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Dealing with today's corporate changes

A new approach

Traditional methods to manage corporate change are no longer fit-for-purpose. That said, it seems no surprise that half of the intended programs fail and only a minority (34%) achieves clear success (Gartner, 2018). Most used methods are too slow, overly complex, involve too many people and focus excessively on long-term results. Change agendas rely on control, 2-year roadmaps and are driven top-down. In our fast-changing digital world, we need to deal with changes in a new and agile way.

In this whitepaper we will explore different types of change, the 'changes of change' and how to leverage various methodologies to deal with today's corporate changes.

Three types of change

Let's first look at the various types of change. Anderson and Ackerman Anderson (2010) distinguish three types of change. Developmental change focuses on improvement of the current state instead of creating a new end state. Transitional change includes a replacement and creation of a completely new end state, whereas transformational change includes an emerging process where the end state often is still unknown. The latter demands the biggest change in terms of mindsets and behaviors. This whitepaper focusses on this kind of transformational change.

Change is changing

It can be said that corporate change itself is dealing with significant changes. Michels (2019) identifies three fundamental shifts. Firstly, the rhythm of change has shifted from one-point-in-time to continuous. Research by Gartner (2018) shows that employees experience 3 major changes per year, whereas that was less than 2 in 2012. Secondly, developing technology and the digitalization of work change the required skillset, both technical and human. Thirdly, the changing workforce from fixed to flexible leads to uncertainty for employers. With these 'changes of change', we should not try to manage change. Alternatively, we need to be able to adapt and adjust.

Been there, done that

Today however, most change programs are still built on the perception that change is a planned or staged event. Widely accepted and applied is Kotter's 8-step model for transforming organizations, that was introduced already back in the early '90's.

Organizational change success

50%
failure

34%
clear success

16%
mixed results
— Gartner (2018)

Developmental change

Transitional change

A → B

Transformational change

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Key to this model is that successful change should always follow a series of phases, by firstly establishing a sense of urgency for change and subsequently maintain that momentum to actually deploy and change (Mulholland, 2017). The model as a whole has however become obsolete; we have 'been there, done that'.

The first steps remain vital to success. By creating a sense of urgency and convincing every one of the need for change, it accelerates the drive to enact the change. Also, it sets a clear vision, direction and outcomes. Its biggest weakness however is its inevitable inflexibility. As a result, organizations will fail to adapt to the fast pace of change they have to cope with. Moreover, its top-down style runs the risk to turn off employees by simply telling them what to do (Mulholland, 2017). It is of great importance to involve employees as soon as possible to enhance their engagement and limit resistance.

Change is not a checklist

As the future end-state of large transformational change programs is not yet defined and is radically different from the current state (Anderson & Ackerman Anderson, 2010), one needs to adopt a trial and error approach. Managing transformation with fixed project plans will therefore not work. What is needed is a dot on the horizon, an underlying strategy, but the process can only emerge as you go. A shift in mindset and behavior is required. Without adopting to new behaviors, any other element of your transformation (e.g. a given system or process) will fail to deliver.

But how to achieve this 'inner' shift? One practical and proven guide to change mindsets and behavior is developed by McKinsey & Company (2016), defining four key building blocks. First, it's critical that employees see their (senior) leaders and colleagues behave in the new way (role modeling). Second, employees need to have a certain degree of understanding and belief in the change. Strategies can include change stories, 2-way communication, language and rituals. Third, employees must be equipped with the right skill set and feel confident to behave in the new way. Fourth, organisations must correctly reinforce changes through formal mechanisms, to ensure employees see their structures, processes and systems are supportive of the change as well.

Hence, change should not be perceived as a checklist. Only when employees have the right mindset and tools, they can continually evolve at pace and deliver change rapidly. In a world where change is the new constant, organizations and its leaders need to lead continuous change. Key is to embrace the change instead of trying to plan it.

One needs to adopt a **trial and error approach** in managing **transformations**

In a world where **change is the new constant**, organizations and its leaders need to **lead continuous change**

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Practical example: an approach to deal with transformational change

By nature, transformations are exploratory, iterative and hard to anticipate for. In order to successfully deal with the 'unknown', today's organizations adopt approaches relying on the agile philosophy. But how does that work in practice? We've asked Vincent Thamm, a true agile transformation expert. Vincent has led Transavia's agile transformation and is currently at the start of Royal Schiphol Group's transformation journey. Both organizations deal with transformational change, converting into adaptive organizations that are digital and customer centric.
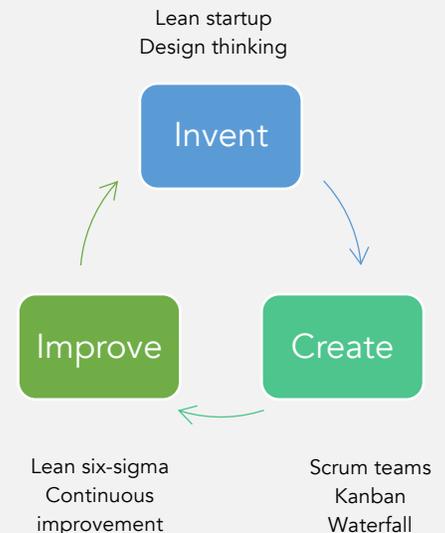
In order to be successful, Vincent explains to activate a certain loop: invent, create and improve. The loop, or model, starts with the need to invent certain things, of which most is unknown. Modern methods such as design thinking and lean startup can help to find and validate the actual problem that needs to be solved, instead of holding on to assumptions. With traditional methods, this step is often neglected. In this initial step, it is critical to dig deep and really grasp the actual needs and problems, before diving into solution-mode.

Following, it is about creating and developing. There are multiple routes to develop and create, and you can easily mix and match different methods and principles. For example, using scrum or Kanban to ensure delivery of a small part in sprints of 2 weeks. This allows regular review and validation. Also, a more traditional approach, such as waterfall, can be applied here. Basically, it all depends on the readiness of the organization to work in an agile way.
Next, you want to improve those things, where in the meanwhile a lot is known about, and finally feed that back into earlier inventions. Key is to leverage techniques from lean and lean six-sigma, adopting a continuous improvement mindset.

This model asks for different techniques and tools, that are ideally used right next to each other. Although it is a proven approach to deal with transformational change and organization development, Vincent highlights the importance of customizing it. Kick-off with lean startup, identify the real problems within the organizations that should be solved. Which design principles can be found that are important to realize the change? Does the organization want to become customer centric, operational excellence, or something else? Answers to these questions will guide and give direction to the transformation journey, and principles suitable to use.

An approach for **product, service & organization development**, combining ways of working:

Lean startup
Design thinking

Invent

Create

Improve

Lean six-sigma
Continuous improvement

Scrum teams
Kanban
Waterfall

"We work using scrum and apply sprints of 2 weeks, to get a certain rhythm in the organisation: a **constant heartbeat**. Then, you really start making impact." — Vincent Thamm, agile coach Royal Schiphol Group

Quintop's approach: best of both worlds

In order to embrace change, Quintop adopts a hybrid approach, including best of both worlds. This means leveraging on the best practices from traditional models and enriching these with elements of agile ways of working and lean.

Applying a hybrid model ensures that a change or transformation manager creates the project plan according to the classical waterfall method (ensuring clarity over scope and phases), whereas the execution and delivery is based on the agile way of working. A project plan will be provided at the start, while the details and requirements will be determined using development sprints (Quintop Management Consultants, 2018).

Adopting agile elements into a change approach will achieve significant results: working in sprints with multidisciplinary teams accelerates delivery, decreases response time and increases overall adaptability.
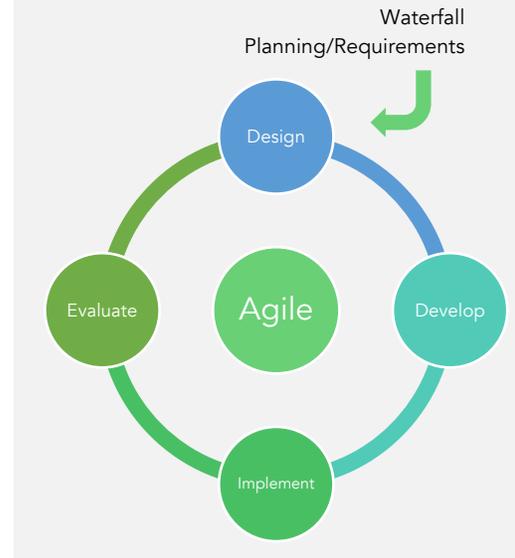
Contact details
Quintop Management Consultants
Groenewoudsedijk 70b
3528 BK Utrecht

info@quintop.nl
030 - 670 46 05

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