation of technology and business process changes. In order to achieve this collaboration, four interdependent approaches should be undertaken:

1. **Participative leadership:** refers to a set of organizational values and leadership behaviours that can contribute to employees becoming more committed to their organization and its goals, and cultivating better labour-management relationships. It also helps bridge the typical chasm that often exists between leaders/managers and their staff, and contributes to a more adaptive, resourceful and resilient behaviour during periods of change. Participative leadership is an essential component of empowered, high-involvement organizations.
2. **Empowerment:** is defined in terms of developing the organizational conditions that support high staff involvement in change initiatives, sharing “appropriate” decision-making responsibilities among management, supervisors and staff, and sharing of power as appropriate for the circumstances. The applications of empowerment in North American organizations have suffered from a lack of definitional rigour and this has resulted in different consultants defining it differently. Ultimately, this has resulted in much inconsistency in how it has shown up in organizations. This lack of definitional clarity could have contributed to outcomes that were less than satisfactory. Nonetheless, the core of empowerment is employee involvement, shared decision-making, redistributed authority and control, and increased organizational flexibility and

adaptability, just the kinds of practices that have been demonstrated in the management literature to be necessary for successful change, be it in IT, manufacturing or other industry sectors.

- 3. Systems Thinking:** takes the position that organizations are dynamic systems whose parts impact and are impacted by both external and internal influences. Taking a “Systems Thinking” perspective is a conceptual framework that has been developed by a number of academics (e.g., Fred and Merrelyn Emery, Peter Senge) and practitioners to help understand that organizations are made up of highly interdependent processes that are also impacted by the environment. This means that the smallest intervention will have unanticipated influences on other parts of the organization. This in turn means that there will be situations that require tools, methods and techniques that are more group-focused rather than individual-focused, e.g., a group visioning process has the impact of increasing participants’ awareness of other parts of the organization and how the parts influence one another. This would not happen if an individual intervention occurs.

The commonality of language, mental model and approach is guaranteed by ensuring that staff, management and leaders work in an integrated and collaborative fashion. This also ensures an understanding of the intricacies of leading and participating in a large system change effort, and contributes in a significant way to the return on investment. However, in order for an organization to see long-term benefit, it is necessary that it be prepared to devote on-going energy and resources to maintaining innovations, and to transform itself by adopting practices that appear to have not been previously utilized, e.g., continued development of the change agents, a deliberate awareness of innovations in the change management and organization development literatures, and more consistent information exchange with all staff.

This strategy involves alignment between impacted personnel and facilitates strong partnerships among those taking responsibility for any IT initiative. This strategy is designed to shift embedded organizational beliefs, values and attitudes at every level of the organization to support the implementation of the business transformation initiatives.

- 4. The change process:** There are many models, approaches and techniques that recognize the above three conditions that can be engaged to assist organizations with their transitions when new technology and business processes are introduced. The model or approach that is chosen and when, and whether to attempt the change process alone or with the assistance of consultants, are often complex issues that should not be answered in the absence of thoughtful consideration. Yet, responsibility for dealing with these issues is often placed on the plate of project managers and/or business analysts who are either ill-prepared in terms of knowledge and applicability of different change processes, or so over-burdened with task responsibilities that they are unable or unprepared to devote the necessary attention to change management/leadership. Moreover, involvement of organizational leaders is often problematic. That is, executives take a “hands-off” stance assuming that successful implementation will occur without their involvement and support. This is a dangerous situation that can interfere with successful execution.

So, what is to be done? First, attention to effective change management must not be off-loaded onto resources that may be ill equipped to handle it. Second, change management/leadership is an important enough issue that project teams should incorporate assets that have specific expertise and experience rather than it being part of a lengthy list of responsibilities foisted on someone who is unable to give it its due course. And third, organizations should be familiar with and consistently attend to the issues identified by the change process that was developed by John P. Kotter, the Konosuke Matsushita Professor of Leadership, Emeritus at the Harvard Business School.

It effectively integrates participative leadership, empowerment and systems thinking, and suggests that effective change is largely dependent on ensuring that the appropriate leadership and support processes, procedures, structures and systems are in place. It easily accommodates the large system change processes that are available (e.g., The Search Conference, Participative Design Workshops, Appreciative Inquiry, Whole-Scale, and Open Space).

Kotter maintains that change will in most cases proceed according to the following eight-step process described in more detail below:

1. ESTABLISHING A SENSE OF URGENCY
 - Identifying and discussing major opportunities and being clear why they must be accomplished now
2. CREATING THE GUIDING COALITION
 - Putting together a group with enough power to lead the change
 - Getting the group to work together like a team
3. DEVELOPING A VISION AND STRATEGY
 - Creating a vision to help direct the change effort
 - Developing strategies for achieving that vision
4. COMMUNICATING THE CHANGE VISION
 - Using every vehicle possible to constantly communicate the new vision and strategies
 - Having the guiding coalition role model the behaviour expected of employees
5. EMPOWERING BROAD-BASED ACTION (empowering people to effect change)
 - Getting rid of obstacles
 - Changing systems or structures that undermine the change vision
 - Encouraging risk taking and non-traditional ideas, activities & actions
 - Engage employees as partners
 - Provide people with the opportunity to plan for and take action
6. GENERATING SHORT-TERM WINS
 - Planning for visible improvements in performance, or “wins”
 - Creating those wins
 - Visibly recognizing and rewarding people who made wins possible
7. CONSOLIDATING GAINS AND PRODUCING MORE CHANGE
 - Using increased credibility to change systems, structures, and policies that don't fit together and don't fit the vision
 - Hiring, promoting, and developing people who can implement the change vision
 - Develop people and projects to carry on the change vision throughout the organization
8. ANCHORING NEW APPROACHES IN THE CULTURE
 - Creating better performance through customer- and productivity-oriented behaviour, more and better leadership, and more effective leadership
 - Articulating the connections between new behaviours and organizational success
 - Developing means to ensure leadership development and succession

Successful change of any magnitude will go through all eight stages, usually in the sequence shown, although it should be clearly understood that the steps can significantly overlap, and in most cases recycling through the steps will occur. Therefore, it is very important to ensure that all of the necessary resources are in place to ensure the completion of each stage. Much more is involved than a) gathering data, b) identifying options, c) analyzing, and d) choosing – the watchwords of management. Instead, leadership must be shown. Rather than

focusing exclusively on planning, budgeting, organizing, staffing, controlling, and problem-solving, leadership is a set of processes that creates organizations in the first place or adapts them to significantly changing circumstances. Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite obstacles.

There are a number of factors that can act as obstacles to successful persistent change:

- Promised extrinsic rewards (such as pay and bonuses) might not be developed to accompany change
- Initial changes may provide intrinsic (e.g., psychological) rewards that create higher expectations that cannot be fulfilled, e.g., early involvement of broad stakeholders in decision-making may not continue, and so employees lose trust that the organization legitimately wants to change traditional practices
- New hires and/or newly introduced employees and management are not socialized to understand the new environment, and so act inconsistently with change expectations
- Key management supporters of the change effort might resign or be transferred with a resulting backslide
- Environmental pressures, such as decreased sales or profits, can cause management to regress to more familiar behaviours and abandon change efforts

Some of these are controllable, but some are not. The challenge is to focus attention on those issues over which influence can be exercised. In addition, the following questions form a sample of the issues that must concurrently be considered:

- How serious is the executive/senior management about instituting a change-friendly culture?
- Is there a committed guiding coalition that “talks the talk” and “walks the walk”?
- Is the organizational culture evolving to one that is consistent with one that deals with change effectively?
- Is there a substantial budget allocated to address change issues like development of change support resources?
- Is the focus on change management only politically expedient?
- Has there been a concerted effort invested in identifying alternative performance measures as part of a broad-based scorecard?
- Have the issues of employee acceptance and resistance been integrated into an overall change plan?
- Is there a network of change resources to support organizational initiatives?
- Are the new change behaviours being integrated into all employees’ roles, and especially those of managers?
- Are change resources “sitting at the table” and their opinions/observations/recommendations listened to when important strategic and tactical decisions are made?
- Has a plan been created that will extend beyond the end of the project and address sustainability issues?

At the very broadest level, it has been discovered that attention to organization development and change management has resulted in a positive impact on productivity, job satisfaction, and other work attitudes. Thus there is justification for the pursuit of change management effectiveness in most organizational interventions, and particularly in IT initiatives that traditionally tend to turn the organizations into which they are introduced upside-down.

CONCLUSION

One of the most important and significant outcomes of organizational change efforts that are coupled with IT implementations is the demonstration of the power of community and community action. That is, the creation of change agent roles, which are populated by organizational members, bringing all staff together to engage one another and the leadership in dialogue about the vision going forward, all bring out the pride and commitment of employees. Furthermore, it then becomes clear that everyone in the organization has great ideas about how the organization can improve itself. Employees often are just waiting for the opportunity to be invited to contribute. The creativity and innovation that is available but untapped can be an encouraging message to management because it says that they do not have to take full responsibility for the progress of the organization by themselves alone. Employees want to be able to contribute and share in that responsibility – it is their organization, too. IT interventions are too often treated solely as technology implementations that fail to integrate the unavoidable and significant human system impacts.

Employees' expectations about their continued involvement in any intervention tend to be raised significantly by engagement efforts. However, this kind of raised expectation is a double-edged sword. While the benefit to management is a workforce that is ready to partner going forward and to use all their creativity to contribute to the improvement of the organization, there is a "bump" about which to be vigilant. That is, failure to follow through on the progress that has been achieved, or unreasonable delay has the consequence of creating cynicism or reinforcing the cynicism that already may exist. Cynicism is the enemy of trust; a cynical workforce will demonstrate either ambivalence or resistance. It will become even more difficult to overcome during subsequent projects.

Management can help by continuing to focus explicitly on the change process thereby establishing it as a norm: Identifying key individual(s) to support the change initiative, and using them to promote a combined shared organizational understanding throughout any transition. This is a role by itself and not an add-on to the responsibilities of a project manager and/or business analyst.