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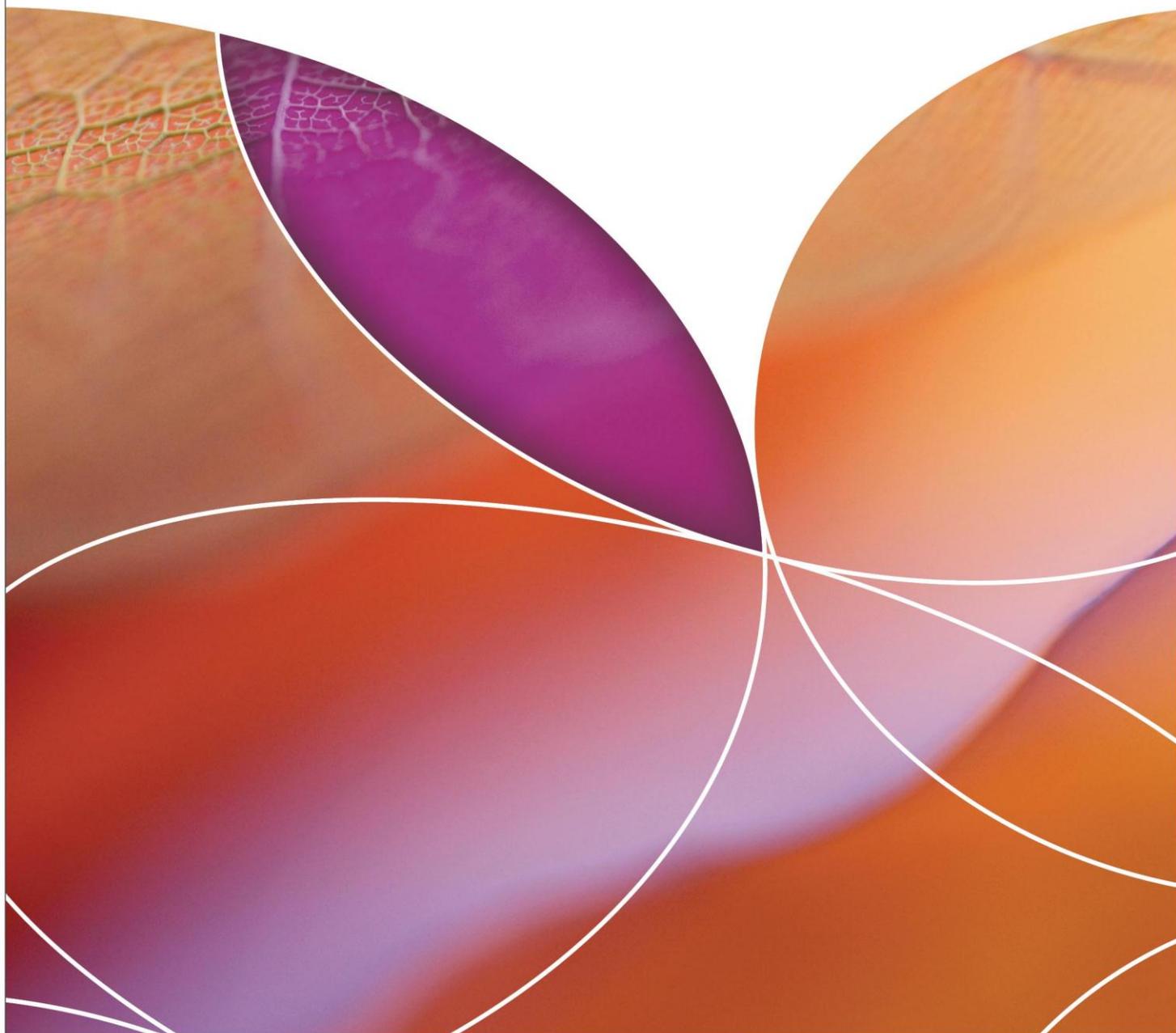
# APS Human Capital Matters

Issue 8

## Change Management

September 2013

*Effective leadership Diverse workforce **Capable organisations and workforce** Employee conditions APS Values*



## APS Human Capital Matters: Change Management September 2013, Issue 8

### Editor's Note to Readers

Welcome to the eighth edition of *Human Capital Matters* for 2013—the digest for leaders and practitioners with an interest in human capital and organisational capability. This edition focuses on Change Management.

It canvasses models and theories that are aimed to assist one to reflect on their own experiences of change and change management. They do not take the place of core APS Leadership capabilities or relevant learning and development programs.

Much of the material in this field has been developed by management consultants. The edition commences with more contemporary literature including the important role of networks in managing change associated with research recently undertaken by Julie Battilana, from Harvard Business School and Tiziana Casciaro, from the University of Toronto's Rotman School of Management and the 2012 Organisational Change Maturity Model developed by the Change Management Institute. It then moves to the more dated but nevertheless helpful Wilfried Krüger Change Management Iceberg model that dates back to 1996. Next comes David Rock's 2008 SCARF model and Dean Anderson and Linda Ackerman's 2010 work on transformational change which provide further food for thought. An Australian touch is added by the inclusion of an approach to developing a Change Management Plan authored by the Queensland Government Chief Information Office. Enjoy!

### About Human Capital Matters

*Human Capital Matters* seeks to provide APS leaders and practitioners with easy access to the issues of contemporary importance in public and private sector human capital and organisational capability. It has been designed to provide interested readers with a monthly guide to the national and international ideas that are shaping human capital thinking and practice.

### Comments and Suggestions Welcome

Thank you to those who took the time to provide feedback on earlier editions of *Human Capital Matters*. Comments, suggestions or questions regarding this publication are always welcome and should be addressed to: [humancapitalmatters@apsc.gov.au](mailto:humancapitalmatters@apsc.gov.au). Readers can also subscribe to the mailing list through this email address.

**Battilana, Julie and Casciaro, Tiziana, [The Network Secrets of Great Change Agents](#), Harvard Business Review Vol. 91(7/8) (2013)**

The above hyperlink is linked to a Harvard Business Review of the article. Similar reference to the research is available here. <http://m.leadingcompany.smartcompany.com.au/networks/the-network-secrets-of-great-change-agents/201307314591>

Numerous studies have shown that employees tend instinctively to oppose change initiatives because they disrupt established power structures and ways of getting things done. The authors set out to study organizations in which size, complexity, and tradition make it exceptionally difficult to achieve reform. The UK's National Health Service has attempted to improve the quality, reliability, effectiveness, and value of its services. The government-run institution

employs more than a million people in hundreds of units and divisions with deeply rooted, bureaucratic, hierarchical systems.

A recent reform involved hundreds of initiatives. For each one, a clinical manager—that is, a manager with a background in healthcare, such as a doctor or a nurse—was responsible for implementation in his/her workplace.

In tracking 68 of these initiatives for one year after their inception, the authors discovered some striking predictors of change agents' success. Their personal networks and their relationships with colleagues were critical. Three network traits were observed that can be useful for any manager, in any position, trying to effect change in their organisation.

#### Managing change requires a network

Formal authority is, of course, an important source of influence. Previous research has shown how difficult it is for people at the bottom of a typical organisation chart to drive change. But most scholars and practitioners now also recognise the importance of the informal influence that can come from organisational networks. When it comes to change agents, the study shows that network centrality is critical to success, whether you're a middle manager or a high-ranking boss. In fact, among the middle and senior managers studied, high rank did not improve the odds that their changes would be adopted.

#### The shape of the network matters

Network position and the type of network are important. In a cohesive network, the people in it are connected to one another. This can be advantageous because social cohesion leads to high levels of trust and support. In a bridging network, by contrast, not all people are connected to one another. A bridging network provides access to information and knowledge, and may control when and how information is shared.

The most effective type of network depends on how much the change causes the organisation to diverge from its norms, and how much resistance it generates as a result. A cohesive network works well when the change is not particularly divergent—when it builds on rather than disrupts existing norms and practices—because most people in the change agent's network will trust his/her intentions. For more dramatic transformations, a bridging network works better because unconnected resisters are less likely to form a coalition and because the change agent can vary the messages for different contacts, highlighting issues that speak to individuals' needs and goals.

Change agents must be sure that the shape of their networks suits the type of change they want to pursue. If there's a mismatch, they can enlist people with the right kind of network to act on their behalf.

#### Keep fence-sitters close and beware of resisters

Identifying influential people who can convert others is crucial for successful change. Organisations generally include three types of people who can enable or block an initiative: endorsers, resisters and fence-sitters. Deepening your relationships with endorsers will not make them more engaged and effective. On the other hand, relationship building with 'fence-sitters' can be beneficial. Resisters are unlikely to change their mind. Relationships with resisters can be a double edged sword. The authors found that such ties helped change agents push through minor initiatives but hindered major change attempts.

*Julie Battilana is an associate professor of organizational behaviour at Harvard Business School. Tiziana Casciaro is an associate professor of organisational behaviour at the University of Toronto's Rotman School of Management.*

### **Change Management Institute, [Organisational Change Management Maturity](#), (2012)**

The position of the Change Management Institute (CMI) is that organisational change management is more than just 'the people side of projects'. It argues that it should be viewed as the approach the whole organisation uses to manage change well. The CMI, in partnership with Carbon Group Change Consultants has researched the capabilities required by organisations to become 'change agile'.

This work has enabled CMI to develop and test a holistic Organisational Change Maturity Model (OCMM).

Initial research was carried out with a number of large and small organisations in Australia, to understand the areas that an organisation needed to focus on to develop Organisational Change Management maturity. A Capability Maturity Model is used to describe the behaviours, practices and processes of an organisation that enable reliable and sustainable outcomes. The OCMM has 5 levels of maturity across three key organisational change categories:

- **Strategic Change Leadership**—Organisational change maturity in this category requires that all executive leaders support the needs of an agile organisation; that active sponsorship is in place to articulate the vision and drive the change; that the culture supports innovation and it is safe to fail; that accurate feedback is available to enable them to react and adapt.
- **Business Change Readiness**—Maturity in Business Change Readiness begins with the recognition that it is not the project that 'owns' the changes in the business, rather each area has a responsibility to manage and control the change being received. Managers need to be clear about the best ways to manage change, their focus is often on maintaining the status quo, rather than on how to constantly change or adjust their areas of responsibility.
- **Project Change Management**—Developing capability in Project Change Management starts with an understanding that the 'people' side of projects should be addressed with training and communications. This then develops through to an optimized situation where project change feedback and collaboration is leveraged to accurately initiate, inform, design and direct the approaches taken.

The CMI 2011 global survey used the OCMM to allow Change Management Practitioners to assess their organisations capabilities and maturity. The White Paper details the results.

The survey results show that organisations do not develop maturity at the same level across all the change management categories. This impacts their overall maturity level. Smaller organisations generally reported higher overall maturity than larger organisations.

*The Change Management Institute (CMI) is an independent professional organisation for Change Managers and the promotion of the Change Management community. This not-for-profit organisation was established in 2005, to promote and develop the practice of change Management internationally.*

**Anderson, Dean; Anderson, Linda Ackerman. *Jossey-Bass Organizational Development: Beyond Change Management: How to Achieve Breakthrough Results Through Conscious Change Leadership (2<sup>nd</sup> Edition)*, Hoboken, NJ, USA, Pfeiffer, 2010, pp 323 (available ebrary)**

According to the authors, over the past twenty years technology and other market place drivers have radically altered the nature of change from a contained transactional event (developmental change and transitional change) that was easily managed to something that is more open-ended, complex, and continuous that they term transformational change. Transformation requires change leaders to begin the change process before the ultimate end is known. It is argued that transformational change requires full attention to transforming organisational systems and culture, and mindset and behavior in individuals, relationships, and teams.

The authors maintain this requires a need to move beyond change management to change leadership. The distinction being that change management primarily focuses on employee behaviour while change leadership is concerned with the interaction of leadership style, mindset, and the change process. According to the authors, to achieve breakthrough results, leaders must address the critical areas of content (i.e. business results), people and process.

A case is developed for a conscious change leadership approach. According to the authors such leaders are accountable for both business and cultural outcomes, and pursue breakthrough results in each. They integrate attention to content and people into one unified change process. In their change processes, they attend to individual mindset and behaviour as well as collective (organisational, team, and relational) culture and systems. They integrate ways to build change capability into their change initiatives and their organisations. Such leaders approach change as a strategic discipline. They build, where possible, organisational infrastructures, functions, and systems to support that end. They choose to operate consciously, intentionally turning inward to become increasingly self-aware of their own mindset and autopilot functioning in how they lead their change efforts. They choose to grow personally to become better models of the changes they are asking of their organisations. According to the authors, taking a conscious approach means change leaders turn inward and address their mindset and emotional patterns, and seek to transform the aspects of their mental conditioning that limit their outcomes.

The authors address the leadership mindset and behavioural modeling, culture change, and large systems implementations, providing best practices developed over three decades of research with Fortune 500 companies, government agencies, the military, and large non-profit global organisations.

The book includes worksheets, tools, case studies, and assessments that the authors say can be applied to all types of change efforts.

While the book is not available freely over the Internet it is available through ebrary. [Free Internet resources](#) that support the book are available.

*Dean Anderson is co-founder and president of Being First, a change leadership development and transformational change consulting firm. Linda Ackerman Anderson is a co-founder and vice-president of Being First. She specializes in planning for and facilitating transformational change in Fortune 1000 businesses and the military.*

**Rock, David; [SCARF: a brain-based model for collaborating with and influencing others](#), first published in the NeuroLeadership Journal Issue One 2008**

The SCARF model involves five domains of human social experience: Status, Certainty, Autonomy, Relatedness and Fairness. Status is about relative importance to others. Certainty concerns being able to predict the future. Autonomy provides a sense of control over events. Relatedness is a sense of safety with others, of friend rather than foe. Fairness is a perception of fair exchanges between people.

These five domains activate either the ‘primary reward’ or ‘primary threat’ circuitry (and associated networks) of the brain. For example, a perceived threat to one’s status activates similar brain networks to a threat to one’s life. In the same way, a perceived increase in fairness activates the same reward circuitry as receiving a monetary reward. Understanding the threat and reward response can help leaders who are trying to implement large-scale change.

Rock states that ‘the model enables people to more easily remember, recognize, and potentially modify the core social domains that drive human behaviour’. It is suggested that the threat or avoid response is not an ideal state for collaborating with and influencing others. However, this response is the default situation that often occurs in teams.

The article explores in more detail possible strategies to reduce threats and increase rewards across the five domains.

Some take away points include:

- If leaders want to change others’ behaviour, more attention must be paid to reducing status threats when giving feedback. One way to do this is by allowing people to give themselves feedback on their own performance.
- Some examples of how to increase certainty include making implicit concepts more explicit. Much of the field of change management is devoted to increasing a sense of certainty where little certainty exists.
- A reduction in autonomy can generate a strong threat response. Working in a team necessitates a reduction in autonomy. In healthy cultures, this potential threat tends to be counteracted with an increase in status, certainty and relatedness.
- The concept of relatedness is closely linked to trust. The greater that people trust one another, the stronger the collaboration and the more information that is shared. Collaboration between people from different cultures, who are unlikely to meet in person, can be especially hard work.
- A threat response from a sense of unfairness can be triggered easily. The threat from perceived unfairness can be decreased by increasing transparency, and increasing the level of communication and involvement about business issues.
- Techniques for motivating and rewarding staff are largely based on the carrot and stick principle, with the carrot mostly involving money or a promotion. The SCARF model points to more creative ways of motivating that may not just be cheaper, but also stronger and more sustainable.

*David Rock is the founding president of the NeuroLeadership Institute. He is also the CEO of Results Coaching Systems, which helps global organizations grow their leadership teams, using brain research as a base for self-awareness and social awareness. He is the author of *Your Brain at Work* (HarperBusiness, 2009) and *Quiet Leadership: Six Steps to Transforming Performance at Work* (Collins, 2006).*

## Queensland Government Chief Information Office, [Change Management Plan Workbook and Toolkit](#)

The Change Management Plan Workbook and Toolkit has been developed to assist the Business Process Owner. It assists in designing and estimating the scale of the change effort, mobilising the will to change and gaining the buy-in. The document is designed to be used alongside or can be incorporated into a project plan.

The change management process is designed around three phases:

- details of change
- implementation of Change
- review of Change

The details of change phase reviews the type of change and the reason for the change. In scoping the change the organisation readiness for change is reviewed together with considering the need for changes to processes, changes of job roles and responsibilities, changes to information sharing arrangements within the organisation, and identifying the real cost to the organisation in implementing a change initiative. A risk assessment that considers what risks may occur upfront, during implementation and after implementation and tactics to minimise risk is also built into this phase.

Stakeholder analysis, identifying barriers or resistance to change, and identifying a change management team with their roles and responsibilities are suggested as part of the process of developing an approach to implementing change.

The implementation strategies include developing a schedule of activities, an action plan, a communication plan, a training plan, a resistance to change plan, an employee change readiness plan, a release plan and a review strategy.

The format of the toolkit consists of two sections. The first section is the Change Management Plan Workbook which is broken down into the three stages of change and provides guidelines, processes and checklists to help analyse the change for successful project implementation. The second section is a template that can be completed while working through the workbook activities. This information provides the basis for the development of a change management plan.

*The Queensland Government Chief Information Officer is part of the [Department of Science, Information Technology, Innovation and the Arts](#). It is responsible for ensuring the government's ICT investments: support policy outcomes; are focussed on service delivery to the community; represent good value for money; and are reliable.*

### [Change Management Iceberg](#) by Kruger-Abstract (Value Based Management.net portal)

**The Change Management Iceberg of Wilfried Krüger** is a strong visualization of dealing with the barriers to change. According to Krüger many change managers only consider the top of the iceberg: cost, quality and time (i.e.issue management).

However, below the surface of the water there are two more dimensions of change and implementation management:

- management of perceptions and beliefs, and

- power and politics management.

What kind of barriers arise, and what kind of implementation management is consequently needed, depends on:

- the kind of change
  - hard things ‘only’ (information systems, processes) just scratches the surface,
  - soft things also (values, mindsets and capabilities) is much more profound
- the applied change strategy
  - revolutionary, dramatic change as in business process engineering
  - evolutionary, incremental change as in Kaizen

Below the surface of the Change Management Iceberg:

- Opponents have both a negative general attitude towards change and a negative behaviour towards this particular personal change. They need to be controlled by management of perceptions and beliefs to change their minds as far as possible.
- Promoters on the other hand have both a positive generic attitude towards change and are positive about this particular change for them personally. They take advantage of the change and will therefore support it.
- Hidden opponents have a negative generic attitude towards change although they seem to be supporting the change on a superficial level (i.e. opportunists). Here management of perceptions and beliefs supported by information (i.e. issue management.) is needed to change their attitude.
- Potential promoters have a generic positive attitude towards change, however for certain reasons they are not convinced (yet) about this particular change. Power and politics management seems to be appropriate in this case.

According to Krüger, dealing with change is a permanent task and challenge for general management. Superficial issue management can only achieve results at a level consistent with the acceptance that is below the surface. The base of the Change Management is rooted in both the interpersonal and behavioural dimension and the normative and cultural dimension, and is subject to power and politics management and to the management of perceptions and beliefs.

*[Value Based Management](#): Management portal explaining management methods, models and theories on strategy, performance, finance, valuation, change, corporate governance, communication, marketing, leadership and responsibility.*