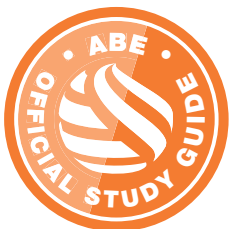


Your road to success

LEVEL 6 LEADING STRATEGIC CHANGE



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Using your study guide

Welcome to the study guide for **Level 6 Leading Strategic Change** designed to support those completing an ABE Level 6 Diploma. This study guide begins with considering the strategic leadership principles involved with leading strategic change and, in particular, how they support an organisation's vision, values and strategic direction. It then looks at the drivers for change and the impact of change on an organisation. Having assessed the drivers for and impact of organisational change, the study guide then turns its attention to the planning and implementation of organisational change and the leadership of stakeholders before, during and at completion of the change process. The study guide then concludes with evaluating what strategic leadership skills are required to lead strategic change, and how these skills could be developed.

Below is an overview of the elements of learning and related key capabilities (taken from the published syllabus).

Element of learning	Key capabilities developed
Element 1 – Strategic leadership principles	<p>Understanding key leadership models and methodologies and how they are applied by leaders</p> <p>Recognition of leadership as being central to the creation and acceptance of an organisation's vision, mission and values</p> <p><i>Approaches to strategic leadership, communication, role model, professionalism</i></p>
Element 2 – Leading and influencing strategic change	<p>Ability to identify and discuss the drivers for and impact of organisational change</p> <p>Awareness of the value of leading and influencing others through an effective change management plan and process</p> <p><i>Change management, planning, leadership, influencing others, impact analysis</i></p>
Element 3 – Engaging and collaborating with stakeholders	<p>Ability to identify organisational stakeholders and analyse their expectations and requirements from organisational change</p> <p>Ability to evaluate models and methods for engagement and collaboration with stakeholders</p> <p>Ability to create a plan to implement and monitor a change process</p> <p><i>Stakeholder analysis, leadership, change management, application of models and approaches, planning and implementation</i></p>
Element 4 – Developing strategic leadership skills	<p>Ability to recognise the need for strategic leadership skills and their value in leading strategic change.</p> <p>Ability to evaluate current personal leadership skills and prepare a development plan in this area</p> <p><i>Strategic leadership, leading change, self-reflection and self-evaluation, self-development, gap analysis</i></p>

L6 descriptor

Knowledge descriptor (the holder...)	Skills descriptor (the holder can...)
<ul style="list-style-type: none">• Has advanced practical, conceptual or technological knowledge and understanding of a subject or field of work to create ways forward in contexts where there are many interacting factors.• Understands different perspectives, approaches or schools of thought and the theories that underpin them.• Can critically analyse, interpret and evaluate complex information, concepts and ideas.	<ul style="list-style-type: none">• Determine, refine, adapt and use appropriate methods and advanced cognitive and practical skills to address problems that have limited definition and involve many interacting factors.• Use and, where appropriate, design relevant research and development to inform actions.• Evaluate actions, methods and results and their implications.

Contained within the chapters of the study guide are a number of features which we hope will enhance your studies:



'Over to you': activities for you to complete, using the space provided.



Case studies: realistic business scenarios to reinforce and test your understanding of what you have read.



'Revision on the go': use your phone camera to capture these key pieces of learning, then save them on your phone to use as revision notes.



'Need to know': key pieces of information that are highlighted in the text.



Examples: illustrating points made in the text to show how it works in practice.

Tables, graphs and charts: to bring data to life.

Reading list: identifying resources for further study, including Emerald articles (which will be available in your online student resources).

Source/quotation information to cast further light on the subject from industry sources.

Highlighted words throughout and **glossary terms** at the end of the book.

Note

Website addresses current as of June 2017.

Chapter 1

Strategic Leadership Principles

Introduction

When leading **strategic** change, there are some important roles a leader should take on. This chapter will explore those roles. It will do this by looking critically at the **leadership** principles involved in the creation, communication and embedding of the organisation's vision, values and **strategic direction**.

Learning outcome

On completing this chapter, you will be able to:

- 1 **Critically analyse leadership principles that support an organisation's vision, values and strategic direction**

Assessment criteria

- 1 **Critically analyse leadership principles that support an organisation's vision, values and strategic direction**
 - 1.1 Analyse the role of the strategic leader in the creation of the organisation's vision, mission and values
 - 1.2 Analyse the leader's role in communicating the organisation's vision, mission and values to others
 - 1.3 Critically discuss leadership principles that help in the creation, communication and embedding of the organisation's vision, mission and values

Level 6 Leading Strategic Change

1.1 The role of the strategic leader – creating the vision, mission and values

Vision

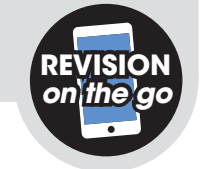
Strategic leaders have a role in defining and creating an organisation’s vision. This is often encapsulated into a **vision statement**.

Vision statements

A vision statement can be defined as:

“an organisational statement that provides a roadmap for what the organisation wants to become, and will provide direction for any organisational **change** objectives.”

In simple terms, an organisation’s vision is an aspirational statement of the direction in which the organisation wishes to go.



The table below shows some examples of organisational vision statements (as of March 2017).

Organisation	Vision statement
Toyota Motor Corporation	“Toyota will lead the way to the future of mobility, enriching lives around the world with the safest and most responsible ways of moving people. Through our commitment to quality, constant innovation and respect for the planet, we aim to exceed expectations and be rewarded with a smile. We will meet our challenging goals by engaging the talent and passion of people who believe there is always a better way.”
Microsoft Corporation	“to help individuals and businesses realize their full potential.”

Table 1: Organisational vision statements



You will notice that the two vision statements differ in both size and content. This reflects the key messages within the vision statement and the overall organisational strategic aspirations and direction of the respective corporations.

Toyota's vision statement has several key messages. It talks about:

- leadership in the **market** place;
- aiming for global enrichment of peoples' lives;
- creating safe and responsible methods of transportation;
- the corporation's commitment to quality, innovation and its respect for the planet;
- exceeding expectations and being rewarded with smiles;
- engaging the talent and passion of people.

Toyota's vision statement identifies organisational **aspirations** (where it wants to be and how it wants to get there), what it **values**, and what the **outcomes** will be (what it will achieve as a result of its strategic actions).

Microsoft's vision statement is much shorter and less detailed. It talks about:

- who they want to help;
- what they want to help them to do.

Microsoft's vision statement also identifies aspirations and desired outcomes, but does not really encapsulate its values or how it wants to achieve its goals. Sometimes organisations keep the vision statements simple and present their desired outcomes and values in other strategic statements.



OVER TO YOU

Activity 1: Organisational vision statements

Consider your own organisation or one you know well or would like to research. Analyse its vision statement; what are the key messages that emerge? How clear are the organisation's aspirations, values and desired outcomes? What improvements/opportunities for change would you recommend?

Vision statements can sometimes come under some criticism. In a rapidly changing business environment, it can be difficult to see very far ahead. Also, it can be difficult for leaders to share this vision with other **stakeholders**. The strategic leader has a role in ensuring the vision is clear and coherent. This is especially important if the vision relates to difficult times the organisation is facing, or when leading strategic change. The leader may have to change an existing vision or vision statement or create a new one.

Mission

Strategic leaders have a role in defining and creating an organisation’s mission. These are encapsulated into a **mission statement**.

Mission statements

A mission statement can be defined as:

“an organisational statement that defines the core purpose and aim of the organisation.”

A mission statement should broadly outline the direction in which the organisation plans to go. Sometimes the lines between the definitions of vision and mission statements can be “blurred” but a mission statement should outline the reasoning and the values that drive the organisation’s actions. They can be useful in summarising where the organisation is positioned, this can be helpful for stakeholders.



The table below shows some examples of organisational mission statements (as of March 2017).

Organisation	Mission statement
Amazon.com, Inc.	“We strive to offer our customers the lowest possible prices, the best available selection, and the utmost convenience.”
Ford Motor Company	“One Team. One Plan. One Goal.”

Table 2: Organisational mission statements



As with the example organisational vision statements, you will notice that these mission statements differ in both size and content. Again, this reflects the key messages within the mission statement and the overall organisational strategic aspirations and direction of the company.

Amazon.com’s mission statement key messages relate to:

- prices
- selection
- convenience.

These convey the company’s key goals, its **purpose, aims and objectives**, all of which help in creating strategic plans.

Ford’s mission statement is very simple and could appear very generic in nature. The key message is that, despite being a multi-national organisation, it sees itself as one team, with one plan and one goal. Again, this would provide a platform for defining the company’s purpose, aims and objectives and the strategic plans that it should follow.

 OVER TO YOU

Activity 2: Organisational mission statements

Consider your own organisation or one you know well or would like to research. Analyse its mission statement; what are the key messages that emerge? How clear are the organisation's purpose, aims and objectives? What improvements/opportunities for change would you recommend?

Mission statements, like vision statements, can attract criticism. Again, sceptics would argue that the uncertainties of the business environment call their validity into question. The role of the strategic leader in creating these mission statements is to ensure the organisation's basic purpose is clear. When the organisation is facing difficult times and/or when strategic change is required, the leader may have to amend or change the organisation's mission or mission statement or develop an entirely new one.

Values

We saw in the earlier section on vision that an organisation's values (things that it feels are important in how they operate) are sometimes incorporated into organisational vision statements. Vision and values are often closely related. In the above examples, Toyota's vision statement contained values such as "commitment to quality, constant innovation and respect for the planet". Many organisations go a step further and create distinct value statements for their organisation.

Value statements

A value statement can be defined as:

"an organisational statement that identifies what it values and how people should behave."

Values have strong links with the organisation's **culture** – "the way things are done around here". They also have strong links to the organisation's beliefs and behaviours. Increasingly, organisations make their values explicit and ensure there is a link to their organisational purpose.



The table below shows some examples of organisational values (as of March 2017).

Organisation	Organisational values
Tata Group	<ol style="list-style-type: none"> 1 Integrity. We must conduct our business fairly, with honesty and transparency. Everything we do must stand the test of public scrutiny. 2 Understanding. We must be caring, show respect, compassion and humanity for our colleagues and customers around the world, and always work for the benefit of the communities we serve. 3 Excellence. We must constantly strive to achieve the highest possible standards in our day-to-day work and in the quality of the goods and services we provide. 4 Unity. We must work cohesively with our colleagues across the group and with our customers and partners around the world, building strong relationships based on tolerance, understanding and cooperation. 5 Responsibility. We must be responsible and responsive to the countries, communities and environments in which we work, always ensuring that what comes from the people goes back to the people many times over.
United Nations	<ul style="list-style-type: none"> • Integrity • Professionalism • Respect for diversity

Table 3: Organisational values and value statements



As with vision and mission statements, organisational value statements will vary in size and complexity. Organisational values are often categorised as **core values** (principles that govern the organisations actions) and **aspirational values** (things that are needed for future success). In the above examples, Tata Group is very explicit regarding its aspirational values, the beliefs and behaviours it needs to succeed. The United Nations example is very much simpler but underpins the organisation's core values, principles that shape all its actions.

OVER TO YOU

Activity 3: Organisational values and value statements

Consider your own organisation or one you know well or would like to research. Analyse its organisational values; what are the key messages that emerge? Are they core values, aspirational values, or a blend of both? What improvements/opportunities for change would you recommend?



Organisational values and value statements can be complicated; there are often differences in what the organisation states as its explicit values and what stakeholders, such as employees, value on an individual, team or business unit basis. They may be differences between the values of internal and external stakeholders. Customers may value “great service”, but some internal employees may see that as extra, unnecessary work. The role of a strategic leader in creating organisational values is to ensure that they are accepted and relevant to all stakeholders. In difficult times or when leading strategic change, the leader may have to amend or change the organisation’s existing value statement, and ensure they communicate that the change will not affect the organisation’s core values.

Organisational purpose, goals and objectives

Having determined the organisation’s vision, mission and values, the role of the leader is to pull all these components together into a strategic plan for stakeholders. Combining an organisation’s vision, mission and values will help it define its **strategic purpose** – the reason it exists; this should be linked to the expectations of the stakeholders. From this, the strategic leader can create **goals**, higher level targets and **objectives**, and lower level specific outcomes. These then form the basis of **strategic planning**.

An organisation’s goals should link in with its strategic purpose, vision, mission and values. The goals should provide a high-level aim. They do not need to be detailed; this comes later with the objectives. It can be helpful to create these goals around a framework such as the **balanced scorecard** (Kaplan and Norton, 1996). The balanced scorecard considers the following types of goals:

- financial goals
- customer/stakeholder goals
- internal process goals
- innovation/learning goals.

By using the balanced scorecard to define these goals, an organisation should set out in simple terms **what it** needs to achieve. These are high-level and longer term, time-orientated goals.

From these goals, the strategic leader can create objectives which are lower level and shorter term time frame orientated. These will contain analytic measurements such as time, costs, revenue, profit or customer satisfaction. These objectives should set out in simple terms **how and when** the organisation will achieve its goals.

The following table provides an overview of typical strategic goals and objectives, using the balanced scorecard principle described above.

Balanced scorecard dimension	Organisational goal	Organisational objective
Financial	Increase profits	Increase net profits from product multiplied by 20% within 12 months
Customer	Improve customer experience	Reduce the number of customer complaints by 50% in the next six months
Internal process	Restructure organisation	Carry out review and restructure of product development business unit by the end of the financial year
Innovation/learning	Improve internal communication	Set up and launch an employee engagement survey by the end of the next financial quarter

Table 4: Organisational goals and objectives



As you can see, the organisation goals are simpler and define the “what”. The objectives are more detailed and include more focus on the “how” and “when”? The role of the strategic leader when creating objectives should be to ensure they are **SMART objectives**.

SMART objectives

SMART objectives can be defined as:

“a framework that can be used to formulate objectives.”

There are several variations of this framework, but for (strategic) objectives, the SMART principles are:

Specific – What needs to be achieved?

Measurable – How will you measure success?

Achievable – Could the objective be completed?

Realistic – Will the objective be completed?

Time bound – By when should the objective be achieved?



Strategic direction

Having defined organisational goals and objectives, the role of the strategic leader should be to create the strategic direction for the organisation.

Strategic direction

Strategic direction can be defined as:

“the direction in which the organisation is heading. This could result in change being required.”



There are a number of theories that are helpful for creating, analysing and evaluating strategic direction. The **Boston Matrix model (or BCG Matrix)**, developed by the Boston Consulting Group, is one such theory. This looks at existing organisational business units and the potential in the markets in which they operate in. This is illustrated in the table below.

	Low market share	High market share
Growing market	Problem child	Rising star
Mature market	Dog	Cash cow

Source: [http://www.businessballs.com/freebusinessplansandmarketingtemplates.htm#boston matrix](http://www.businessballs.com/freebusinessplansandmarketingtemplates.htm#boston%20matrix)

Table 5: The Boston Matrix model



- **Problem child:** These business units have a low market share in a growing market place. Change may be required in the form of business development or changes to product and service offerings in order to take advantage of the growing market place.
- **Rising star:** These business units have a high market share in a growing market place. Change may be required to maximise the opportunities created by this.
- **Dog:** These business units have a low market share in a mature market. Change may be required in the form of removing the business unit or reducing the resources available to support it.
- **Cash cow:** These business units have a high market share in a mature market. Change may be required to maximise the cash flow/profits available.

The **Ansoff Product/Market Growth Matrix** proposed by Igor Ansoff can also help to illustrate strategic direction options. It looks at both new and existing product ranges and new and existing markets for those product ranges. This is shown below.

	Existing products	New products
Existing markets	Market penetration	Product development
New markets	Market development	Diversification

Source: [http://www.businessballs.com/freebusinessplansandmarketingtemplates.htm#ansoff product-market-matrix](http://www.businessballs.com/freebusinessplansandmarketingtemplates.htm#ansoff%20product-market-matrix)

Table 6: The Ansoff Product/Market Growth Matrix



- **Market penetration:** This is for existing markets and existing products. Change may be required in the way products are marketed; for example, this could be a new pricing structure to gain market share.
- **Product development:** This is for existing markets and new products. Change may be required to develop new products for the existing customer base, and **feedback** from customers may identify an opportunity for a new product line.
- **Market development:** This is for existing products and new markets. Change may be required in the way products are marketed for specific market places. Some markets may require an online presence instead of a traditional face-to-face selling approach.
- **Diversification:** This is for new products and new markets. Change would be required in both product and market development. It may take the organisation in a different strategic direction. It is the riskiest option but could have the greatest reward; for example, recognising an opportunity before any of its competitors.

Michael Porter (1985) identified three basic options for strategic direction. These were:

- **Cost leadership:** A no-frills option. If an organisation looked to reduce the cost of providing a product or service, this may require organisational change.
- **Differentiation:** Creating uniquely desirable products and services. If an organisation looked to create new products and services, this may require organisational change.
- **Focus:** Offering a specialised service in a niche market. If an organisation looked at offering a specialised product or service, this may require organisational change.

The role of the leader is to formulate a strategy – a higher level, longer-term plan to achieve the organisation's goals and objectives. This strategy may involve change. These changes may be to:

- the markets in which it operates;
- its products/services;
- its structure;
- internal processes and procedures;
- its people;
- its culture.

Implementing all of these strategic changes would require effective leadership. Several key factors are involved in each strategy for change. The following table outlines some of these factors.

Factors	Strategy
Growth	The organisation's strategy may target new markets with a view to capturing market share. Growth can be achieved organically; for example, by gaining new customers through a strategy of market development. Growth can also be achieved through acquisition of another organisation with different business units/products or market presence. Sometimes growth can be achieved through a combination of these two methods.
Repositioning	The organisation's strategy may be to reposition (or change how the target audience perceives) its products or services so that profitability can be improved.

Factors	Strategy
Renewal	The organisation's strategy may focus on improving or changing internal training processes so that staff retention is improved.
Survival	The organisation's strategy may focus on restructuring its operations, so that costs can be reduced.

Table 7: Factors affecting strategy



Creating a strategy will involve the engagement and consultation of internal and external stakeholders and may be challenging at times.

OVER TO YOU

Activity 4: Organisational goals, objectives and strategic direction

Consider your own organisation or one you know well or would like to research.

- 1 Analyse its organisational goals and objectives; what key messages emerge?
- 2 How SMART are the objectives? What changes might these require?
- 3 Examine the current strategic direction. What factors appear to be shaping the strategy? How does the strategic direction relate to the theoretical tools you explored? What is similar? What is different?

Having explored the three questions above, what improvements/opportunities for change would you recommend?

Leadership in difficult times

As you will see from the above section, creating organisational goals, objectives and strategic direction may be difficult. It may involve change, it should involve engagement with internal and external stakeholders, and it should involve consideration of the business environment of the organisation and the current political and economic climate. Leadership in these difficult situations or times often requires a leader with a clear vision.

Audacious leadership

Steve Carter (2009) suggests that difficult times require a particular style of leadership, which he calls **audacious leadership**. The role of an audacious leader is to ensure that the organisation faces up to the new challenges. Promoting a motivational vision to stakeholders is key; they need to know where they need to be and why they need to be there. Difficult times are an opportunity to develop a more resilient and sustainable organisation.



OVER TO YOU

Activity 5: Leadership in difficult times

Consider your own organisation or one you know well or would like to research.

- 1 What "difficult times" is the organisation facing (or faced in the past)?
- 2 How has the organisation's leader or leadership team faced up to these new challenges?
- 3 How has the organisation's leader or leadership team promoted a motivationally rich vision?

Having explored the three questions above, what could the organisation do (or have done) differently?

1.2 The leader's role in communicating the organisation's vision, mission and values to others

Changing minds

When leading strategic change, the leader has a key role in gaining buy-in or commitment to the organisation's vision, mission and values. This is achieved through the changing of people's mind-sets. Howard Gardner (2004) identified seven levers that help gain that buy-in or commitment. He called these the **Seven Rs of changing minds**. The following table summarises these levers.

Reason	Making logical arguments
Research	Presenting factual data
Resonance	Connecting with an individual or group's emotional or spiritual core
Representational re-descriptions	Presenting the same idea in multiple formats
Resources and rewards	Offering positive or negative reinforcement
Real world events	Leveraging happenings that are out of your control
Resistances	Identifying and countering longstanding, contrary beliefs

Source: adapted from Gardner (2009)

Table 8: The Seven Rs of changing minds



It is important to understand that the leader may not need to apply all these levers to help change minds and gain buy-in and commitment. The leader can select the one that is most appropriate for the situation.

OVER TO YOU

Activity 6: The Seven Rs of changing minds

Consider your own organisation or one you know well or would like to research. Which of the Seven Rs identified by Gardner would be the most appropriate for changing minds? Why would that be?

Building trust as a leader

As well as gaining buy-in and commitment for an organisation's vision, mission and values, it is important for the leader to build **trust** when leading strategic change. Trust has strong links to values and is often included in organisational values and values statements. Building trust is also an important aspect of leadership principles. It is hard to get people to follow you if they do not trust you.

Patrick Lencioni (2008) highlights Five Temptations that leaders should avoid when building trust.

Temptation 1	The natural but dangerous tendency to enjoy the status that accompanies your role as a leader
Temptation 2	The dangerous need to be liked by the people whom you lead
Temptation 3	The need to ensure that your decisions are correct
Temptation 4	The tendency to preserve harmony even when a good fight is needed
Temptation 5	The need to maintain an air of invulnerability among the people you lead

Source: adapted from Lencioni (2008)

Table 9: Five temptations leaders should avoid when building trust



Stephen Covey (2009) identified 13 behaviours for building and maintaining trust as a leader. They are:

- 1 Talking straight – be honest with people and tell the truth. Let people know where you stand.
- 2 Show respect – genuinely care for others and show you care. Treat people with dignity.
- 3 Create transparency – don't have hidden agendas. Don't hide information.
- 4 Right wrongs – make things right when you're wrong. Apologise quickly.
- 5 Show loyalty – give credit to others. Speak about people as if they were present.
- 6 Deliver results – establish a track record of results. Get the right things done.
- 7 Get better – continuously improve. Increase your capabilities.
- 8 Confront reality – take issues head on, even the "undiscussables". Address the tough stuff.
- 9 Clarify expectation – disclose and reveal expectations. Discuss them.
- 10 Practice accountability – hold yourself accountable. Hold others accountable.
- 11 Listen first – listen before you speak. Understand.
- 12 Keep commitments – say what you're going to do. Then do what you say you're going to do.
- 13 Extend trust first – extend trust abundantly to those who have earned your trust. Extend trust conditionally to those who are earning your trust.

Covey also stated:

“Only half of employees trust their senior managers and leaders and only 28% believe CEOs are a credible source of information.”

 OVER TO YOU

Activity 7: Building trust

Looking at Lencioni's Five Temptations, which ones do you think can be the most damaging when trying to build trust as a leader? Why is that?

Looking at Covey's 13 behaviours, are there any that you feel you currently practice? Are there any that you feel you might need to improve/develop? How would you do this?

Building trust sometimes may seem like a relatively straightforward activity. In reality, it can be a complex set of behaviours. When leading strategic change, building trust amongst stakeholders is a vital component of gaining buy-in and commitment. At times the leader needs to make sure they are demonstrating the organisations values. If the **organisation values** integrity and honesty, then the leader needs to demonstrate those behaviours when leading the change.

Leadership messages

When leading strategic change and communicating the organisation's vision, mission and values to others, the quality of the leadership messages is very important. Any change initiative is at risk of failing if stakeholders do not understand the vision for change, or how the change relates to the organisation's values.

Baldoni (2003) looked at the communication approaches of great leaders. He identified four important leadership communication traits. These are shown in the table below.

Leadership communication trait	Message
Significance	The messages must reflect the big issues that the organisation is facing. What is the impact of these issues?
Values	The messages must reflect organisational values and culture. What is important to the organisation?
Consistency	The messages must ensure the vision and values aspect is consistent.
Cadence (frequency)	The messages should occur regularly and often.

Source: adapted from Baldoni (2003)

Table 10: Leadership communication traits



CASE STUDY

The right leadership messages

Joseph is the CEO of a pharmaceutical manufacturing organisation. The organisation is currently facing difficult times as increased competitor activity has taken key customers and reduced market share dramatically. Joseph realises something has to change if the organisation is to survive.



Joseph's vision is to cut the organisation's manufacturing capability and focus more on carrying out R&D (research and development). Having spoken to a number of CEOs from other pharmaceutical manufacturing companies, they have said they would be very interested in outsourcing their own R&D to Joseph's organisation, providing it ceases to manufacture product itself. Several current and prospective customers have also indicated they would be keen to work with the new R&D focused organisation. Joseph's initial research has indicated that the R&D activities would be more profitable than the current manufacturing capability. The organisation's values focus on improving people's health. Joseph feels this would not change; the focus would shift from demonstrating this value through manufacturing products to providing important, meaningful research and development that other manufacturing organisations would require.

In two weeks, Joseph is to present his vision at a board meeting. This will consist of other members of the senior leadership team and the organisation's major shareholders. He feels that the senior leadership team are broadly behind him but that the major shareholders will object as they will view it as the organisation changing its core purpose and values.

OVER TO YOU

Activity 8: Leadership messages

Using the above case study information, what leadership communication messages do you feel Joseph should communicate to the board?

Looking at Baldoni's four traits model, which one do you think would be most important to communicate? Why is that?

Effective communication of vision and values

As a leader, when leading strategic change, it is important to ensure that your communication is effective. As we saw in the previous section on leadership messages, message quality is crucial. John Kotter, in his book *Leading Change* (1996), identified the following elements for communicating your vision and values.

- Simplicity – no jargon.
- Metaphor, analogy and example – a verbal picture.
- Multiple forums – large and small **meetings**, memos, leaflets, newsletters.
- Repetition – keep repeating the message to sustain the vision.
- Leadership by example – are the top people's actions inconsistent with the message?
- Explanation of seeming inconsistencies – explain as necessary.
- Give and take – make sure your communication is two-way. Do people understand your vision? Can they add their input?

Source: adapted from Kotter (1996)

It is also important for the leader when communicating to ensure that they keep to the facts. It's important to communicate messages that acknowledge organisational values, but these should not be "overplayed". Stakeholders will see through these messages if too much emphasis is placed on values and not enough on the current situation or the threat or opportunity the organisation may be facing.

CASE STUDY

Effective communication of vision and values

(If you have not already, read the previous case study on the **right leadership messages**.)

Joseph prepared for the board meeting by creating a 20-minute power point presentation, supported by a five-page summary report. The presentation and summary report were structured as follows.

- 1 The problem facing the organisation (loss of customer/market share).
- 2 The initial research and investigation Joseph had carried out (consultation with stakeholders).
- 3 The proposed solution (cease manufacturing and move to providing R&D to new and existing customers).
- 4 The expected outcome (a more profitable organisation, with a greater chance of survival in difficult market conditions).



Joseph tried to ensure he kept the messages as simple as possible. He did include some technical terms when explaining the financial situation. These provoked some questions from the board members. He then showed them some simple financial projections.

Joseph tried to provide a clear vision of why the changes were required. He included a picture in his presentation of a closed down factory. He also included some quotations and comments from existing/prospective customers on the proposed changes to the organisation.

The report he prepared was given out at the end of the presentation. Joseph then encouraged questions and discussion.

He felt he repeated the message that it was about organisational survival and that the organisation had to change. Some of the stakeholders were concerned that the new direction did not fit in with the organisation's values.

Joseph admitted that the changes would not be easy, but the research and investigation he had carried out (much of this in his own time) provided a workable solution through the difficult times ahead.

He spent over an hour at the end of the presentation, answering questions and this continued over lunch. Joseph offered to set up individual one-to-ones with any board members to discuss any individual concerns that they may have.

Joseph encouraged the board members to read the full report and email him with any questions/feedback. He also arranged another board meeting where they would discuss the proposal in more detail and would ensure board members' questions/concerns were discussed.

OVER TO YOU

Activity 9: Effective communication of vision and values

Using the above case study information, how effective was Joseph's communication to the board members when compared against John Kotter's elements model?

What worked well?

What could have been better? Why would that be?

The effective communication of vision and values, especially in difficult times or when leading strategic change, is a key **competency** for leaders. It is important that you understand your audience, that you get the message quality right and that you select the right communication channels. Stakeholders will expect to see you are clear on the vision of your organisation and that you have taken organisational values into account. At times, you will have to challenge stakeholders' expectations and provide facts and evidence to back up your case. You may not gain buy-in and commitment from all stakeholders, and you may have to amend your messages, change your communication channels and try again. This is still not a guarantee of success, but you will have removed/reduced a lot of the potential barriers.

1.3 Leadership principles that help in the creation, communication and embedding of the organisation's vision, mission and values

Authentic leadership

When creating, communicating and embedding an organisation's vision, mission and values, especially when leading strategic change, it is important for the leader to be seen as "authentic" by their followers and other stakeholders. **Authentic leadership** is seen as being:

- transformational – it is about change, transforming things for the better;
- ethical – you behave ethically and do and say the "right things";
- your own person, leading with purpose, values and meaning.

Often, behaviours such as empowering others and showing compassion fit the concept of authentic leadership, and personal values such as sincerity, honesty and integrity are also associated with the concept.

So, how do you go about being an authentic leader? Goffee and Jones (2005) proposed a three-step framework which outlines what you should do.

1 Get to know yourself and your origins better by:	Exploring your autobiography Returning to your roots Avoiding comfort zones Getting honest feedback
2 Get to know others better by:	Building a rich picture of your environment Removing barriers between yourself and others Empathising passionately with your people Letting others know what's unique (and authentic) about them
3 Connect to the organisational context better by:	Getting the distance right (creating good first impressions) Sharpening your social antennae Honouring deeply held values and social beliefs Developing your resilience

Source: adapted from Goffee and Jones (2005)

Table 11: Authentic leadership



Goffee and Jones have cited Tony Blair (a former UK Prime Minister) and Ronald Reagan (a former US President) as authentic leaders, but Tony Blair's integrity has been questioned over his decisions regarding the UK's involvement in the Iraq war, and some may question Ronald Reagan's authenticity as a leader as he was previously an actor. Was he just acting, or was he being authentic in his behaviours?



OVER TO YOU

Activity 10: Authentic leadership

Read the Emerald Insight article, (2006) "Authenticity and effective leadership: Getting the focus right", Strategic Direction, Vol. 22 Issue: 7, pp.18–21. (This article will be available in your online student resources.)

This article is based on the Goffee and Jones article referenced above and considers the views of other writers on the concept of authentic leadership.

Having read the article, answer the following questions:

- 1 What are the pros and cons of authentic leadership as outlined by the article?**
- 2 How does this form of leadership compare and contrast with more traditional forms of leadership?**

Obviously authentic leadership is not the answer to all challenges when leading strategic change, but several of its principles can help. Its strong links to ethical behaviour, values, and focus on being yourself can help gain commitment and buy-in from followers and stakeholders.

Inspiring followers

So, what are the leadership behaviours that inspire followers? In Section 1.2 Building trust as a leader and Activity 7, you were introduced to Stephen Covey's 13 behaviours for building and maintaining trust. People will follow you as a leader if they trust you. Sometimes, they will follow you even if they don't trust you, perhaps because of fear, lack of information, or if they feel they have no choice.

Inspiring followers through leadership can take other forms. One example is to inspire followers through motivational leadership, leading people by focusing on what may motivate them.

There are two common models of leadership which follow this theory. These are:

1 Transactional leadership

2 Transformational leadership

Both are based on the extensive work of James McGregor Burns (1982). He defined leadership as:


“leaders inducing followers to act for certain goals that represent the values and motivations – the wants and needs, the aspirations and expectations of both leaders and followers.”

Burns defined the two types of leadership as follows:

Transactional leadership	This is based on a “transaction” type approach – if you do this for me, I will do this for you. Followers are motivated by promises or rewards if they do something right, and threats or punishments if they don’t.
Transformational leadership	This is based on engagement, where leaders and followers engage with each other. Followers are motivated by the leader demonstrating vision, dynamism and charisma.

Source: adapted from Burns (1982)

Table 12: Transactional vs transformational leadership



Transactional leadership takes the view point that people are motivated by reward and punishment. They demonstrate compliance with what an organisation wants them to do. If the leader wants to inspire the followers to accept an organisational change, they can motivate their behaviour through reward: embrace the new system and this will help your prospects of promotion. Or, the leader can motivate their behaviour thorough punishment: if you don’t embrace the new system, it may mean we have to make your job redundant.

Transformational leadership takes the view point that people are motivated through being inspired. They complete tasks and activities because they feel engaged, they trust in and believe the leader. If the leader wants to inspire the followers to accept an organisational change, they inspire them through sharing a vision, and through showing them the benefits of the change. The leader uses dynamism to move things forward, and charisma to gain buy-in. They support the followers through the change by offering training, coaching or mentoring.

Successful leaders

How would you go about defining a successful leader? What characteristics do they have? What behaviours do they demonstrate?

Below are two examples of successful leaders and their leadership characteristics/behaviours.

Leader	Characteristics/behaviours
Mahatma Gandhi	Visionary Dynamic Appealed to people’s hopes Challenged the status quo
Barack Obama	Engaging Charismatic Communicative Role model

Table 13: Successful leaders



You may consider that both the leaders above demonstrated more of a transformational leadership style than transactional. Both had to lead strategic change for their respective countries. Though these characteristics and behaviours have been used in a political context, they would also be effective when leading strategic change within an organisation.

OVER TO YOU

Activity 11: Successful leaders

Think about some other successful leaders from public/political roles.

What characteristics do/did they have?

What behaviours do/did they demonstrate?

How do your examples compare/contrast with the ideas in Table 13?



It is often the case that when we think of successful leaders, we think of the leaders who have led successful change and transformed countries, organisations or sports teams. We have to also recognise that sometimes leaders display a number of these characteristics and behaviours and use these to less positive extents; think of historical dictators like Hitler, Stalin and Pol Pot, for example. In the shorter term, they are often successful, but less so in the longer term.

Generally transformational leadership is viewed as being more successful than transactional leadership. When leading strategic change, the leader will often have to:

- inspire a shared vision;
- engage with followers;
- motivate the hearts and minds of the team;
- be charismatic when dealing with stakeholders;
- act as a role model.

These characteristics and behaviours mirror the transformational style identified by Burns. When leading strategic change, it may feel difficult for the leader to demonstrate these characteristics and model these behaviours at all times, with all followers and stakeholders, but they should avoid reverting back to a transactional leadership style.

Leadership style, energy levels and personality

The style of leadership can be an important factor when leading strategic change. When creating, communicating and embedding the organisation's vision, mission and values, the leader may need to adopt different styles for different situations.

Daniel Goleman (2000) saw links between leadership style and leaders' energy levels and personalities. He defined the concept of **emotional intelligence** – the ability to manage ourselves and our relationships effectively. He identified four distinct capabilities of emotional intelligence.

- **Self-awareness:** people with emotional intelligence are aware of their emotions. They are confident and aware of their feelings. They do not let their emotions get out of control.
- **Self-management:** people with emotional intelligence are in control of their behaviour. They think before they act. They are comfortable with change and saying "no". They are motivated and can see the longer-term goal rather than just the short-term results.
- **Social awareness:** people with emotional intelligence display empathy. They recognise the feelings of others. They are good at managing relationships and have a good ability to listen and to relate to others.

- Social skills: people with emotional intelligence have good social skills, they like to talk to people and people find them easy to talk to. They like to help others and are effective team players. They are good at resolving disputes.

Leaders will display various degrees of these four emotional intelligence capabilities. These capabilities shape a number of leadership styles. From this, Goleman identified six leadership styles, as shown below.

Leadership style	Characteristic	What you might hear them say
Coercive	Demands immediate compliance	"Do what I tell you"
Authoritative	Mobilises people towards a vision	"Come with me"
Affiliative	Creates harmony and builds emotional bonds	"People come first"
Democratic	Forges consensus through cooperation	"What do you think?"
Pacesetting	Sets high standards of performance	"Do as I do now"
Coaching	Develops people for the future	"Try this"

Source: adapted from Goleman (2000)

Table 14: Goleman’s six leadership styles



 OVER TO YOU

Activity 12: Leadership style, energy level and personality

**Think about the six leadership styles identified by Goleman.
In what organisational situations might each of these styles work best?**

Goleman identified the following situations for each of his six styles.

Leadership style	Organisational situation
Coercive	In a crisis To kick-start a turnaround With problem employees
Authoritative	When change requires a new vision When clear direction is needed
Affiliative	To heal rifts in a team To motivate people during stressful circumstances
Democratic	To build buy-in or consensus To get input from valuable employees
Pacesetting	To get quick results from a highly motivated and competent team
Coaching	To help an employee improve performance To develop an employee's long term strengths

Source: adapted from Goleman (2000)

Table 15: Goleman's six leadership styles and organisational situations



So, are some styles more effective than others? Goleman highlighted that a leader may need to use many styles and that leaders with four or more styles had the best business performance and working climate. Those with four or less should work on developing those styles, or identify people around them that can collaborate with them and provide those styles when required. Goleman believed that emotional intelligence could be developed.

There are some critics of Goleman's approach to emotional intelligence and leadership styles, some question where emotional intelligence can be developed at all. Some argue that it is technical competency that is more valuable for a leader than "softer" interpersonal skills which emotional intelligence promotes.

Ethical leadership

Ethical leadership has become much more of a key principle since the worldwide financial crisis of 2008. During that time, several high-profile organisations (Merrill Lynch, Royal Bank of Scotland, Lehman brothers) went bankrupt because of unethical decisions and behaviours by senior leaders in the organisations. Ethical leadership is about doing the "right things" and treating people in the "right way". In leading strategic change, it is important to be seen as being ethical as a leader.

Kasthuri Henry (2009) developed a model for ethical leadership called the Comprehensive Ethical Leadership Model. In this model, Henry talked about “roadblocks”, things that get in the way of ethical leadership and, in particular, ethical decision making. Henry identified five “roadblocks”; these are shown below.

- 1 Professional and social pressures: sometimes there is a need for the leader to conform, to behave in a way that others do, so that you “fit in”.
- 2 Pursuit of pleasure: sometimes the leader makes unethical decisions because their emotions are focused on gaining pleasure; they do unethical things and behave in an unethical way because they are striving to achieve something that gives them pleasure, like money, for example.
- 3 Desire for power: sometimes the leader makes unethical decisions because of the desire for power; they want to feel in control, that their decision is the most important one, or that they can gain power as result of the decision, even if it is unethical.
- 4 Pride and the need to be a winner at any cost: sometimes the leader makes unethical decisions because they feel their pride is at stake or they do not want to admit that they are wrong.
- 5 Conflicting priorities: sometimes the leader makes unethical decisions because of conflicting priorities; they are unable to see what’s the most important/urgent, or their priorities or values are not the same as others or the organisation’s.

Source: adapted from Henry (2009)

Henry states that a helpful question in these situations when faced with one or more of these potential roadblocks is to ask, “How would I like to be treated in this situation?”

Organisational change may cause situations where unethical decisions could be made, and asking the above question could help the leader consider if they are demonstrating ethical leadership.


There is a strong relationship between ethical behaviour and values. An organisation’s values directly influence the behaviours required from its employees. Leaders often have their own personal values. If they are aligned to the organisational values, that’s great; if not, there could be an opportunity for unethical behaviour. For example, if one of the organisation’s values is “respect for others” and one of the leader’s personal values is “success at any cost”, there might be some situations where the personal value takes precedence and unethical behaviour takes place.

Ethical leadership should consider the following contexts:

The legal context	<ul style="list-style-type: none"> • Employment rights • Equal opportunities • Fair pay • Discrimination legislation
The regulatory context	<p>Bodies enforcing rules, guidelines and regulations such as:</p> <ul style="list-style-type: none"> • health and safety • data protection • financial reporting.

The organisational context	<ul style="list-style-type: none"> • Culture • Codes of conduct • Social responsibility • Governance
The ethical context	<p>Specific organisational ethical codes and statements such as:</p> <ul style="list-style-type: none"> • the way people are treated; • ways of doing business; • dealing with competitors; • relationship with suppliers; • values and behaviour statements.

Table 16: Contexts for ethical leadership



When leading strategic change the leader should consider these ethical contexts when making decisions. Are they just organisational decisions or were they made with consideration of ethical context or personal values?

Values based leadership

Like ethical leadership, **values based leadership** is a more recent leadership concept that, according to Richard Barrett, is ideal for the complex and chaotic world we live in due to values transcending contexts and history. They enable us to adapt our decision making to create the future we want to experience.

Values based leadership

According to Barrett, values based leadership is:

“a way of making authentic decisions that build the trust and commitment of employees and customers.”



Barrett has developed the **seven levels of leadership consciousness model** to help leaders understand where they may be as a leader and for leaders to use it to think about how they might improve.

Search online for the ‘Seven levels of leadership consciousness model’. You can try www.valuescentre.com to find the correct model. Copy out the model and revise it.



Your position on the seven levels of consciousness model depends on how advanced your leadership is. For example, at Level 4 you would be described as a facilitator/influencer with a positive focus on continuous renewal, and would be a leader that “promotes learning and innovation”, a “team builder” and a leader that “empowers others”.



OVER TO YOU

Activity 13: Values based leadership

Consider your own organisation or one you know well or would like to research.

Think about the seven levels of consciousness model developed by Barrett; what level(s) would help in the creation, communication and embedding of the organisation’s vision, mission and values?

Where is your own values based leadership position?

Why is that?

What could you do to develop/improve?

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READING LIST

Emerald Insight Articles

- Engelbrecht, A., Heine, G., Mahembe, B. (2017). "Integrity, ethical leadership, trust and work engagement", *Leadership & Organization Development Journal*, Vol. 38 Issue: 3, pp.368–379. (This article will be available in your online student resources.)
- Frost, J. (2014). "Values based leadership", *Industrial and Commercial Training*, Vol. 46 Issue: 3, pp.124–129. (This article will be available in your online student resources.)
- (2006). "Authenticity and effective leadership: Getting the focus right", *Strategic Direction*, Vol. 22 Issue: 7, pp.18–21. (This article will be available in your online student resources.)

Core textbook

- Barine, K., Minja, D., Muhoho, J. (2015). *Leading Strategic Change*. USA: Integrity Publishers

Online resources/web pages

- <https://www.valuescentre.com/mapping-values/barrett-model/leadership-consciousness>
- Boston Matrix – [http://www.businessballs.com/freebusinessplansandmarketingtemplates.htm#boston matrix](http://www.businessballs.com/freebusinessplansandmarketingtemplates.htm#boston%20matrix)
- Ansoff product market matrix – [http://www.businessballs.com/freebusinessplansandmarketingtemplates.htm#ansoff product market matrix](http://www.businessballs.com/freebusinessplansandmarketingtemplates.htm#ansoff%20product%20market%20matrix)
- Porter – generic strategies https://www.mindtools.com/pages/article/newSTR_82.htm

Summary

In this chapter, we considered the strategic leadership principles for leading strategic change. We have looked at a number of important roles the leader should play. We have considered the role of the leader in the creation, communication and embedding of the organisation's vision, values and strategic direction. In doing so, we have explored several key leadership concepts and "best practice" thinking. We have encouraged you to complete several activities to help embed the learning. The next chapter will focus on the drivers for and impact of change for an organisation.

Chapter 2

The Drivers and Impact of Change

Introduction

When leading strategic change, it is important to understand the drivers for and impact of organisational change. This is achieved by first understanding the organisation's position in the **sector** and market in which it operates. This chapter will look at how opportunities for change are evaluated, and the impact of the change on organisational objectives. Finally, the chapter looks at "best practice" thinking around the leadership of a **change process**.

Learning outcome

On completing this chapter, you will be able to:

2 Critically assess the drivers for, and assess the impact of change for an organisation

Assessment criteria

2 Critically assess the drivers for, and assess the impact of change for an organisation

- 2.1 Discuss the organisation's position in the sector and market in which it operates
- 2.2 Evaluate opportunities for change that supports the organisation's objectives
- 2.3 Analyse the expected impact of the change on organisational objectives
- 2.4 Critically review models for the leadership of change

Level 6 Leading Strategic Change

2.1 The organisation’s position in the sector and market in which it operates

Organisational data

When leading and influencing strategic change, it is important for the leader to understand the drivers for and impact of the change. Understanding the organisation’s position in the sector and market in which it operates is fundamental to that. There are a number of sources of data that can help with this understanding. We will begin by looking at organisational data. This should be data that the organisation generates internally and should be generally available.

Organisational data can vary depending on the size and nature of the organisation, but could be data such as the following:

Turnover, income or revenue	<p>This data relates to the sales volume (units) and value (\$) of products and/or services that the organisation provides to its customers, clients or users.</p> <p>This data could indicate a growth or reduction in sales volume or value. It could highlight a need for change to make the most of an opportunity, or a need for change to deal with an emerging risk or threat to volume or value of sales.</p>
Direct costs	<p>This data relates to the organisational costs that directly relate to the sales of the products and/or services that the organisation provides.</p> <p>It often relates to raw materials or staff costs.</p> <p>This data could indicate a need for change in the organisation’s supply chain or staffing policies. It can also be helpful for an organisation to calculate its break-even point; this can be very important for making strategic pricing decisions and may require strategic level change as a result.</p>

Indirect costs	<p>This data relates to the organisational costs that indirectly relate to the sales of the products and/or services that the organisation provides.</p> <p>These are often described as overheads, and may be costs such as rent and rates, or the leasing of vehicles.</p> <p>This data could indicate a need for change in the organisation's structure, location or the way it is funded.</p>
Gross or net profit or margin	<p>This data relates to any return or surplus the organisation may make from its sales, once costs have been considered.</p> <p>Gross profit or margin is generally sales minus direct costs. This data could indicate a need for change in the way staff are rewarded (i.e. salary).</p> <p>Net profit or margin is generally gross profit or margin minus indirect costs. This data could indicate a need for change in the way an organisation manages its overhead costs, such as utilities.</p> <p>There are several terms for profit – “gross” and “net” have been mentioned, but there are also other types of profit; for example, there are retained earnings, and on individual products there will be a margin and mark-up, i.e. profit as a % of price = profit margin, and profit as a % of the total costs = mark-up.</p> <p>Again, analysis of this type of data may highlight a need for organisational change.</p>

Table 1: Organisational data

The above table contains mostly financial organisational data. This is often a good starting point as it can highlight opportunities for change. These can be positive (for example, taking advantage of growing turnover or revenue data and employing more staff), or negative (for example, looking to reduce staff numbers to improve gross margin or profit). Looking at data for previous periods (quarter/year) can help with comparisons.

Market or sector data

Having a good picture of organisational data, such as the financial data explored above, also provides a base load of data to compare and contrast with external, wider focus data. This may be from the market or sector in which the organisation operates. Both can be used to compare organisational performance data. It might indicate a need for change because the organisation is performing poorly when compared to the market or sector data, for example. It might also indicate a need for change because of emerging trends highlighted in the market or sector data.

A **market** is generally a collection of organisations that operate in an area and provide products and services to a customer group; for example, the automotive market consists of manufacturers and suppliers providing vehicles and accessories to corporate buyers and members of the public.

A **sector** is a more specific focus area of a market; for example, in the automotive market example above, an example sector would be luxury cars. Not all the manufacturers and suppliers may focus or operate in that sector; many may focus on other sectors.

Toyota and Kia cars both operate in the automotive market, but only Toyota, via its Lexus brand, operates in the luxury cars sector.

Market and sector data can be used by an organisation to understand its current position and can be helpful to use for **benchmarking** purposes. The following table provides an example of organisational data being benchmarked against market data.

Organisational Turnover (a)	\$1,000,000
Number of employees (b)	100
Turnover per employee (a / b)	\$10,000
Average Market Turnover	\$1,500,000
Average Market number of employees	75
Average Market turnover per employee	\$20,000

Table 2: Organisational data versus market data

REVISION
on the go

In the above example, an organisation would need to consider the following questions:

- Why is our turnover below the average for the market?
- Why do we employ 25 people more than the average for the market?

Consideration of the above questions may indicate a need for organisational change. The organisation may need to work on increasing turnover and/or reducing staff costs, for example.



OVER TO YOU

Activity 1: Organisational, market and sector data

Consider your own organisation or one you know well or would like to research.

- Identify some organisational performance data that would be relevant. Try to find some of the previous period's data as well. What messages about performance and potential change might emerge?**
- Try to find some data from the organisation's market or sector. What sector and/or market does it operate in? Compare the organisation's performance against this data. What does it tell you about its current position? What potential opportunities for change could this identify?**



Organisational marketing plans

As well as organisational, market and sector data, the leader can review any existing organisational **marketing plans**. These may contain organisational performance data and wider data than just financial data; for example, they may contain customer feedback data. Organisational marketing plans may also contain market and sector data collected for specific purposes. Organisational marketing plans can be sensitive and difficult to access. Unlike financial performance data, which is often made available publicly, marketing plans and the data they contain are not shared in the public domain.

Organisational marketing plans often contain data at two levels: **the strategic level** and **the operational or tactical level**. Kotler and Keller (2006) suggest the following framework for organisational marketing plans:

Strategically	A strategic marketing plan identifies target markets and the value proposition, based on an analysis of market opportunities and a detailed understanding of customer needs (gained through effective segmentation). Key decisions will include, for example, messaging, branding, positioning and targeting.
Tactically	<p>A tactical marketing plan drills down and defines marketing tactics, which include, for example:</p> <ul style="list-style-type: none"> • product features • promotion • merchandising • pricing • sales channels • service <p>To marketers, these tactics are delivered through the marketing mix (typically for goods using 4Ps – product, price, place, promotion – and for services using 7Ps – the above plus people, process and physical evidence).</p>

Source: adapted from Kotler and Keller (2006)

Table 3: Organisational marketing plans



It may be that an organisational marketing plan contains both strategic and tactical components of the above framework, or it may focus on one only. Either approach should provide some data for the leader to consider, and should help the leader to understand the current position in the sector and market in which it operates.



OVER TO YOU

Activity 2: Organisational marketing plans

Consider your own organisation or one you know well or would like to research. Find a copy of its marketing plan. Consider the following questions:

- 1 Is the marketing plan focused on the strategic or tactical level, or both?
- 2 How does the content compare and contrast with the framework suggested by Kotler and Keller?
- 3 What key messages emerge about the organisation's current position in its sector and the markets in which it operates?
- 4 What opportunities for change surface from reviewing the marketing plans?

Reviewing an organisation's marketing plans can be very helpful in determining its current position and identifying potential opportunities for change, but it is important to remember that these plans are only one view of the current position of the organisation. Marketing plans are very focused on markets, sectors and products/services. They should contribute and contain links to strategic planning, but they may miss opportunities for change and/or risks and threats to the organisation that other analysis and evaluation tools would pick up.

Environmental analysis tools

Marketing plans, especially those focused on the strategic level, will often contain some form of organisational **environmental analysis**. Environmental analysis encompasses both the internal and **external environments**. This is important as organisations need to understand changes to their environments so they can leverage their strengths and protect themselves against weaknesses, exploit opportunities that might arise and minimise the impact of any threats.

The external environment comprises the micro and macro environments. The latter will probably impact similar organisations in a similar way. The macro environment cannot be controlled. Companies decide which micro environments they operate in (customers, suppliers, etc.).

Environmental analysis should consider external factors that may impact on an organisation's ability to operate. Sometimes these factors may be an opportunity, and sometimes these factors may be a risk or threat. Both could impact on an organisation's position in its market and sector, and both could drive strategic level change.

A helpful environment analysis tool for analysing the external macro environment is **PESTLE**.

Political (P)	Political factors are based on policy decisions by local, regional or national governments; for example, retirement age – at what age can you obtain a state pension?
Economic (E)	Economic factors are based on economic conditions that are prevalent and are linked to the life cycle of the economy; for example, is the economy experiencing a period of growth, or recession?
Social (S)	Social factors are based on cultural decisions. These can be local or international in nature; for example, migrant workers moving to areas with high employment.
Technological (T)	Technological factors are based on technological conditions. Again, these can be local or global in nature; for example, the global trend towards the use of social media as a major communications channel.
Legal (L)	Legal (or legislative) factors are based on national and international legal and regulatory decisions that may impact on an organisation's ability to operate; for example, an employment law requiring minimum wages for employees.
Environmental (E)	Environmental factors are based on ecological conditions and decisions. These can be local or international in nature; for example, the global trend towards recycling and recyclable products. This also encapsulates sustainability, ethics and Corporate Social Responsibility (CSR), all of which may impact on the organisation and act as a key driver for strategic change.

Table 4: PESTLE analysis

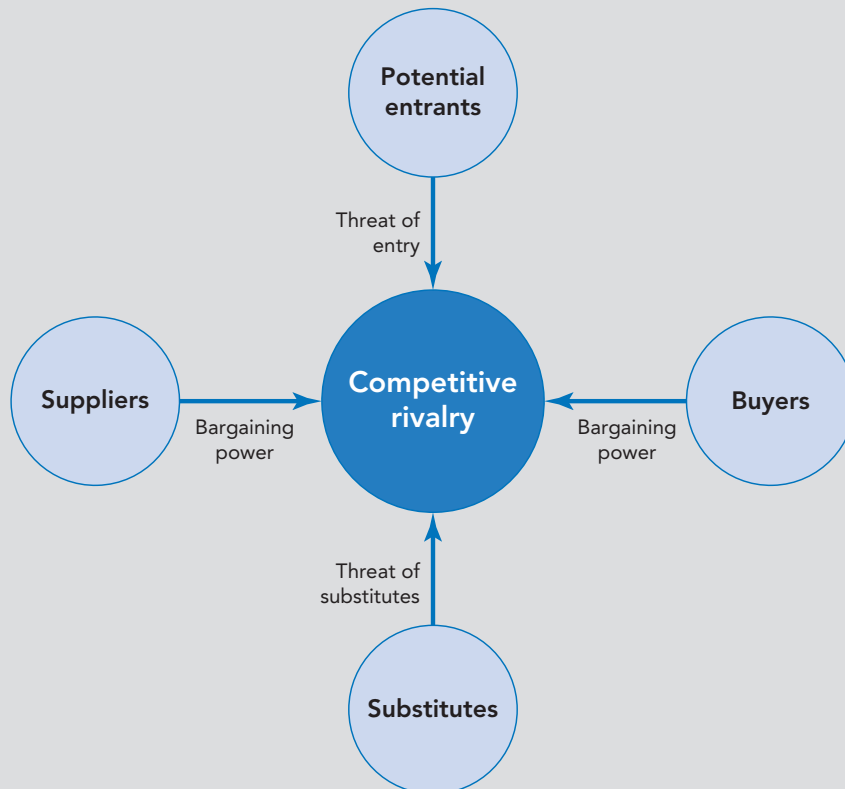


PESTLE analysis can be a helpful environmental analysis tool for helping to determine an organisation's current position in the sector and market in which it operates. It can be used to determine whether the factors are a help or a hindrance; are they opportunities for growth, or a threat to revenue or profit? Once an organisation has identified its PESTLE factors it can decide whether they identify a need for change. At this level, the tool can be very helpful for identifying a need for externally driven strategic change. Organisations do not exist in a vacuum and must adapt to changes in the macro environment. The organisation needs to consider whether these macro changes are threats/risks or opportunities.

Competitive analysis tools

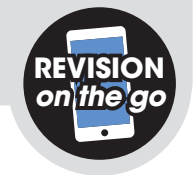
As well as considering the external environment when determining an organisation’s current position, it may be helpful to consider its position in the market and sectors in which it operates by applying a **competitive analysis** tool, which is useful for assessing the dynamic forces within the micro environment.

Once such tool is based on the work of Michael Porter (1980). He defined a model called the **Five Forces model**, in which he identified five forces which act both separately and together to affect the competitive environment.



Source: Adapted from M.E. Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, Free Press, 1980, p. 4

Figure 1: Porter’s Five Forces model



Examples of Porter’s Five Forces and typical issues are show below.

Force	Issue
Competitive rivalry	How many competitors are there in the market? Is there genuine rivalry between them?
Threat of new entry	How easy would it be to enter this market? Are there any barriers to entry, e.g. set up time, costs and complexity?

Threat of substitution	How easy would it be to offer alternative products/services to the organisation?
Buyer power	How easy is it for the buyer of the product/service to source a new supplier? How many buyers are there? Is any single buyer dominant in the marketplace?
Supplier power	Where does power reside in the supply chain? Are there any second, third, fourth, etc. tier suppliers which can influence pricing?

Table 5: Porter's Five Forces model



Using a model such as **Porter's Five Forces** can help with analysing the competitive environment, but there should be some action planning resulting from this. It can be helpful to combine competitive analysis with environmental analysis and to then see what key messages emerge, and whether these analyses identify any opportunities for change, or identify any risk/threats that may drive organisational change.



OVER TO YOU

Activity 3: Environmental and competitive analysis

Consider your own organisation or one you know well or would like to research. Carry out an environmental analysis using the PESTLE framework.

Then carry out a competitive analysis using the Five Forces model.

Review your findings. What key messages emerge about the organisation's current position in its sector and markets in which it operates?

What opportunities for change surface from reviewing the environmental and competitive analysis exercises?

2.2 Opportunities for change which supports the organisation’s objectives

Organisational objectives, strategies and plans

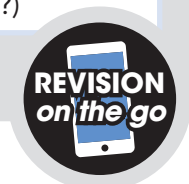
Having discussed and understood the organisation’s position in the sector and market in which it operates, the focus should now turn to identifying and evaluating opportunities for change. These opportunities should support the organisation’s objectives; for example, if the organisation has an objective to “increase sales revenue by 20% by gaining new customers over the next 12 months”, then any change opportunities identified should relate to and support the achievement of that objective.

The same approach will apply to strategies (higher-level and longer-term approaches) and plans (lower-level and shorter-term activities). Any changes to strategies and plans should relate to and support the achievement of the objective.

The role of the leader in this is to review and evaluate current organisational objectives, strategies and plans, and to identify opportunities for change. Some of the changes may be to change current organisational objectives, strategies and plans. The following table explores some of the things that needs to be considered when reviewing organisational objectives, strategies and plans.

Organisational objectives	<p>Are the objectives SMART (Specific, Measurable, Achievable, Realistic, Time bound)?</p> <p>Are elements of the above missing? Are the objectives clear?</p>
Strategies	<p>What objectives do the strategies relate to?</p> <p>Is it clear how they will contribute to the achievement of the objective?</p> <p>How are the strategies communicated to stakeholders?</p> <p>How will success be measured?</p>
Plans	<p>What strategies do the plans relate to?</p> <p>How clear are the plans? Do they specify:</p> <ul style="list-style-type: none"> • Who will do the work? • When the work will be done? • What resources are required? • How the work should be done (quality standards)? <p>In addition to the above questions, consideration should be given to:</p> <ul style="list-style-type: none"> • Measures (How will you know if the work is completed?) • Milestones (What are the key events/dates within the plans?)

Table 6: Reviewing and evaluating organisational objectives, strategies and plans



 OVER TO YOU

Activity 4: Organisational objectives, strategies and plans

Consider your own organisation or one you know well or would like to research. Carry out a review and evaluation of any existing objectives, strategies or plans using the framework in Table 6.

What opportunities for change/improvements would you suggest could be made to the look and feel of the objectives, strategies and plans?

It is important to consider that opportunities for change should relate to and support the achievement of organisational objectives, strategies and plans. It is also important to consider that the objectives, strategies and plans themselves may be a source of change opportunities. They may need updating and modifying because of changes to the business environment or competitor activity, for example.

External and internal drivers for change

Opportunities for organisational change are often driven by external (to the organisation) and internal drivers. A driver is a force or influence that creates a need for change. Previously in this chapter we have looked at PESTLE (environment) and Five Forces (competitive) analysis tools for considering the external drivers. There are several other tools and frameworks that can be used to consider the external drivers for change.

Richard Lynch (2012) felt that the Five Forces model proposed by Porter was too static and that the external environment is often dynamic (moves and changes quickly). Lynch proposed a model based on "Four Links". These links are:

- 1 government links and networks
- 2 complementors
- 3 informal cooperative links and networks
- 4 formal cooperative links.

Lynch suggests that this model is more flexible and provides an organisation with opportunities to experiment and develop new and original strategies. By applying the **Four Links model** organisations could consider whether these links identify opportunities for change. Some examples of this are shown below.

Link	Example
Government links and networks	Connections to government bodies and agencies that help/provide guidance; small businesses, for example Tax and legal matters (compliance) Governments can be important markets/sectors and customers
Complementors	Connections to organisations, whose products and services complement your organisation’s product and services; for example, Microsoft (software) and Hewlett Packard (printers)
Informal co-operative links and networks	Connections to organisations that aren’t contractually/legally binding, e.g. trade associations, industry bodies, consumer groups
Formal co-operative links	Connections to organisations that are contractually/legally binding, e.g. alliances, joint ventures

Source: adapted from Lynch (2012)

Table 7: Four Links model for considering external drivers for change



As well as external drivers for identifying opportunities for change, change can come from internal (within the organisation) drivers.

Internal drivers for change may come from considering an organisation’s strategic capability – its ability to perform successfully, given the resources and competencies it has. The following table shows some of these capabilities.

Resources	Physical, e.g. production capacity Human, e.g. employees’ knowledge and skills Financial, e.g. cash/capital Intellectual, e.g. brand and patents
Competencies	Knowledge Skills Techniques Attitudes Deployment of resources Underpinning processes

Table 8: Organisational resources and competencies



An organisation applies its competencies with the resources that it has at its disposal to demonstrate strategic capability and perform successfully. If it does not perform successfully, changes may be required to the resources available or the competencies present.

For example, changes to training programmes (competency) for employees (resource) to improve their customer satisfaction skills (competency) could result in the organisation receiving fewer customer complaints (strategic capability).



OVER TO YOU

Activity 5: External and internal drivers for change

Consider your own organisation or one you know well or would like to research.

What could be the external and internal drivers for change?

For the external drivers, consider the Four Links model in Table 7.

For the internal drivers, consider the organisational resources and competencies model in Table 8.

Which one would say would be the key driver? Why would that be?

Market, customer, supplier and staff survey data

As well as considering internal drivers for change by using the resources and competencies approach discussed above, opportunities can be identified through considering existing data that the organisation may have collected. There are four categories of data that may help identify opportunities for change. These are shown in the table below.

Data categories	Example
Market data	<ul style="list-style-type: none"> • Data from government or industry bodies on size of market and trends; • Views from industry groups or trade associations on whether overall market is growing, declining or changing; • Data on competitors' products, services, resources and competencies; • Data from professional research organisations such as Gartner (gartner.com);

Data categories	Example
Customer data	<ul style="list-style-type: none"> • Data from customer satisfaction surveys and questionnaires; • Data collected from focus groups; • Data collected from customer complaints and feedback about products, services and support; • Data collected from websites and social media channels; • Data collected from customers via exhibitions/trade shows/conferences; • Data from former customers (why they left/no longer buy); • Data collected from the organisations sales/marketing/customer services teams;
Supplier data	<ul style="list-style-type: none"> • Data from supplier/third party audits e.g. ISO 9001 (a Quality Management System, or QMS, which helps organisations to provide consistent quality in their products and services) and ISO 14001 (an Environmental Management System, or EMS, which helps organisations to measure and improve their environmental impact); • Data collected from supplier evaluation surveys; • Data collected from supplier review meetings; • Data collected from bid/tendering processes; • Data from former suppliers (e.g. why they no longer supply); • Data collected from purchasing/procurement teams;
Staff data	<ul style="list-style-type: none"> • Data collected from formal staff engagement surveys; • Data collected from performance review processes; • Data collected from performance management processes; • Data collected from recruitment processes; • Data collected from informal one-to-ones with managers; • Data collected from training programmes; • Data collected from staff suggestions schemes; • Data collected from "exit interviews".

Table 9: Categories and sources of data



The above table is not an exhaustive list but provides an overview of the typical sources of data that could be considered across the four categories. If the data has already been collected for a specific purpose, this would be secondary data. It has not been specifically collected to inform opportunities for change but it could be used to inform decisions in that area.

The leader would have to be careful that their analysis and evaluation of the data was used correctly in identifying change opportunities; for example, deciding to change the staff recruitment process because one interviewee, who did not get the job, provided some feedback on the way they were interviewed and commented that they felt this could have been improved.

If it is decided to create a specific data collection tool to collect data from one or more of the categories, and that data is then used to inform the change decision, that would be primary data.

As above, the leader would have to be careful about the questions asked and how the data was analysed and presented as a case for change. It could, however, provide a very powerful message about change. For example, if 90% of the staff responded to a staff survey asking if the staff recruitment process was effective and 90% said “no”, this could be good evidence for the need for change.



OVER TO YOU

Activity 6: Categories and sources of data

Consider your own organisation or one you know well or would like to research. What existing data categories and sources of data exist?

Choose an example or a collection of examples and explain how this data could be used to inform decisions about opportunities for change.

If you had to design a primary data collection tool, what categories and sources would you use? How would you collect the data? What method(s) would you use?

How do you think this data could be used to inform decisions about potential opportunities for change?

Reasons for change

Sometimes change happens because of contemporary issues and reasons. **Contemporary change** is about dealing with the present – things that are happening now or very soon and will need to be addressed.

Typical contemporary issues and reasons for change could be:

- new leadership team;
- new structure for the organisation;
- redesign of jobs and/or business processes;
- moving to outsourcing instead of producing;
- change of location;

- installation of new technology and systems;
- changes to employees' terms and conditions;
- being acquired or merged with another organisation;
- redundancies;
- new competitors with new technologies;
- the need to be agile;
- the need to be lean;
- an increase in flexible working;
- the drive to remove/reduce fixed costs (e.g. flexible working, outsourcing, offshoring);
- less focus on physical infrastructure (e.g. banking, retailing).

Many of these are internally driven changes but can be a result of external drivers; for example, the "change of location" reason identified above may be an internally driven change that was a result of an external driver for change, such as a local/regional government tax break incentive to relocate to an area with high unemployment.

The key differences between **internal and external drivers for change** is that leaders and leadership teams usually find internal drivers for change easier to plan, lead and manage. Externally driven change often means the leader and leadership team have less time to react, plan, lead and manage. Sometimes the externally driven change can be an opportunity but often these will create some disturbances to the organisation.

Contemporary issues and reasons for change are sometimes "hard"; they are problems with a defined answer, something that can be solved. For example, installing new technology can be solved through planning, preparation and allocating the right resources.

Sometimes these issues and reasons are "soft"; they relate more to people, motivation and culture. These are often more complex and not easily solved. They will involve planning, preparation and allocating the right resources, but there is no guarantee the change will be acceptable to everyone or will be successful. If, for example, the change was that the organisation was being acquired or merged with another organisation, the structural side of this change – location, roles and responsibilities – could be drawn up with the right resources and competencies, but socially and culturally, the people may never accept the merger or acquisition, and job satisfaction and performance could suffer.

Organisational "pain" driven change

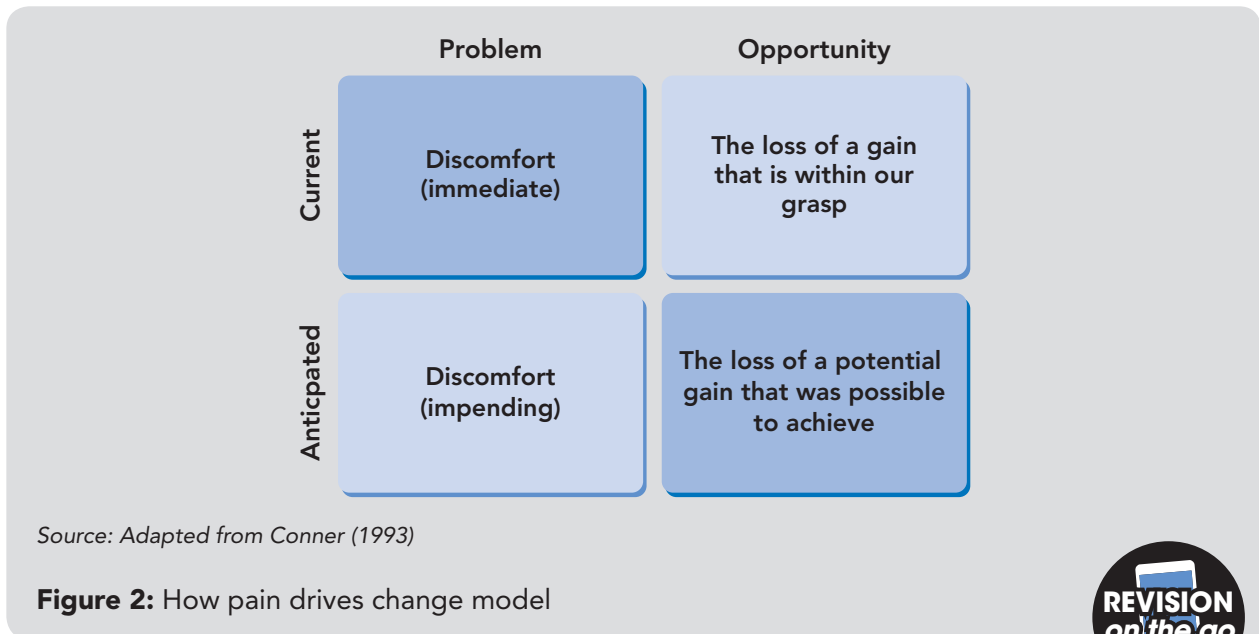
Another key aspect of identifying and evaluating opportunities for change is to consider what **organisational pain** or discomfort the organisation will experience if the change is not made. This can be a very effective driver for change. This approach was defined by Daryl R Conner (1993). Conner identified that leaders often "sell" the benefits of the change to organisational stakeholders. For example, they might say that the move to outsourcing from producing products will improve profitability. If the "pain" approach, proposed by Conner, was adopted, the message would be that if they do not outsource then they may not be in business in 12 months.

Conner argues that human nature and experience figure into determining drivers for change. Humans are not just driven by the "hope of gain" as a result of change, they are also driven by the "fear of loss" by not changing.

This approach can also be very helpful when there does not seem to be any drivers or need for change, and everything seems to be moving along nicely. Conner highlights it is often easier to

get people on board if they can see a problem/issue that needs solving. Current opportunities for change are a little bit more difficult to “sell” and any distant or future problems or opportunities are very difficult; they are just not on people’s “radar”.

Conner proposed a matrix based on problems and opportunities and whether they are current or anticipated. This is shown in Figure 2 below.



A key feature of the Conner model for drivers of change is that the leader should look for the pain associated with opportunities. Conner suggests you focus on the “fear of loss” motive and that unless the change is undertaken, the organisation will be missing out on something, be that revenue, profit, customer satisfaction or market share.

OVER TO YOU

Activity 7: Organisational “pain” driven change

Think about a typical change initiative where the leader perceives the change as an anticipated opportunity or problem (rather than a current one).

Use the Conner matrix to prepare a short proposal or presentation on why the organisation should take up this opportunity for change. What messages would you use?

Conner's approach and matrix goes against much of the thinking around drivers for change; in particular, it goes against the idea that leaders should sell the benefits of the change. However, in situations where there is an opportunity for change to avoid a known problem, and where it is an anticipated change rather than one that the organisation is unexpectedly forced to make, Conner's "pain" matrix can be a very effective approach with stakeholders.

There are a several approaches that can be used for evaluating opportunities for change. It can be helpful for an organisation to consider key criteria that might be used when undertaking an evaluation of the opportunities. These could be costs/benefits, risks, strategic fit, ease of implementation and resources/capabilities. It may be the case that, for some organisations, some of these criteria are more important than others and therefore the criteria might be weighted. For example, an organisation might use the following as criteria:

- cost (25%)
- benefits (25%)
- strategic fit (50%).

In the above example, the strategic fit criteria is weighted higher and would be the key criteria when evaluating opportunities for change.

2.3 The expected impact of the change on organisational objectives

The impact of the change on the organisation

Once the leader has evaluated the opportunities for change which support the organisation's objectives, the focus now turns to analysing the expected impact of the change on organisational objectives. We will start by considering the impact of the change on the organisation itself.

The impact of the change on the organisation can be considered in the following dimensions:

- **Strategically** – will the change impact on the organisation's strategic ambitions or goals?
- **Operationally** – will the change impact on the organisation's business processes or outcomes?

Some change initiatives will impact on both dimensions; if the change impacts on the organisation strategically, then this will cascade down and impact on the organisation operationally. It may take time and it may be "business as usual" for a while, but eventually the change will impact on the operational business processes and the outcomes of those processes.

Some change initiatives will only impact on the organisation operationally; these are often lower-level changes to business processes, activities and tasks. These will have no real impact on the organisation strategically.

Overall, the impact of the change on the organisation will be one of three states. These states are:

- 1 **Positive** – the overall impact of the change on the organisation will be positive in terms of outcomes.
- 2 **Neutral** – the overall impact of the change on the organisation will be neutral in terms of outcomes.
- 3 **Negative** – the overall impact of the change on the organisation will be negative in terms of outcomes.

It can be difficult to quantify the impact of the change before the change is planned, led and implemented, but the leader should consider the overall impact as this will help with communication and decision making further on in the process.

A helpful framework for considering the overall impact of a change is to consider the three factors shown in the table below.

Change factor	Impact considerations
Time	Decision making Communication Business processes Delivery times
Cost	Sales revenue Costs Profit Capital expenditure
Quality	Product or service quality Customer satisfaction Standards of work Organisational reputation

Table 10: Impact of change factors on the organisation



The above table is not an exhaustive list of factors but should provide some considerations to take into account regarding the overall impact of change on the organisation.

The change will generally impact directly on one of the factors but indirectly on the other two. For example, if the change initiative was about reducing the time a key business process took to complete, the impact of this change could result in lower costs and improved quality. If the change increased the time a key business process took to complete, the impact of the change could result in higher costs and reduced quality, unless these factors were considered when planning, implementing and leading the change.

The impact of the change on individuals and teams

As well as considering the impact of change on the organisation overall, the leader should consider the impact of the change on individuals and teams within the organisation.

Any organisational change initiative needs a planned change process and approach. However, when you ask leaders about their experiences of leading change initiatives and why things go wrong, the response is usually that the greatest issues relate to people and their behaviours.

Change does impact on people; it can lead to new demands being placed on them, impacting on their personal energy and resources. They may feel negative, neutral or positive about the change overall and this attitude will affect their behaviour in relation to the change. They may resist the change, they may ignore it or they may support the change. All of these behaviours could be demonstrated by individuals and teams before, during and after the change.

When considering the impact of the change on individuals and teams, the leader should consider the following three factors.

Factor	Impact considerations
Job satisfaction	<p>Ability – will the change impact on their ability to do the job?</p> <p>Variety – will the change impact on the variety of work they do?</p> <p>Nature – will the change impact on the nature of the work they do (complexity)?</p>
Motivation	<p>Survival – will the change impact their salary/lifestyle?</p> <p>Security – will the change impact job security?</p> <p>Belonging – will the change impact on their membership of a team/department?</p> <p>Appreciation – will the change impact on the way the organisation values them?</p> <p>Growth – will the change impact on their opportunities to grow and develop as individuals?</p>
Conflict	<p>Line manager/"boss" – will the change impact on the relationship with their line manager (new/different/no line manager)?</p> <p>Colleagues – will the change impact on the relationship with their colleagues (new/different/no colleagues)?</p> <p>Team – will the change impact on the relationship with their team (new/different/no team)?</p> <p>External stakeholders – will the change impact on the relationship with their external stakeholders (new/different/no external stakeholders)?</p>

Table 11: Impact of change factors – individuals and teams



The impact of the change could be negative (fear of loss) or positive (hope of gain). For example, the impact of the change may mean the individual's work variety has increased, and this may improve job satisfaction. Alternatively, the impact of the change may mean the team itself may need to be broken up and members redeployed elsewhere in the organisation; this could impact on team motivation as they may lose their sense of belonging to a particular team or department.

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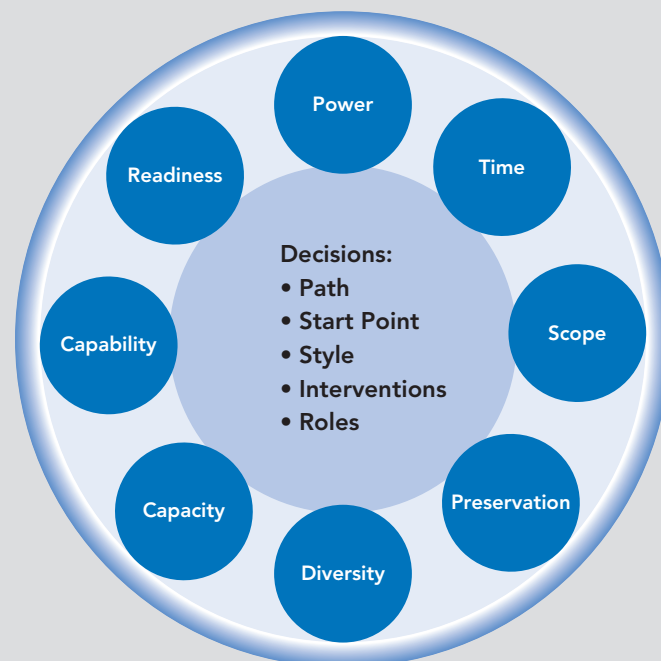
Activity 8: Impact of change on organisations, individuals and teams

Think about a typical change initiative where the impact is on organisational time, cost or quality factors as shown in Table 10. What would you see happening?

Think about a typical change initiative where the impact is on an organisation's individual and team factors as shown in Table 11. What behaviours from people might you see?

Change impact analysis

Having considered the impact of change on the organisation, individuals and teams, it would be helpful to consider an overall **impact analysis** tool and approach. The tool we will look at is based on the work of Balogun and Hope Hailey, and is called the **"change kaleidoscope"**. This model assumes that organisational change is unique and provides a framework of eight "lenses" which each provide a different view of the impact of the change. These then influence the design choices that may need to be made when planning, implementing and leading the change.



Source: Adapted from Balogun and Hope Hailey (2008)

Figure 3: Balogun change kaleidoscope model



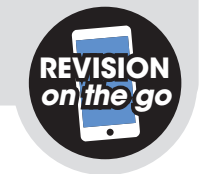
The impact of the change can be assessed by moving around the eight lenses and considering if the overall assessment is positive/neutral/negative for that aspect of the kaleidoscope.

Some example questions are shown below.

Kaleidoscope lens	Example key question
Time	How much time does the organisation have to achieve the change?
Power	How much power do leaders effectively have to make the change happen?
Scope	What is the nature and scope of this change?
Readiness	How ready is the organisation for this change, in terms of technology, work processes, skills, knowledge, attitudes and behaviours?
Preservation	To what extent is it essential to maintain continuity in certain practices or to preserve specific assets?
Capacity	How much, in terms of resources (money, people and time), can be diverted towards the change?
Diversity	Are staff and other stakeholder groups diverse or relatively homogenous, in terms of values, norms and attitudes?
Capability	How capable or competent is the organisation at managing change?

Source: adapted from Balogun and Hope Hailey (2008)

Table 12: Change kaleidoscope key questions



The above example questions are helpful starting points, but you could expand on these to explore the overall assessment of whether the impact of the change would be positive, neutral or negative for each lens. Once you have responses to all eight lenses, you are in a much stronger position to think about the impact of the change initiative. This would then allow you to revisit the design choices circle in the change kaleidoscope and think about what this might mean in terms of:

- Change path – what is the best route forward?
- Change start point – where, and with what, should the change begin?
- Change style – is it top down or bottom up?
- Change interventions – what do we need to do to help?
- Change roles – do we need external facilitation and support?

 OVER TO YOU

Activity 9: Change impact analysis

Think about a current organisational change initiative that you are involved with, or one that you have heard of in the media, perhaps.

Carry out an assessment of each of the eight lenses, using the questions in Table 12 as a guide. Make a brief summary of your overall assessment. What design choices does this assessment suggest?



Organisational readiness and resilience

As part of the change impact analysis process, it is important to think about just how **“ready”** the organisation is for the change and how **“resilient”** the organisation is so that when the change is implemented there will be fewer **“surprises”**, and the risks will be reduced or removed.

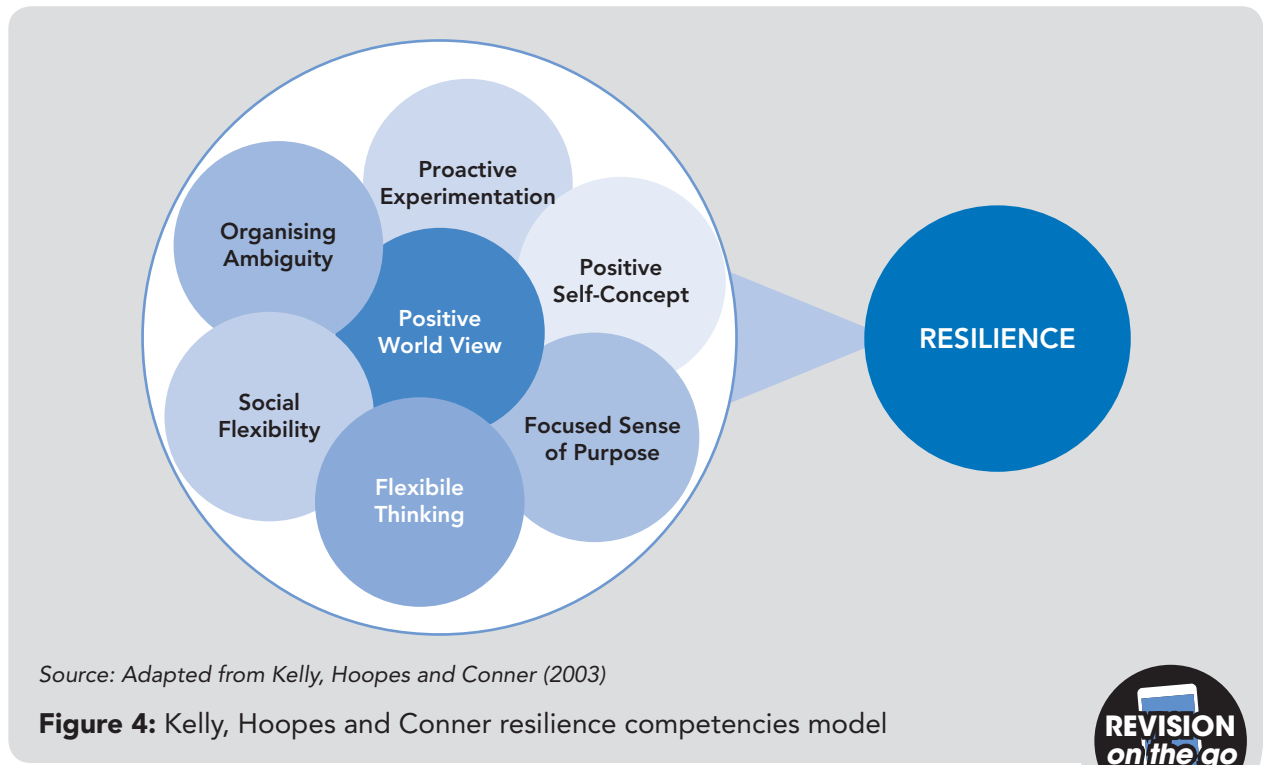
In the change kaleidoscope model which we looked at in the previous section, one of the lenses is **readiness**. Some additional questions from the kaleidoscope analysis tool that might be asked about organisational readiness are:

- How much support exists for the change among staff groups and other key stakeholders?
- How aware are different staff groups and stakeholders of the need for change?
- How willing and motivated are they to make the change?
- How might different staff groups or stakeholders respond to the change?
- Where might resistance emerge and why?

Consideration of the above questions should provide a helpful picture of just how ready an organisation is for the change initiative.

To consider how resilient the organisation is for the change, we need to understand what is meant by **organisational resilience**. This is seen by a number of researchers as a capability to take on and thrive in conditions of change.

Kelly, Hoopes and Conner (2003) suggested that resilience is based on seven key competencies that individuals should possess. Collectively, if these competencies are present and developed, this should benefit the organisation’s change resilience overall. The seven key competencies leading to and contributing towards resilience are shown in Figure 4.



Source: Adapted from Kelly, Hoopes and Conner (2003)

Figure 4: Kelly, Hoopes and Conner resilience competencies model

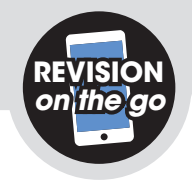


Summary definitions of these competencies are shown in the table below.

Competency	Definition
Positive world view	An ability to display a belief that life is complex but full of opportunity, and to demonstrate confidence that the organisation will be able to cope (with the change) and perform effectively
Positive self-concept	An ability to display and demonstrate a self-confident and positive demeanour
Focuses sense of purpose	An ability to construct and pursue a clear vision of what you want to achieve
Flexible thinking	An ability to embrace and to adapt to new concepts and ways of operating and working
Social flexibility	An ability to vary style and approach to relate to a wide range of different people and settings
Organisational ambiguity	An ability to develop and deploy structured approaches to managing ambiguity
Proactive experimentation	An ability to go out to meet and engage with change rather than defend against it

Source: adapted from Kelly, Hoopes and Conner (2003)

Table 13: Resilience competencies



The more these competencies are present and used, the greater the individual, team and organisational resilience and, therefore, the greater the capacity for change. However, this can also work in the opposite direction; if there are low levels of competencies, then there will be low levels of resilience, resulting in a low capacity for change. As you can see, there is a strong link between organisational readiness and resilience to change.

The impact of change on organisational culture

It is difficult to analyse the expected impact of a change initiative on an organisation without considering the organisation's culture.

Organisational culture can be described as the "way we do things around here". It is often a complex collection of shared values and beliefs, and impacts upon the employees' behaviour. People will generally behave in line with the culture so that they feel they "belong" or "fit in". Occasionally, people will behave in a way that is contrary to the culture and this can make them "stand out". Strategic leadership behaviour is shaped by organisational culture and the culture is shaped by the strategic leadership behaviour.

Depending on the severity and complexity of the change, the organisational culture may be influenced, but it is much more likely that the organisational culture will influence the change itself; it might help it along or, conversely, it might hinder its progress and jeopardise its success.

Johnson and Scholes (2008) proposed a framework for understanding organisational culture. They devised a model called the **cultural web model**. This web had six elements contributing to an organisation's culture. They called the resulting culture a "paradigm".

The elements have a different perspective on the culture of the organisation but collectively provide a good understanding of its scope.

The table below shows the six elements and provides a summary definition and example questions that could be asked to help explore the element further.

Element	Definition	Example question
Stories	The past events and the people who are talked about within the company.	What stories do people currently tell about your organisation?
Rituals and routines	The daily behaviours and actions of employees that are considered to be the norm.	What do employees expect?
Symbols	The visual and physical manifestations and representations of the company, e.g. logos, offices, dress codes, cars and lifestyles.	Is company-specific jargon or language used? How well known and usable by all is this?
Organisational structure	Not just the organisational chart structure but the unwritten rules and lines of power and influence.	Is the structure flat or hierarchical? Formal or informal?
Control systems	The ways management chooses to control the organisation, e.g. financial systems, quality systems and rewards.	What process or procedure has the strongest or weakest controls?

Element	Definition	Example question
Power structures	The pockets of real power in the company. These people have the greatest amount of influence on decisions, operations and strategic direction.	What do these people believe and champion within the organisation?

Source: Adapted from Johnson, Scholes and Whittington (2008)

Table 14: Cultural web elements and sample questions



The above example questions are a sample of those suggested, but could be used as a starting point for exploring an organisation’s culture and, therefore, providing some data that could be used to support an impact analysis of a proposed organisational change initiative.

 OVER TO YOU

Activity 10: Cultural web framework

Think about a current organisational change initiative that you are involved with, or one you are aware of in the media, perhaps.

Carry out an assessment of each of the six elements of the cultural web framework, using the questions in Table 14 as a guide. Make a brief summary of your overall assessment. Which aspects may need to be changed in order to support the change initiative?

2.4 The leadership of change

The key stages of a change process

Having understood the organisation’s position in the sector and market in which it operates and, from that, evaluated the opportunities for change and analysed the expected impact of that change, the leader should now turn their attention to the leadership of the change process. A good starting point is to consider the key stages of a change process.

Kurt Lewin (1947) proposed a model that helps to explain the key stages of any change process. Lewin's model is based on three stages:


- 1 Unfreeze – the present state;
- 2 Transition – provide structure, guidance, confidence and trust while encouraging movement;
- 3 Refreeze – embed the future state;

This model is shown below.

Unfreezing	Transition	Refreezing
'Unfreeze' the present state	Provide structure, guidance, confidence, and trust while encouraging movement	Embed the future state
Tactics		
Challenge Question Disrupt Innovate	Sponsor improvement & involvement Legitimise & discuss concerns Encouragement ideas & experiments Seek new best practice approaches	Confirm new ways & procedures Acknowledge improvement Incentivise new approaches

Source: Adapted from Lewin (1947)

Figure 5: Lewin's unfreeze, change and refreeze model



The key message that emerges for the leader from this is the emphasis on unfreezing or overcoming the initial status quo of "we have always done it like this". As you will see from Lewin's model, the tactics suggested to overcome this stage of the process include challenging, questioning, disrupting and innovating.

“ You may have always done it like this – but does it have to be done like this moving forward? What could be improved? **”**

This can be an ideal time for the leader to consider existing relationships, reporting lines and structures of teams/departments and business units. This can be a good opportunity for groups to look at improving existing business processes and procedures and getting them involved in the change.

The **transition stage** identified by Lewin is needed to provide support to individuals and teams as they start to make the change. The leader needs to be both "visual" (seen) and "vocal" (heard) at this stage, encouraging people to try new or different ways of working, and being available to answer questions or deal with concerns.

The **refreeze stage** is needed to ensure that the "new way" becomes the accepted way of doing things. The model uses the term "embed"; this means to adopt new behaviours and

ways of working. The role of the leader in this is to acknowledge the effort people have put into implementing the change and to confirm that “this will be the way things are done moving forward”. This may have to be done through revisiting reward and recognition schemes or other forms of incentives.



OVER TO YOU

Activity 11: Unfreeze, transition, refreeze change process

Think about a recent organisational change initiative that you were involved with, have experienced, or have heard about in the media, perhaps. What did the leader or leadership team do at each of the three stages identified in the model?

What worked well? What could have been done differently?

The model might appear at first to be “out of date”. However, the model itself is timeless and any change – large or small, complex or simple – goes through these three stages. The leader needs to ensure time is spent planning and leading people through these stages. The **unfreeze** stage is often neglected by leaders; they assume people just need the action plan and training in the new system, procedure or process.

Understanding the components of a change process

Another helpful model for the leadership of change comes from the work of Beckhard, Harris and Pritchard (1987). They proposed a change process that consisted of five components. These were:

- dissatisfaction
- vision
- steps
- belief
- resistance

They took these factors and created a **change equation model**; this is shown in Figure 6.

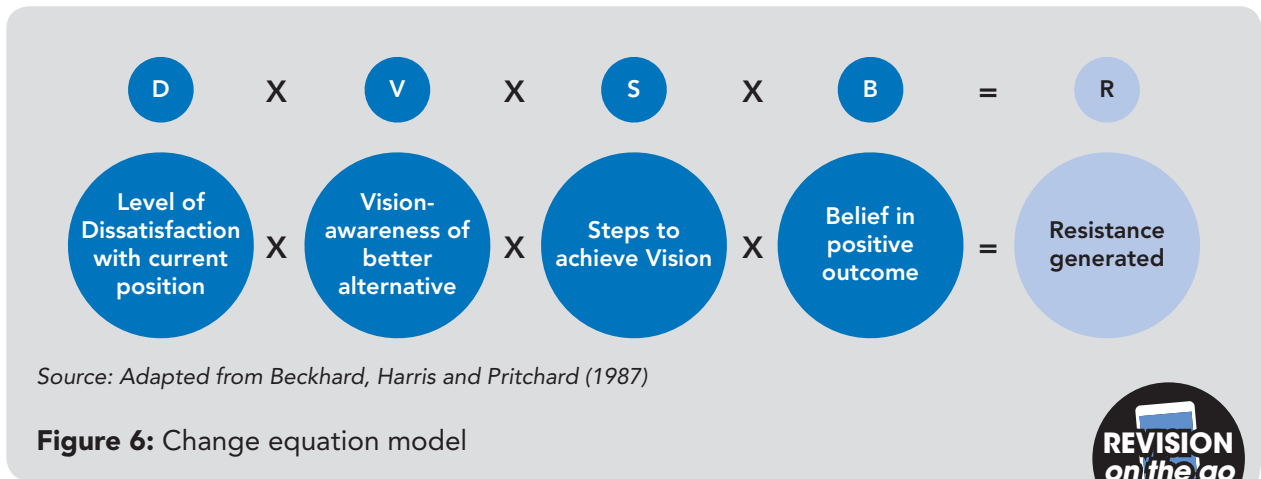


Figure 6: Change equation model



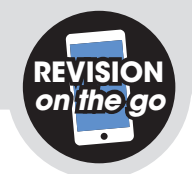
This innovative approach to the change process quite simply says the factors on the left side of the equation (dissatisfaction, vision, steps and belief) have to be much greater than any resistance to the change, displayed on the right side of the equation.

This can be very useful for the leadership of change. To achieve successful change, all five of the factors need to be considered. This is shown in the table below.

Factor	Consideration
Dissatisfaction	For the change process to be successful, there needs to be clear dissatisfaction with the current situation. If people do not feel anything needs changing then this factor will not be present, or, at a lower level, will not be enough to overcome resistance.
Vision	For the change process to be successful, people will want to see a vision of what the change will provide. Again, without this factor being present, change will not happen.
Steps	For the change process to be successful, people will want to be clear about how they will make the change. What steps will they need to take to achieve the vision? Without a clear plan, the change will not happen.
Belief	For the change process to be successful, people need to believe that the change is achievable; do they have the necessary resources to make it happen?
Resistance	For the change process to be successful, the resistance to the change needs to be removed or reduced significantly. As well as getting the factors on the left-hand side of the equation right, the leader should also consider what can be done to facilitate this removal or reduction of resistance to the change.

Source: Adapted from Beckhard, Harris and Pritchard (1987)

Table 15: Change equation factors and considerations



Some key messages that emerge from this model are:

- It can form the basic building blocks for planning a change. What does the leader have to do to ensure the left-hand side factors are much greater than any resistance to the change on the right-hand side of the equation?
- As well as having a clear vision about the change and a detailed action plan with milestones and measures, it is key for the leader to ensure the belief and commitment (or hearts and minds) of people for the change to be established. This is often harder than pulling together a tangible plan.



OVER TO YOU

Activity 12: The change equation model

Think about a recent organisational change initiative that you were involved with, have experienced or are aware of in the media, perhaps. What did the leader or leadership team do to ensure the left-hand side factors of the model were much greater than any resistance to the change?

What worked well? What could have been done differently?

Planning and communicating the change process

Understanding the key stages and components of a change process can help the leader plan and communicate the change process. The leader should consider what needs to be done and who needs to be involved at each of the stages. They should ensure that all the component factors are considered, so that these are greater than any potential resistance to the change. Read the following case study about planning and communicating the change process. Then complete the activity that follows this.



CASE STUDY

Planning and communication the change process

Li Na is the CEO of a marketing agency of around 50 people, working closely with automotive manufacturers. She has been tasked by the board with leading a change initiative to move the design of marketing material onto an online platform, where clients can specify what marketing material they would like to create using a number of templates. The agency would then complete draft versions for the clients to review online. Until now, this sort of design work had always been traditionally designed in hard copy artwork, typeset and printed.



The change will reduce design time by 75% and costs by 50%. Other agencies working within the sector are offering an online service and beginning to take market share from Li Na's agency.

Li Na has been asked to prepare a plan for the change process, including how the change will be communicated to the staff. At the moment, they are unaware that this change is coming. Li Na has been discussing the situation with the other members of the leadership team.

The sales and marketing director has been feeding information on lost sales and competitor activity back to Li Na and he seems very supportive of moving the design service online.

The design director has said to Li Na that online design services do not work and customers prefer the traditional methods of design and production. She feels this has always worked in the past and does not see why things should change.

The human resources director has told Li Na that he is having difficulty recruiting new designers as they want to work in a digital, online-based environment, where they can use the latest software and apps, rather than traditional printing. A number of designers have left the organisation this year to go and work for competitors with an online design capability.

The production director has told Li Na that he feels his production staff would welcome a reduction in workload and would also welcome an opportunity to retrain in digital design skills. He knows a smaller print production supplier who would be interested in purchasing the existing type setting and printing equipment.

The IT director is very supportive of the potential change but is concerned about the existing IT equipment. She feels the majority of the hardware and software would need updating at a cost of \$10,000.

OVER TO YOU

Activity 13: Planning and communicating change

Using the above case study information, draft an outline change plan based on the Unfreeze, Transition, Refreeze model you looked at earlier. What would Li Na need to do in terms of planning at each of the stages?

Using the change equation model, what would Li Na need to do in terms of communicating the change to the staff to ensure the change was successful?

Change communication plans

Change communication plans should detail how the change process is going to be communicated. They should cover what key **messages** should be communicated to which key stakeholders and via which communication **channels**.

It can be helpful to consider the stakeholders as two groups: internal (within the organisation) and external (outside of the organisation). In Chapter 3, Section 3.3, we will look at another framework which prioritises stakeholder communication based on their level of power and interest. Some example change communication plans for both internal and external stakeholders are shown below.

Internal stakeholder	Key message	Communication channel
The board	Impact on the organisation	Summary presentation
Your line manager	Cost/benefit	Detailed report
Colleagues	Impact on processes/people/customers/financials	Summary presentation
Your team	Results/Reward/Recognition	Team meeting
Other employees	So what? WIIFM (What's in it for me?)	Intranet page

Table 16: Change communication plan for internal stakeholders



External stakeholder	Key message	Communication channel
Customers	Improvements to service	Customer relationship management (CRM) system/marketing tools
Suppliers	Changes to business processes	Supplier meeting
Shareholders	Impact on financial performance	Annual meeting/report
Government and regulatory bodies	Conformity/standards/compliance	Annual visits/reporting
General public	Corporate responsibility	Web page and/or social media

Table 17: Change communication plan for external stakeholders



The above are basic examples of typical **communication plans**, but provide a helpful platform for development. The key issue is to try to adapt the message about the change for the communication needs of different stakeholders. What are their key information requirements? What do you think they would want to know about the change? Not all stakeholders will want to hear the same thing. You should vary and adapt the communication channels used.

You should also consider timing; internal stakeholders generally need to be communicated to first, followed by external stakeholders. Internal stakeholders are often an interface to the external stakeholders. You do not want a situation where an external stakeholder asks a question about a proposed change to an internal staff member and the internal staff member is not aware of the change (or that the external stakeholder has been communicated to).



OVER TO YOU

Activity 14: Change communication plans

Read the Emerald Insight article, Stuart M. Klein, (1996) "A management communication strategy for change", Journal of Organizational Change Management, Vol. 9 Issue: 2, pp. 32–46. (This article will be available in your online student resources.)

This article explores a version of the Unfreeze, Transition, Refreeze model and explores some principles of organisational change communication plans.

Having read the article, answer the following questions:

- 1 What are the advantages of a management communication strategy for change?**
- 2 What are the disadvantages of a management communication strategy for change?**

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Summary

In this chapter, we considered the drivers for and impact of organisational change. We have looked at how an organisation's position in the sector and market in which it operates can influence drivers for change. We have considered how opportunities for change can be evaluated. In doing so we have looked at both external and internal drivers for change. We also explored how the impact of a change can be analysed and how "ready" the organisation is for change. Finally, we looked at some key models for the leadership of the change process and, in particular, how the change process can be communicated to stakeholders. We have encouraged you to complete a number of activities to help embed the learning. The next chapter will focus on planning and implementing change.

Chapter 3

Planning and Implementing Change

Introduction

When leading strategic change, the planning of the change process and the implementing of the **change plans** are critical for the success of the change. This chapter will look at how to develop a plan to implement and monitor the change process. It will consider how individuals within the organisation will be supported throughout the change. The chapter will conclude by evaluating organisational stakeholder expectations of the change process and methods of meeting their expectations and requirements.

Learning outcome

On completing this chapter, you will be able to:

3 Critically analyse how to plan and lead the change process for an organisation

Assessment criteria

3 Critically analyse how to plan and lead the change process for an organisation

- 3.1 Develop a plan to implement and monitor the change process
- 3.2 Critically analyse how individuals within the organisation will be supported throughout the change process
- 3.3 Evaluate organisational stakeholders and their expectations of an organisation's change process
- 3.4 Evaluate methods of meeting stakeholder expectations or requirements

Level 6 Leading Strategic Change

3.1 How to develop a plan to implement and monitor the change process

The sequence of planning and implementing change

In developing a plan to implement and monitor the change process, it is helpful for the leader to understand the sequence of planning and implementing change.

John Kotter (1996) proposed an **eight stage process for change model**, which provided a sequence for planning and implementing change. The eight stages are shown in the table below with some typical key activities identified for each stage.

Stage	Key activities
1 Establishing a sense of urgency	<ul style="list-style-type: none"> • Eradicating complacency • Set stretching performance targets that require change • Implement cost-saving programs • Focus on negative feedback (staff/customers) • Encourage dissatisfaction • Raise awareness of problems
2 Creating a guiding coalition	<ul style="list-style-type: none"> • Find the right people (credibility/respect/leadership skills)
3 Developing a vision and strategy	<ul style="list-style-type: none"> • Create an effective vision (feasible/focused/flexible) • Develop a strategy to achieve the vision • Outline key steps and changes • Identify people, roles and responsibilities
4 Communicating the change vision	<ul style="list-style-type: none"> • Keep it simple (no jargon) • Use verbal pictures/metaphors/examples • Use multiple communication channels • Repeat the message • Lead by example • Listen to issues and resolve them

Stage	Key activities
5 Empowering employees for broad-based action	<ul style="list-style-type: none"> • Share purpose and responsibility – encourage participation • Align structures and objectives with the vision – provide support and deal with obstructions • Provide training and encouragement – build skills/motivation • Develop methods for reporting/checking progress • Remove those who may undermine the change process
6 Generating short-term wins	<ul style="list-style-type: none"> • Provide evidence that sacrifices are worthwhile • Reward and recognise efforts – provide feedback and recognition • Fine-tune the vision and strategy; enhance and reinforce the vision • Undermine cynics and resisters • Maintain high levels of communication with key influencers • Build momentum – increase involvement, revisit and clarify plans
7 Consolidating gains and producing more change	<ul style="list-style-type: none"> • More change – use the short-term wins for bigger/tougher issues • More help – encourage participation and involvement • Reinforce the leadership – sustain the vision, share the purpose and maintain the momentum • Manage from below, embed the change, realign the processes and procedures • Reduce interdependencies and obstructions – make the change easier for everyone involved
8 Anchoring new approaches in the culture	<ul style="list-style-type: none"> • Drive from results – prove the change works/show improvements • Reflect on the changes – talk about the changes, remind people of previous problems/issues • Change the people if you encounter persistent obstruction • Embed new approaches and skills requirements in succession and recruitment plans

Source: Adapted from Kotter (1996)

Table 1: Eight-stage process for planning and implementing change



You can see from the table above that the eight stages provide a helpful sequence of actions for the leader when planning and implementing change. It also shows a range of typical activities that the leader would need to consider at each stage. This framework can be used at the planning phase (the leader can outline what needs to be done) and also during the implementation phase when it can be used as a checklist (are the activities being carried out?).

The framework can be helpful to the leader because of its breadth of thinking and its structured approach. Kotter talked about ensuring there is learning from the change process and that this learning can be applied for the next change process.



OVER TO YOU

Activity 1: The eight stage change process

Think about a recent organisational change initiative that you were involved with or have experienced.

How closely did the leader or leadership team follow Kotter's eight stage change process? What evidence of the activities being carried out did you observe/experience?

What worked well? What could have been done differently?

Change plans

Change plans

A change plan supports a change process by quantifying what need to be done, by whom, how and by when. A typical plan for a change process should comprise the following elements:

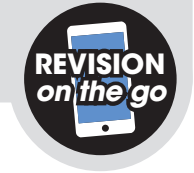
Objectives – what needs to be achieved by the change process?

Timelines – when should the change process be completed by? What are the key events or milestones along the way?

Measures – what are the critical success factors? How will we know if the change process has been successful?

Roles/responsibilities – who is involved and what responsibilities do they have within the change process?

Resources – what resources (time/money/information/equipment) are needed during the change process so that the objectives can be achieved?



The **SMART framework** can also be used to good effect in developing a plan for a change process. There are lots of versions of SMART but this example can be helpful for developing change plans:

SMART aspect	Key questions
S = Specific	What does the change process need to deliver?
M = Measurable	What will tell us if the change process has worked? Are the measures quantitative (e.g. numbers/values) or qualitative (e.g. feedback/comments)
A = Achievable	Is the change process achievable given the people/resources/time frame?
R = Resourced	Does the change process have enough resources for it to be successful?
T = Time bound	Are there key dates by which work needs to be completed?

Table 2: SMART framework for change plans



From this framework, one or more SMART objectives could be developed; for example:

- Train all 10 staff in the new purchasing system software so that the department can “go live” with the new system on 15 June this year.

SMART can then be used to validate the objective.

- Specific? – the change process specifies that the staff must be trained in the new software.
- Measurable? – the change process will have worked if all 10 staff members have been trained in the new software. You could also measure their comprehension by building this into the training.
- Achievable? – this is not obvious from the objective. The leader should investigate this before committing to the training. There could be a plan to phase the training so that not everyone is being trained at the same time. How long does the training take?
- Resourced? – this is not obvious from the objective. Is the training being done internally or externally? Is there a cost associated with this? Are there any equipment requirements?
- Time bound? – the change process has a “go live” date for the software to be used by the department. There may be some other key review dates/milestones along the way to ensure progress is being made.

The **SMART framework** can be used to generate more questions about the change and these could then ensure the change plan generated is as SMART as possible.

As an alternative to developing one or more SMART objectives, the framework can be used as a structure for a change plan. An example is shown below.

Aim	Activities	By whom	Completion date	Critical success factor	Resources required	Review date
Implement new software for use by department	Plan training	Department manager	End of Week 1	Training plan produced	Time and meeting room for planning (half a day)	End of week 1
	Design training	Internal trainer	End of Week 2	Training materials produced	Time for design (5 days)	End of Week 2
	Deliver training	Internal trainer	End of Week 4	Training delivered to 10 staff	Time for delivery to 10 staff (2 staff per day, over 10 days) Training room	End of Week 3 End of Week 4
	Assess competency	Internal trainer	End of Week 5	All 10 staff are assessed and pass	Online assessment process built into training Time for each staff member to undertake the assessment (10 staff, 30 minutes each)	End of Week 5
	"Go live" with new software	Department manager and staff	Start of Week 6	Positive feedback from staff and internal stakeholders	No additional resources required	End of Week 6

Table 3: Example SMART change plan



Continuous improvement and the change plan

When implementing a change process, it can be helpful for the leader to consider an approach of **continuous improvement**; this is often defined as a cyclical process consisting of four stages. This is shown in the diagram below.

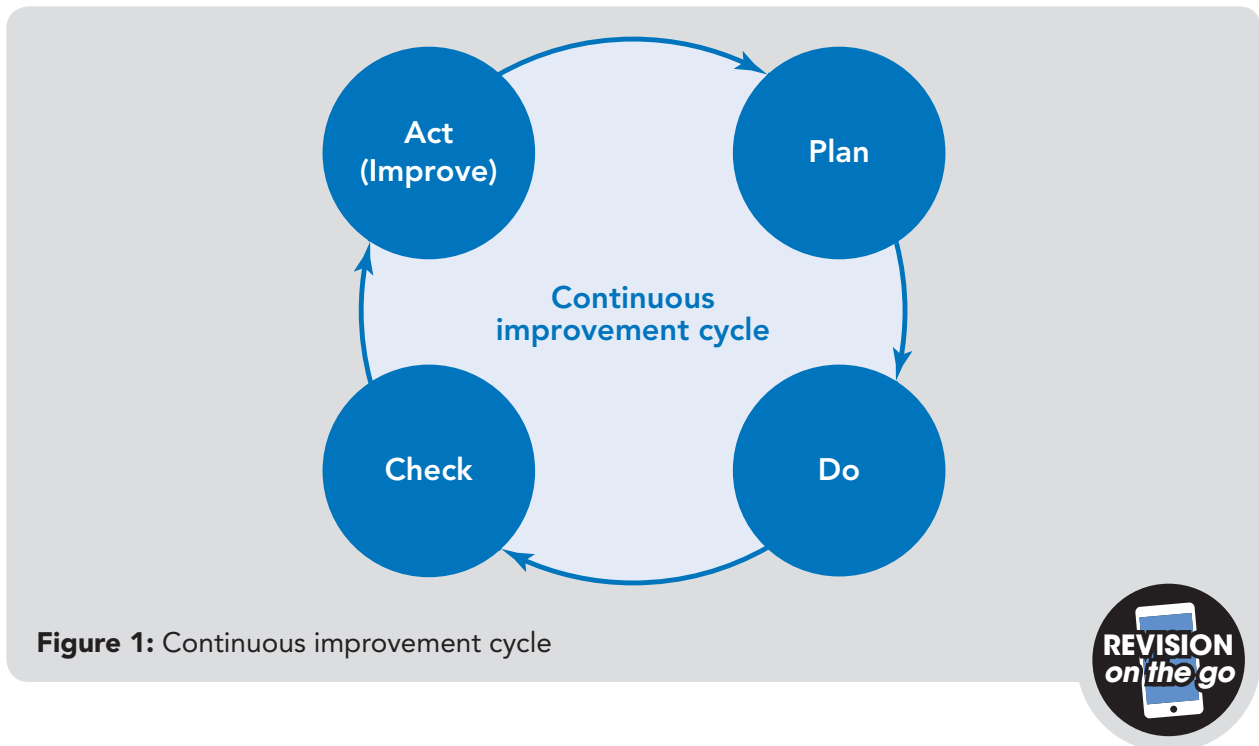


Figure 1: Continuous improvement cycle



These four stages can provide a useful framework for the implementation and monitoring of the change process. The normal route for the continuous improvement cycle is **plan, do, check** and **act**, and this is another well-known term for the framework. The act stage is often called **improve**.

For change processes and plans, it can be useful for the leader to begin the cycle at the check or act stages.

During the implementation of a change process, there may be times when things are “going to plan” (i.e. the change plan for the process is working). In that situation, the leader should carry on with the plan until the next check or measuring point. There may be times however when things are “not going to plan” and the leader needs to intervene.

The intervention may require an action or improvement, such as an amendment to the change plan or to the way it is being implemented within the organisation. The leader would make the change, continue around the cycle and then, at an appropriate point, carry out the next check or measure to ensure everything is on track. If all is ok, then no action or further improvements would be required.

If the check showed that the change had not worked, then the leader would need to action another improvement and create a plan to implement this.

The continuous improvement process is helpful for the leader in implementing and monitoring the change process because it takes into account the existing change plan and the measures within that plan.

The act or improve stage can be helpful as it may highlight improvements that could be made to the change plan itself or the way the work is being done, or even to the way the change process is being measured. Sometimes the change process is being measured in a quantitative way (numbers/values) when it should be being measured qualitatively (feedback/comments), or vice versa.

 OVER TO YOU

Activity 2: Continuous improvement and the change plan

Consider a typical change process an organisation may undertake (change to a system, process, procedure etc.). Apply the continuous improvement cycle to the change process.

What checks or measures could be set up in the change plan to help with implementation and monitoring of the process?

What would be some typical actions or improvement that might result from these checks or measures informing you the change process was not going to plan?

Monitoring, reviewing and evaluating the change process

When developing a plan to implement and monitor the change process, how the process will be monitored, reviewed and evaluated is an important consideration. If the leader can be clear about how these activities will be carried out when developing the change plan then this reduces the risk of the change process not “going to plan”.

There are many definitions of **monitoring**, **reviewing** and **evaluating**, but for a change process, these could be defined as:

Activity	Definition
Monitoring	<p>For a change process, this will usually relate to some form of measuring.</p> <p>These can be quantitative or qualitative measures. The quantitative measures are often called Key Performance Indicators (KPIs).</p> <p>Example measures for a change process could be:</p> <ul style="list-style-type: none"> • financial, e.g. costs • business process, e.g. efficiency • customers, e.g. customer satisfaction • internal (people), e.g. staff satisfaction.

Activity	Definition
Reviewing	<p>For a change process, this will often involve communication channels such as:</p> <ul style="list-style-type: none"> • meetings – review meetings to discuss progress against plan; • reporting – summary statements of progress and any issues/problems encountered. <p>Review meetings and reporting can be integrated into the change plan. These can be arranged:</p> <ul style="list-style-type: none"> • at the start; • after completion of key events or milestones in the change process; • at the end of the planned completion date for the change process.
Evaluating	<p>This is often carried out after the change process has been implemented and completed. The change plan should specify when and whom would be involved with the evaluation of the change process.</p> <p>Evaluating should revisit the change process goals and objectives – have they been met? It should consider if the process followed the change plan. Were there any amendments or improvements? Evaluating should also consider the expectations and experiences of internal and external stakeholders.</p>

Table 4: Monitoring, reviewing and evaluating the change process



For the monitoring, reviewing and evaluating of a change process, some project management methods and tools can also be helpful, including:

- **Red/Amber/Green (RAG)** status reports – these can be helpful for reviewing progress against plan. They can also contain data on key measures and performance indicators. Red could indicate the progress is behind plan, amber could indicate the process is in danger of falling behind plan and green could indicate the process is going to plan.
- **Actual vs planned reports** – these can be helpful for all three activities. They can show what resources (people/time/money/equipment) were planned to be used during the change process against the actual use. They are helpful in short-term monitoring of the change plan, longer-term reviewing of the change process and final evaluation of the change process. Variance analysis can be a helpful approach here; this compares actual performance against planned performance and then looks at any deviation in more detail. This could be helpful when considering costs, for example. Exception reporting can work in conjunction with variance analysis, any key deviation from the plan is prioritised and reported so that any issues can be dealt with; for example overruns against planned time. This might require a change to the plan or implementation method.
- **After Action Reviews (AAR)** – these can be helpful for final reviewing and evaluating of the change process. They normally involve a structured or facilitated process where change process stakeholders review and evaluate the change process from start to finish. They reflect on their experiences in terms of what worked and what did not or could have been done differently. The learning from this can then be applied to future change processes and plans.

The leader should consider how these three key activities will be carried out during the change process and these activities should also be integrated into the change plan itself, but it is important to do something with the data and information collected by these activities. If monitoring is telling you the change plan needs amending, then it needs to be amended. If reviewing is highlighting potential problems occurring later in the change process, then these need to be addressed. If evaluating identifies that external stakeholders needed to have been involved earlier in the process, then for the next change process, the change plan should reflect that.

3.2 How will individuals within the organisation be supported throughout the change process?

The politics of change process

When leading change, it is important for the leader to consider how individuals will be supported through the change process. As well as a well-defined change plan with objectives, measures and time frames, the leader needs to understand how people in the organisation will respond to the change process. Some will be positive about the change and some will be negative. Some will be **active** within the change process and some will be **passive**. The leader needs to understand this mix of emotions and behaviours about the change process; this can be called the **politics of change process**. The leader will need to recognise where people might be with regards to the change process, and lead and manage them accordingly.

Paul Strebels (1997) recognised these politics and created a matrix that can be used to categorise the people/groups and their attitudes and behaviours. This is shown below.

	Active (behaviour)	Passive (behaviour)
Positive (attitude)	Change agents	Bystanders
Negative (attitude)	Resistors	Traditionalists

Source: adapted from Strebels (1997)

Table 5: Politics of change matrix



Strebels saw the following characteristics in the four types identified in the above table.

- 1 Change agents:** These were people who saw the change process as an opportunity and were positive overall about the change. They would be actively supporting the process. They could see potential for personal development from the change, for example.
- 2 Resistors:** These were people who perceived the change in a negative way. They would be actively trying to resist the change. They would see the change process as a threat to their position and power, for example.
- 3 Bystanders:** These were people who saw the change as positive overall but would not want to be actively involved or participate in the change process. They would want more information about how the change would benefit them.
- 4 Traditionalists:** These were people who would be negative about the change but would not be actively resisting it. They would be comfortable with the current situation. They would see the change as affecting the way the work.

CASE STUDY

The politics of change in action

In his article, Paul Strebels provided a helpful example of how this approach was adopted at a European automotive manufacturer that was losing the loyalty of its dealer network and decided to change the delivery system of products and the dealer reward system, which required higher levels of dealer co-operation and compliance with quality standards.



A change leadership team of middle managers, sponsored by senior management at the head office, identified eight groups of “players” from the sales and marketing team, head office, country managers and dealer network, and classified these using the four types identified by Strebels.

Using this classification helped the change leadership team manage the change process more effectively. The change agent groups were used to engage with the bystander and traditionalist groups and get them “on board” with the changes, particularly the senior management team who were a powerful group of bystanders. They wanted to see how the initial changes were received by the dealer network. Getting this group on board with quick wins from the successful dealers (change agents), who were positive about the change and keen to try out the new system, helped negate the messages from the resisters (less successful dealers and the sales and marketing team), who did not want the current systems to change.

Source: adapted from Strebels (1997)

You can see from the above case study that identifying the groups of people using the Strebels matrix can help the leader manage the politics of change. The key is to identify and work closely with change agents.

Recognising resistance to change

Recognising the causes of **resistance to change** from individuals is helpful for the leader in supporting people through the change process. People generally resist change because of the following reasons:

- They do not understand the reason(s) for the change.
- They feel their job security might be threatened by the change.
- They are concerned that the change may require knowledge or skills that they don't have.
- They are comfortable with the current “status quo” and want to maintain current rewards and recognition.
- They are concerned that the change may require them to work harder or longer for the same/less remuneration.
- They do not understand how the change will impact them (“What's in it for me?”).

It is important to remember that some people will be resistant to the change from the start for one or more of the above reasons, and some people will initially be positive and enthusiastic about the change and then become more resistant; this can be due to one or more of the above reasons surfacing or their experience of the change process being more difficult than they thought.

If people are resistant to the change, you may see this in their behaviour. The table below sets out some common reactions and the behaviour the leader may see displayed.

Reason	Behaviour displayed
Confusion	Continued questioning – about the change/work involved Unfocused behaviour – lack of concentration on the task Erratic performance – errors and mistakes “Busy fools” – doing work but not the right work
Loss of identity	So-called “drama queen/king” – making a fuss about the change Recall the past – lots of references to the “way it used to be done” “Rose-coloured glasses” – things were better in the past
Denial	Hollow acceptance/commitment – not totally buying in to the change “Lip service” – saying they are committed to the change but not behaving like they are Do the bare minimum – not going the extra distance when required Let it all “blow over”/ignoring the change – they have seen this before and it will go away soon
Over-enthusiasm	Want to do it now – won’t wait for guidance or instruction Unrealistic expectations – expecting too much out of the change too soon Poor planning – just jumping in and completing tasks Wasted effort – works hard on the wrong tasks Re-work – making mistakes and needing to start over
Anger	Emotional outbursts to others Rude, abrupt and very critical about the change Blaming others for the change

Table 6: Reactions to change



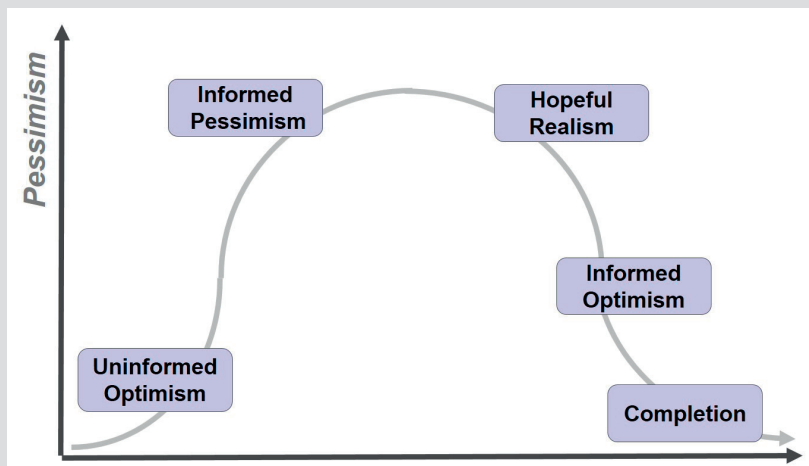
In the above table, you can see that four of the reactions to the change are negative – confusion, loss of identity, denial and anger. Confusion and loss of identity reactions are often passive in their behaviour. The anger reaction is often more active. These reactions will require the leader to spend time with the individuals and understand what may be behind their reactions and behaviour. They can often be moved towards a positive attitude if their concerns are discussed and resolved where possible. Sometimes it won’t be possible to resolve all concerns. Depending on the change, the anger reaction may need to be performance managed; this type of behaviour is often not acceptable, regardless of how people are feeling. If others in the change process see and hear too much of this anger reaction and behaviour, it can convince them the change is wrong, especially if the anger reaction is not dealt with by the leader.

The over-enthusiasm reaction is actually positive about the change; they want to be involved and participate in the change, but their eagerness is working against them. They are active in their behaviour but it needs to be the right behaviour. The leader has a role here in directing, coaching, mentoring and delegating the right tasks to these people and giving them constructive feedback. You do not want them to become resistant to the change as a result of their experiences; if they did, other people might be concerned that someone who was initially active and positive about the change has had a bad experience. It might stiffen their resistance.

Dealing with emerging resistance to change

Not everyone involved in the change process will be resistant to the change. As we saw previously in the Strelbel "Politics of Change" matrix, change agents are people who are positive and actively involved in the change process. They see the opportunity and benefits of the change process.

Conner (1993) recognised that often resistance to change emerges as the change process develops. People who may be initially positive and supportive about the change process start to encounter challenges and difficulties. Progress can be slowed or halted. This can create anxiety in the individuals and some of the negative reactions and behaviours we looked at previously may start to emerge. Conner's research proposed a model **transformation curve for positive change**, which reflects the stages people may go through if they were initially positive about the change but encounter some challenges along the way. Conner's model is shown below.



Source: Adapted from Conner (1993)

Figure 2: Transformation curve model



The following table provides an overview of the five stages of the model.

Stage	Description
1 Uninformed optimism	The individual's initial understanding of the change is limited and, therefore, they are optimistic about the change – they see it as a positive opportunity and beneficial to them. As they start to progress through the change process, they will find their understanding of the impact of the change grows and issues may start to appear.

Stage	Description
2 Informed pessimism	As the individual progresses through the change process and their understanding develops, and difficulties and challenges occur, there is a period of doubt; this may be about their own competency or confidence or about the change process itself – will it work? This is a key point for the leader to intervene and support and encourage the individual to keep going.
3 Hopeful realism	With increased understanding of the change process and with support and encouragement from the leader, the individual starts to feel more positive about the change process again and confidence returns. The individual is still aware of issues and challenges but these do not seem as negative as before.
4 Informed optimism	As the individual experiences more of the change process and sees issues resolved and difficulties overcome, they become more optimistic and their confidence grows.
5 Completion	The change process is completed and the individual’s competency and confidence have benefited from being involved in the change process.

Source: Adapted from Conner (1993)

Table 7: Transformation curve – positive change



It is important to remember that all people go through the stages of the curve whenever they experience change; what varies is the height and depth (or the “highs and lows”) as a result of their experience and the time it takes to move from uninformed optimism to completion.

A key message for leaders and very relevant for leading strategic change is that even positive change, with people that are generally positive and supportive of the change, is demanding and can impact on even the strongest advocates and supporters of the change. The leader needs to be aware of this and to ensure appropriate encouragement and support is provided.

OVER TO YOU

Activity 3: Recognising and dealing with resistance

Think about a change process or initiative that you been involved with or experienced. Answer the following questions:

- 1 What resistance to the change was there?**
- 2 How did people react and behave?**
- 3 How did the leader deal with the resistance?**
- 4 What could have been done differently?**



Organisational support

From the above you can see that the leader has a key role in encouraging and supporting people through the change process. As well as the efforts of the leader, the organisation has a role to play and should provide appropriate support mechanisms.

The following table summarises typical **organisational support mechanisms** and how they can be used to support individuals through the change process.

Organisational mechanisms	How they can be used for support
Training	Training often works best when the change process requires the individual to develop new or improved knowledge and skills; for example, knowledge of a new operational procedure or skills in creating graphs from an Excel spreadsheet. The training need can be developed from a Training Needs Analysis (TNA).
Coaching	Coaching often works best when an individual has a gap in both competency (ability) and commitment (motivation). This often requires the leader or a change agent to work alongside the individual, showing them what needs to be done and answering questions or observing the individual in action, and then providing guidance and feedback. This can be resource-consuming for the leader, so it has to be used appropriately.
Mentoring	Mentoring often works best when the change process has perhaps impacted on an individual's confidence, commitment or motivation. The leader or change agent should spend some quality time with the individual, listening to their concerns, asking questions to gain understanding and then providing advice and guidance. Mentoring is sometimes more effective if the mentor is not the individual's line manager or involved in the change process. This can be a role for HR or an external provider.

Organisational mechanisms	How they can be used for support
Performance management	<p>Performance management works best when an individual's performance and/or behaviour has fallen below standard. This may be a result of the change process. The leader needs to start with a one-to-one session and explain their concerns. The leader will then decide on the best course of action. This could be:</p> <ul style="list-style-type: none"> • Monitor the situation (confirm the discussion in writing) • Arrange training/coaching/mentoring/other support • Arrange counselling (if an external issue is impacting on performance). • Change the individual's role/responsibilities • Agree a performance improvement plan with the individual • Instigate disciplinary procedures (in consultation with the individual).
Counselling	<p>Counselling works best when either an external (home/personal life) event has impacted on their competency or commitment to the change process, or the change process itself has caused personal issues for the individual (sickness/attendance/timekeeping). This is best carried out by a member of the HR team or an external provider. Counselling will be a confidential discussion about the situation and what needs to be done to resolve any issues.</p>
Redeployment	<p>Redeployment works best when an individual does not appear to have the competency or commitment during the change process and they have not responded to any other support mechanisms being implemented. This would involve the individual being redeployed into another job role away from the change process. Sometimes this is not feasible if the change process affects the organisation on a wider scale.</p>

Table 8: Organisation support mechanisms



3.3 Organisational stakeholders and their expectations of an organisation's change process

Organisational stakeholders

Having considered how individuals within the organisation will be supported throughout the change process, the leader should also consider the wider group of organisational stakeholders. Many of these will be external to the organisation. This wider group of stakeholders will have **expectations** of the change process and the role of the leader is to identify the stakeholders and their **requirements** and expectations.

“A stakeholder can be defined as any individual, group or organisation that has an interest or “stake” in the performance of an organisation.”

Obviously, a change process can impact on the performance of an organisation both in a positive and negative way. Their interests or “stake” can vary, and so therefore can their requirements and expectations of the change process.


There are several ways in which organisational stakeholders can be classified. For example, they can be classified as internal or external to the organisation, or as connected stakeholders; these are stakeholders who may have an economic or contractual “stake” in the organisation. Another helpful way to initially classify organisational stakeholders is to consider whether they are:

- **Primary** – these define the organisation and are crucial to its performance.
- **Secondary** – these impact on relationships with **primary stakeholders**.

Some examples of typical primary and **secondary stakeholders** are shown below.

Primary stakeholders	Secondary stakeholders
Employees	Local, regional and national government
Customers	The media
Suppliers	Regulatory bodies
Shareholders	Unions
Trustees	Consumer groups
Owners	Competitors

Table 9: Organisational stakeholders



As you will see from the above table, the primary stakeholders are closer to the organisation, whether they are working in it, providing products/services for it, receiving products/services from it, or owning and governing how it operates. They are mostly internal to the organisation. There is often a **contractual type** relationship, e.g. an employment contract or customer service level agreement.

Secondary stakeholders are a little more detached from the organisation, generally interacting with the organisation, giving and receiving information, ensuring compliance and protecting interests. They are generally external to the organisation. There is often a legal **compliance type** relationship, e.g. taxes, third party audit and health and safety.

Both primary and secondary stakeholder groups can consist of one or more sub-groups. These sub-groups can have similar or conflicting expectations and requirements of the change process. For example, customers, who are key primary stakeholders as they purchase products and services from the organisation and provide income and profits, may consist of different sub-groups of customers. Some customers may purchase different products and services, or be based geographically in different

locations; some may purchase online, and some may operate in different sectors and markets, with different requirements. Some customers may have been with the organisation for a long time and expect the same service levels, and some customers may be newer or want a different approach from the one that might be offered.



OVER TO YOU

Activity 4: Identifying organisational stakeholders

For your organisation or one you know well or would like to research, identify the primary and secondary stakeholder groups. Are there any sub-groups? What type of relationship do they have with the organisation?

When planning and implementing organisational change processes, the leader needs to understand who the primary and secondary stakeholders are and then consider what their expectations of the change process may be. To help with this, further analysis of the stakeholders needs to be undertaken.

Stakeholder analysis

Once organisational stakeholders have been identified and classified, the leader can start to analyse the stakeholder groups. This analysis will help with identifying requirements and expectations from the change process.

One of the methods that can be used is to consider how much **“power”** the stakeholders have and how much **“interest”** they have.

“Stakeholder power can be defined as the ability to start, stop, make things easy or make things difficult.”

“Stakeholder interest can be defined as the level of information and communication the stakeholder requires.”

The **stakeholder power** and interest analysis approach is based on the work of Mendelow (1991) who proposed that these two dimensions can be used to map organisational stakeholders against these two dimensions. An example of this is shown below.

	Low interest	High interest
High power	Keep satisfied (B)	Engage and influence (A)
Low power	Monitor (D)	Keep informed (C)

Table 10: Power/Interest matrix



In the above example, you can see the stakeholders have been **prioritised** using an ABCD type approach. High power/high interest stakeholders are classified as **type A** and would be the highest priority for the organisation. In terms of an organisational change process, these stakeholders would need to be engaged with and influenced. The leader and/or change agents would create a plan which detailed how this would be done. This would involve identifying stakeholder requirements and expectations and then designing and implementing a **stakeholder management plan**.

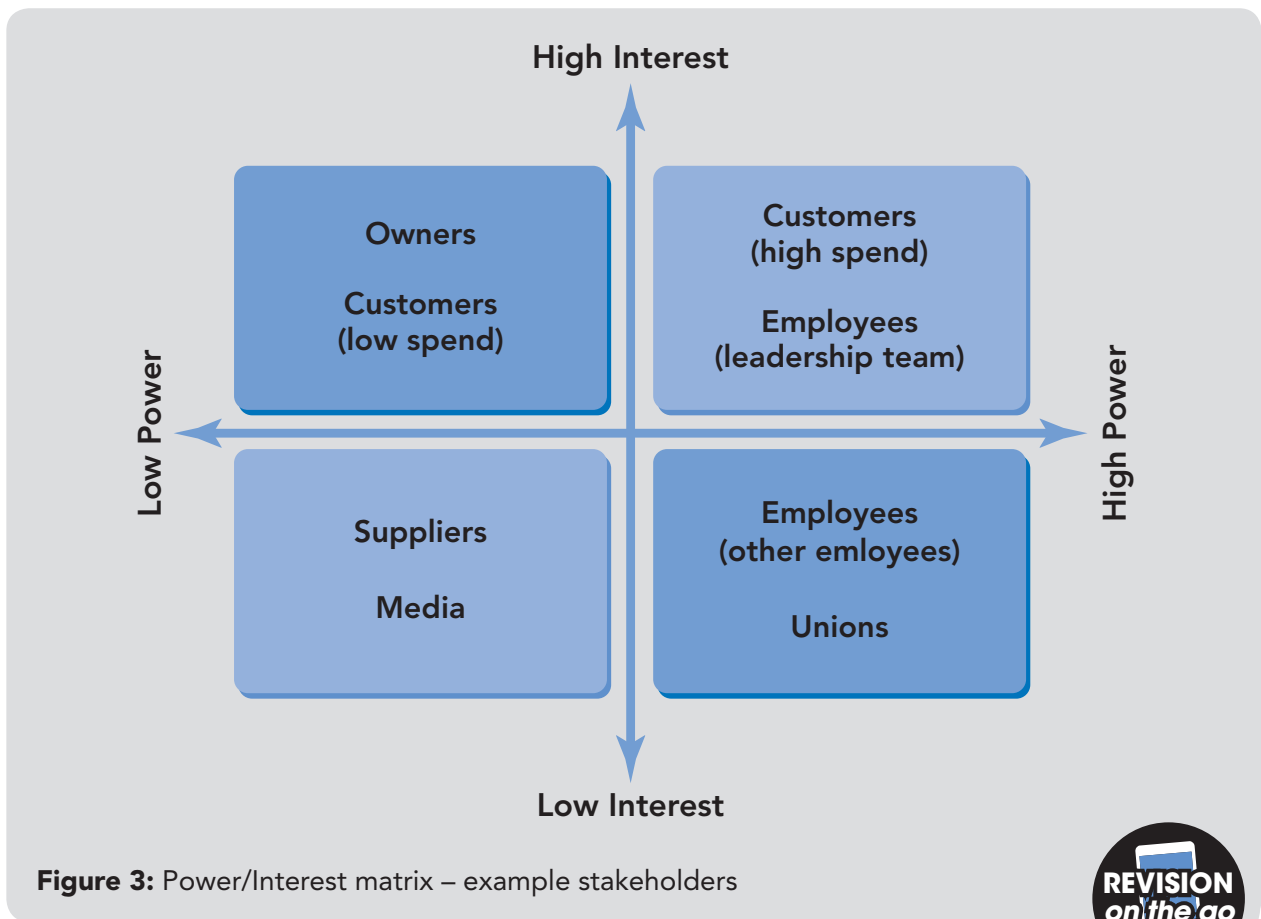
The next priority would be **type B**. These stakeholders need to be kept satisfied. They would not need as much information and communication about the change process but would want key pieces of information and communication at appropriate points. They would need to feel satisfied with the information/communication they received. Again, their requirements and expectations would be built into the stakeholder management plan.

Type C stakeholders would be the next priority. These stakeholders would need to be kept informed. They will need more information/communication about the change process than type B, but as they do not have as much power, their messages would need to be different and aligned to their requirements and expectations. This approach would be captured in the stakeholder management plan.

Finally, in terms of priority, **type D** stakeholders would be analysed. These are low power/low interest stakeholders. The suggested management approach for these stakeholders is to monitor the setting up of data collection processes that “checks” their activity. This type will generally have lower interest in the change process and therefore their requirements and expectations will be lower and different to the other types. Again, this approach would be captured in the management plan.

Sometimes type D stakeholders can “migrate” to other areas of the grid, e.g. if something major goes wrong during or as a result of the change process. The media, for example, are generally not that interested in an organisation’s change process, unless it dramatically impacted on performance. Some examples would be if staff were made redundant, the share price collapsed or customers started complaining about product quality. The media interest would increase as they would want information about what has happened, and their power could increase if their attention and reporting started to damage the organisation’s reputation.

Figure 3 shows an example of how an organisation’s stakeholder can be mapped against the four power/interest types.



You can see that this example has two sub-groups for employees and customers. This would be an example of a smaller, privately-owned organisation. Other types of organisation would have different stakeholders (and possibly sub-groups). The principles, however, would be the same. This analysis helps you prioritise and plan the management of the stakeholders for a change process.

Identifying stakeholder requirements

The stakeholder analysis approach helps the leader identify organisational stakeholders and prioritise their management before, during and after a change process. This can be collated into a stakeholder management plan for the change process. It is helpful for the leader to think about communication channels for identifying stakeholder requirements. The different stakeholder groups will need different channels and approaches. Some example communication channels are shown below.

Communication channel	How it is used
Meetings	These can be face-to-face (f2f) or virtual via online meeting tools. They are helpful for collecting thoughts, opinions and concerns about the change process. They would work best with type A stakeholders as they are a helpful way of engaging and influencing.

Communication channel	How it is used
Surveys	These could take the form of questionnaires, which could be hard copy, email or web-based. While these are helpful for collecting data on requirements, they are less powerful for thoughts, opinions and concerns, as stakeholders can be reluctant to divulge information using these channels. They would work best with type C stakeholders as it would form part of the keeping informed process.
Social media	These channels could be used to communicate that the organisation will be going through a change process, or is currently going through or has recently gone through one. At various points, these channels could be used to collect data. This does need to be managed carefully as much of this communication is visible to a wider audience. They would work best with type D stakeholders and would be a good example of monitoring stakeholder requirements for the change process.
Feedback	This can be f2f or via surveys. Plans, results and outcomes could be communicated and feedback from stakeholder groups collected. This could be done via tools such as focus groups. These channels work best with type C stakeholders and would be a good example of keeping them satisfied throughout the change process.
Complaints	These can be f2f or via surveys, social media or formal/informal feedback mechanisms. They may relate to plans, results or outcomes. They can provide very powerful information from stakeholders about their requirements and expectations for the change process. These channels work best with all stakeholder types. Obviously if complaints are received from type A stakeholders, these should be the priority.

Table 11: Communication channels for identifying requirements



OVER TO YOU

Activity 5: Identifying organisational stakeholder requirements

For your organisation or one you know well or would like to research, identify the types of stakeholder groups from a Power and Interest analysis perspective.

If you were leading an organisational change process, what channels would you use for collecting data on their requirements and expectations from the change process? How would you use this data to inform and manage the change process?



Understanding stakeholder expectations

The communication channels identified above are helpful for the leader in identifying stakeholder requirements and expectations of an organisation’s change process. Having gathered data and information from the stakeholders, the leader should then analyse this data; what key messages about requirements and expectations emerge?

The following table is an example of the sort of data and information about requirements and expectations from the change process that may emerge from stakeholder groups.

Stakeholder	Requirements/expectations
Customers	Customers would require information about how the change process may affect their relationship with the organisation. Will it impact on product/service quality? Their expectations would be that there would be no detrimental impact and that the organisation would engage with them if there were.
Employees	Employees would want to be informed about the change process and how it may impact on their role and responsibilities. They would require timely information and their expectations could be that the change would deliver improvements.
Suppliers	Suppliers would want to be kept informed about the change process. It may be that the change process did not impact on their relationship with the organisation. In that case, they may not need to be informed, but if it meant more/less business or changes to the way they supply, then they would expect timely and accurate information.
Senior leadership	The senior leadership team should be aware of the change process. If they are not driving the change, then their requirements are that they should be made aware of the impact of the change on the organisation and of any disruption to product/service quality, or employee productivity or job satisfaction. They would expect to be kept satisfied with change process plans/progress updates and outcomes.

Stakeholder	Requirements/expectations
Owners/shareholders	Again, owners/shareholders should be aware of the change process, if not the detailed plans. They would require information about the change process at appropriate points and would expect to feel satisfied that the change process was working/beneficial and delivered increased value and, potentially, financial reward.
Unions	Depending on the nature of the change process and whether it impacted on their members (employees), unions' requirements and expectations could be generally lower than those of other stakeholders. If the change process were to impact on their members, then they would require information on the potential impact and regular updates on progress and member issues. Their expectations would be that the change would not be detrimental to their members.
Government/regulatory bodies	Again, this depends on the nature of the change process. If it impacted on tax/legal/financial results or reporting, they would require to be kept informed and satisfied of the outcomes. Their expectations would be that the change process maintained compliance or reduced risks.
Consumer groups	If the organisation's products/services are provided to consumers, it may be that the consumer groups would need to be kept informed. This may be because the change process would impact on product/service cost or quality or customer satisfaction. They would want accurate information on the impact. Their expectations would be that the change process would deliver improved service/quality/performance.
Media	The media's requirements and expectations of the change process would generally be low. If it's a lower-level change process then they may not have any requirements. If the change process is more strategic or complex, then they would require information on cost/benefits and impact on customers and/or the general public. If the change process outcomes were to have negative effect, then their requirements for information would increase and their expectations would be that the issue was being resolved by the organisation's senior leadership team.

Table 12: Understanding stakeholder expectations



3.4 Methods of meeting stakeholder expectations or requirements

Impact analysis of organisational change

Having identified organisational stakeholders and their expectations, the leader should now turn their attention to evaluating the methods available for meeting those expectations or requirements.

A helpful method to start this is to conduct an **impact analysis** of the organisational change on stakeholders. By analysing the overall impact of the organisational change on the various stakeholders, the leader will be in a much stronger position to ensure the expectations or requirements can be met.

The impact of organisational change can be analysed by considering whether the outcome of the change will be:

- positive overall for the stakeholders;
- neutral overall for the stakeholders;
- negative overall for the stakeholders.

The following table provides some examples of these outcomes.

Organisational change outcome	Impact on stakeholders
Positive for stakeholders	<p>The change will deliver benefits. Some example benefits may be:</p> <ul style="list-style-type: none"> • increased revenues and/or profits • improved customer satisfaction • improved employee satisfaction • reduced costs • reduced employee turnover • savings in energy consumption • gain market share • enhanced reputation. <p>The stakeholders will expect one or more of the above benefits to be delivered as an outcome of the change process.</p> <p>The stakeholders will require an appropriate level of communication regarding progress towards achieving those outcomes. This will be dependent on their power and interest position (see Section 3.3).</p>
Neutral for stakeholders	<p>The change may deliver benefits for the stakeholder as defined above but these may be negated by negative impacts or costs for the stakeholder.</p> <p>Alternatively, the change will have no real impact for the stakeholder (neither positive or negative) and therefore the impact will be neutral.</p>

Organisational change outcome	Impact on stakeholders
	<p>The stakeholders will require an appropriate level of communication regarding progress towards achieving those outcomes. This will be dependent on their power and interest position (see Section 3.3).</p>
Negative for stakeholders	<p>The change will have a negative impact on the stakeholders, it may result in:</p> <ul style="list-style-type: none"> • increased costs • increased staff turnover • increased customer complaints • reduced employee satisfaction • reduced market share • reduced reputation. <p>The stakeholders will have expectations about these negative outcomes and will still require an appropriate level of communication according to their power and interest position.</p> <p>Sometimes the leader/change agent has to communicate “bad” news. As long as the negative outcomes are within what was planned/forecasted or expected, this is not normally an issue. It is when the outcomes are outside expectations and communication requirements are not met that issues/conflict can occur.</p>

Table 13: Stakeholder impact analysis



An alternative or supporting method to consider the impact of the organisational change on stakeholders is to conduct a **“cost benefit analysis”**. This method considers both the costs (negative) impact of the change and the benefits (positive) impact of the change. This can be done for each stakeholder group. An example is shown below for an organisational change where the organisation has invested in relocating its headquarters to an area with lower rental costs.

Costs (negative impact) of the change	Benefits (positive impact of the change)
Increased commuting time for some staff (20%)	<ul style="list-style-type: none"> • Reduced rental costs • Reduction in commuting time for most staff (80%) • Improved organisational image – new building and offices • Improved staff welfare – staff access to gym/swimming pool/leisure facilities on site

Table 14: Example change cost benefit analysis



In the above example, the overall impact of the change on staff would be positive (reduction in commuting time and improved staff welfare). The organisation would have to consider how to manage the situation with the 20% of staff who would experience increased commuting time. They would still have a negative expectation of the outcomes of the change.

Meeting stakeholder expectations

Once impact analysis has been carried out, the leader can consider the methods that will be used to ensure stakeholder expectations or requirements are met. It will be important to ensure that these are considered both during and at the end of the change process. Three key methods available are shown in the table below.

Method	How used
Communication plans	<p>This should identify:</p> <ul style="list-style-type: none"> • who the stakeholders are; • when in the change process you are going to communicate with them; • how frequently you are going to communicate with them; • the best methodology to communicate with them. <p>The leader or change agent should review the communications plan on a regular basis to ensure it is being followed and to check whether it is working or needs amending.</p> <p>Communication plans are a key way of ensuring engagement with stakeholders during and at the end of the change process.</p> <p>It may be that there is one communication plan for all stakeholders involved with the change process. It could be that individual stakeholders have their own communications plan. This would be dependent on the levels of power and interest of the stakeholder.</p>
Briefings	<p>These could be conducted at various points in the change process with various stakeholders:</p> <ul style="list-style-type: none"> • at the start of the change process; • at the end of key events/milestones; • at the start of the next key event/milestones; • when unexpected issues/problems have occurred during the change process; • when the change process has delivered some unexpected successes; • at completion of the change process. <p>The look and feel of these briefings will depend on the stakeholder relationship, power and interest position. These can be face-to-face, written briefings via reports or web-based updates.</p> <p>In some cases, these will often be two-way communication opportunities, with an opportunity to gain feedback and answer questions. For other cases, these will be more informational, with less opportunity for feedback/questions.</p>

Method	How used
Training	<p>As with the briefings, this could be carried out at various points in the change process. It will be more applicable for meeting the expectations and requirements of stakeholders who are involved with implementation of the change process or will be involved once the change process is complete, for example:</p> <ul style="list-style-type: none"> • employees understanding the changes to processes or procedures or learning how to use a new system; • customers understanding how product/services may be changing/have changed; • suppliers understanding how the change process affects the procurement/purchasing systems or processes, or how the new payment system works. <p>Training will often be a blend of instructional and information giving activities and two-way communication with opportunities for questions, discussion and feedback.</p> <p>Training will be a more specialist method of meeting expectations and requirements and its use will depend again on the level of stakeholder power and interest in the change process.</p>

Table 15: Methods for meeting stakeholder expectations



OVER TO YOU

Activity 6: Meeting stakeholder expectations or requirements

Consider the three methods for meeting stakeholder expectations, explored in Table 15.

What are the strengths of each method in ensuring stakeholder expectations or requirements are met?

What are the weaknesses or limitations of each method in ensuring stakeholder expectations or requirements are met?

Communication methods

The choice of communication methods that the leader has when leading a change process will often depend on what the desired outcome is. When trying to meet stakeholder expectations or requirements, it can be helpful to consider four key methods; these are:

- 1 Influencing:** this is about trying to convince someone to see something in a different way (often to see something your way).
- 2 Persuading:** this is trying to get someone to do something you want them to do.
- 3 Directing:** this is guiding and steering someone so that they are clear on what needs to be done.
- 4 Gaining commitment:** this is engaging with others and motivating them to support you and what needs to be done.

Each of these methods will have strengths and limitations and their choice will depend on what the desired outcome is and the relationship with the stakeholder. The following table provides a helpful overview of the four methods.

Method	Characteristics	When to use	When not to use
Influencing	Appeals to values, emotions and feelings Help others imagining a better future Shared identify, common interests	When enthusiasm and energy are more important than getting things done With large groups of people Shared values, hopes and fears	When trust is low When the leader has low prestige or status
Persuading	Proposing – putting forward ideas Reasons for and against – arguments and facts	When the leader has high prestige/competency When others see their objectives/values as compatible When others trust the leader’s motives	In competitive relationships When others have a high need for independence When others feel the leader does not respect or appreciate them
Directing	Prescribing goals and expectations Communicating demands and requests Using incentives and pressures	When the objective is clear When the leader has authority over others When performance can be monitored	When the leader is trying to build confidence When the leader can’t monitor or test compliance If the task is complex/ requires complex behaviours

Method	Characteristics	When to use	When not to use
Gaining commitment	<p>Recognising and involving others</p> <p>Testing and expressing understanding</p> <p>Personal disclosure by the leader – “I don’t know”</p>	<p>Where commitment is essential and this can’t be compelled</p> <p>Where there is resistance from others to persuading/directing methods</p> <p>Where the leader can’t check co-operation or compliance</p>	<p>When the leader needs an immediate decision or action</p> <p>When deep commitment is not required</p> <p>When it is not in others’ interests to co-operate</p>

Table 16: Communication methods



You can see from the above table that each of the methods has its own strengths and limitations. The leader will need to consider what the best method or combination of methods will be for the individual stakeholder or stakeholder groups.

The communication methods chosen will shape the look and feel of the methods used and can then be used in conjunction with the communication channels discussed previously. At the end of change process, stakeholders will often evaluate how effectively their expectations and/or requirements were met by the communication methods they encountered at the start, during and completion of a change process.

OVER TO YOU

Activity 7: Communication methods

Consider the four communication methods explored in Table 16.

What method might be the most appropriate for the following organisational change processes?

- 1 Implementing a new work procedure to improve productivity from employees.
- 2 Relocating the whole organisation to a new building to reduce costs.
- 3 Developing and launching a new (more profitable) product/service for existing customers.
- 4 Gaining approval from shareholders to raise extra finance to fund growth plans for the organisation.

Monitoring and reviewing expectations or requirements

When leading a change process, a leader should also consider the methods available for monitoring and reviewing if stakeholder expectations or requirements were met during and/or at the completion of the change process.

There are a number of methods available to do this, many of which have already been explored in this chapter. Four very relevant and helpful methods of monitoring and reviewing are shown in the table below.

Method	How used
Meetings	<ul style="list-style-type: none"> • Can be face-to-face (f2f) or virtual (web-based); • Can be individual or group formats; • Could be carried out during the change process, after key events/ milestones; • Could be carried out at the completion of the change process; • Could be with specific stakeholders or stakeholder groups (power/ interest); • Could be with a range of stakeholders or stakeholder group; • Could be scheduled and planned or be called as a result of an issue/problem/change required; • Would have an agenda or discussion points list but often have scope for flexibility as to what is discussed; • Outcomes and actions should be recorded and distributed.
Surveys	<ul style="list-style-type: none"> • Can be electronic (email or web), verbal (telephone or f2f) or paper based type questionnaire; • Could be a standard set of questions or tailored for the stakeholder or stakeholder group; • Could be carried out during the change process, after key events/ milestones; • Could be carried out at the completion of the change process; • Could be with specific stakeholders or stakeholder groups (power/ interest); • Could be with a range of stakeholders or stakeholder group; • Could be scheduled and planned or be called as a result of an issue/problem/change required.
Focus groups (external stakeholders)	<ul style="list-style-type: none"> • Would usually be conducted in a f2f environment; • Could consist of a cross section of stakeholders or a specific stakeholder group; • Could be carried out during the change process, after key events/milestones; • Could be carried out at the completion of the change process;

Method	How used
	<ul style="list-style-type: none"> • Would have a fixed set of questions for discussion – these could be made available in advance for participants to prepare; • Would work best if facilitated to ensure focus, timekeeping and management of people; • Would have a recorded and documented output which would be shared with change leadership team and stakeholders present.
Quality circles (internal stakeholders)	<ul style="list-style-type: none"> • Would usually be conducted in a f2f environment; • Would consist of a cross section of change leadership team, internal stakeholders or users of the change process; • Could be carried out during the change process, after key events/ milestones; • Could be carried out at the completion of the change process; • Would have a fixed set of questions for discussion – these could be made available in advance for participants to prepare; • Would work best if facilitated to ensure focus, timekeeping and management of people; • Would have a recorded and documented output which would be shared with change leadership team and stakeholders present.

Table 17: Methods for monitoring and reviewing expectations



OVER TO YOU

Activity 8: Meeting stakeholder expectations or requirements

Consider the four methods for monitoring and reviewing expectations, explored in Table 17.

What are the strengths of each method in monitoring and reviewing stakeholder expectations or requirements during and at completion of the change process?

What are the weaknesses or limitations of each method in monitoring and reviewing stakeholder expectations or requirements during and at completion of the change process?

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Summary

In this chapter, we considered the planning of the change process, and the implementation of the change plans and how critical these are for the success of the change. This chapter looked at how to develop a plan to implement and monitor the change process. It considered how individuals within the organisation would be supported throughout the change. The chapter concluded by considering wider organisational stakeholders' expectations of the change process and evaluated the methods of meeting these expectations and requirements.

Chapter 4

Leading Strategic Change

Introduction

When leading strategic change, the skills demonstrated by the leader are critical for the success of the change. This chapter will firstly look at the skills required to lead strategic change within an organisation. The chapter will then conclude by exploring how a personal development plan can be defined to support the development of leadership skills to lead strategic change.

Learning outcome

On completing this chapter, you will be able to:

4 Evaluate the skills required to lead strategic change

Assessment criteria

4 Evaluate the skills required to lead strategic change

- 4.1 Critically discuss the skills required to lead strategic change within an organisation
- 4.2 Justify a personal development plan to support the development of leadership skills to lead strategic change

Level 6 Leading Strategic Change

4.1 The skills required to lead strategic change

Organisational strategic direction

As you have completed the previous chapters of this study guide, you will have discovered that the skills required by the leader to lead strategic change are diverse. The skills needed come from a broad range of areas. These could include:

- The **strategic direction** of the organisation (both current and future)
- **Organisational analysis** of its business environment
- Leadership and change management skills/behaviours/competency frameworks
- **Strategic leadership styles**
- **Outcomes** of organisational performance
- Longer-term **development goals**

We will look at each of these areas in this section but will start with the strategic direction area.

In Chapter 1 of the study guide, we looked at the various statements that defined the current (and future) strategic direction of the organisation. These were:

- **Vision**
- **Mission**
- **Values**
- **Organisational purpose, goals and objectives**

In the chapter, we discussed the value of each of the statements and the role of the leader in supporting the creation, communication and embedding of these strategic direction statements. We also discussed that these skills are based on some key leadership principles. These skills are important as the strategic direction of the organisation may require strategic change and/or may require the leader to change the strategic statements.

The table below summarises some of the key skills required in this area when leading strategic change.

Strategic direction area	Key skills
The creation of an organisation's vision, mission and values	<ul style="list-style-type: none"> • Creating vision, mission and values statements • Creating organisational purpose, goals and objectives • Defining strategic direction – growth etc. • Leading through difficult times • Demonstrating “audacious leadership” – ensuring the organisation is resilient and sustainable
The communicating of the organisation's vision, mission and values	<ul style="list-style-type: none"> • Building trust as a leader • Creating effective leadership messages • Communicating the vision values effectively
Leadership principles that help in the creation, communication and embedding of the organisation's vision, mission and values	<ul style="list-style-type: none"> • Demonstrating “authentic leadership” – knowing yourself/others/organisation • Inspiring followers • Demonstrating ethical leadership • Demonstrating values based leadership

Table 1: Strategic direction – key skills



The key skills and leadership principles in the table above were discussed in Chapter 1 of the study guide; you should revisit them if you want a reminder of what is involved and required when leading strategic change.

OVER TO YOU

Activity 1: Strategic direction – key skills

Consider the key skills highlighted in Table 1.

What skills are current strengths? What areas might need further development? How do you know this? What evidence do you have that would support your decision?

Make some notes around these questions and save these for review in Section 4.2.

Organisational analysis

Organisational analysis of the organisation's position in the **sector** and **market** in which it operates can be helpful when evaluating the skills required to lead strategic change. In Chapter 2 of the study guide we explored a number of organisational analysis models and frameworks. The results of applying these analysis models and frameworks can help identify current and future leadership skill requirements.

In Chapter 2 we looked at two models and frameworks. In particular, these were PESTLE and Five Forces.

PESTLE analysis is an environmental analysis tool that can be used to identify current and future factors that may impact on the organisation. The impact of the factors may create opportunities or they may create risks. The factors are often a driver for organisational and strategic level change.

Five Forces is a competitive environment analysis tool, derived by Michael Porter. It can be used to identify current and future threats to an organisation's competitive position in its sector and market. These threats are, again, a driver for organisational and strategic level change.

The organisational analysis tools above were discussed in Chapter 2 of the study guide; you should revisit them if you want a reminder of their value when leading strategic change.

Both of the above analysis tools can be used to identify current and future leadership skill requirements. These are helpful for identifying what skills are required to maximise opportunities and deal with risks related to change identified through carrying out a PESTLE analysis.

They are helpful for identifying what skills are required to lead the organisation through the changes associated with dealing with the threats identified by carrying out a Five Forces analysis.



OVER TO YOU

Activity 2: Organisational analysis – key skills

Revisit the environmental and competitive analysis you carried out in Activity 3 in Chapter 2.

What skills are required for current and future factors identified by the PESTLE analysis?

What skills are required for current and future threats identified by the Five Forces analysis?

Review the skills identified; which ones would you describe as current strengths? Why is that? What evidence do you have to support this?

Which ones would you describe as potential development areas? Why is that? What evidence do you have to support this?

Make some notes around these questions and save these for review in Section 4.2.

Leadership and change management skills

When leading strategic change, the leader will need a broad range of leadership and change management skills in their "toolkit". Leading strategic change will require different skills at various points in the change process.

Leadership and change management skills were explored in Chapters 2 and 3. Chapter 2 focused on skills associated with:

- Analysing the organisation's position in the sector and market in which it operates.
- Evaluating opportunities for change which support the organisation's objectives.
- Analysing the expected impact of the change on organisational objectives.
- Reviewing models for the leadership of change.

Chapter 3 focused on skills associated with:

- Developing a plan to implement and monitor the change process.
- Analysing how individuals within the organisation will be supported throughout the change process.
- Identifying organisational stakeholders and their expectations of an organisation's change process.
- Evaluating methods of meeting stakeholder expectations and requirements.

The skill areas above were discussed in Chapters 2 and 3 of the study guide; you should revisit them if you want a reminder of their value when leading strategic change.

These skills areas can be used for a helpful self-assessment exercise, an example is shown below.

Leadership and change management skill area	Self-assessment rating: 0 = Poor 10 = Role model	Notes on my rating (example for one skill area)
Analysing the organisation's position in the sector and market in which it operates	4	I am familiar with tools like PESTLE and Five Forces for analysis. I have not had much experience with applying these within my organisation. I would like to have an opportunity to do this with the management team within the next three months. There are a number of external factors and threats in our market at the moment and I think, as an organisation, we could use this to plan for change.
Evaluating opportunities for change which support the organisation's objectives		
Analysing the expected impact of the change on organisational objectives		

Leadership and change management skill area	Self-assessment rating: 0 = Poor 10 = Role model	Notes on my rating (example for one skill area)
Reviewing models for the leadership of change		
Developing a plan to implement and monitor the change process		
Analysing how individuals within the organisation will be supported throughout the change process		
Identifying organisational stakeholders and their expectations of an organisation's change process		
Evaluating methods of meeting stakeholder expectations and requirements		

Table 2: Leadership and change skills – self-assessment



The above is just an example for one of the skill areas. It provides a self-assessment rating and some supporting notes for the rating.

 OVER TO YOU

Activity 3: Leadership and change skills – self-assessment

If you need to, revisit Chapters 2 and 3 and remind yourself of the key leadership and change skill areas explored.

Then, using Table 2 as template, carry out a self-assessment of your current leadership and change skills. Remember to include both a rating and notes on your rating.

You may want to share your ratings and notes with another person who knows you and would be willing to give you some feedback. Did they agree with your ratings?

Save the self-assessment activity for review in Section 4.2.

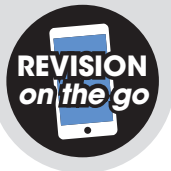
Strategic leadership

When leading strategic change, the leader should be aware of the strategic aspect. Strategic change as opposed to operational change often requires a different style of leadership. Thompson and Martin (2005) identified six strategic leadership styles. The table below identifies these styles and their contribution.

Strategic leadership style	Contribution
Aspirational visionary style	Provides direction
Public relations style	Provides a high visible profile
Operational tactical style	Provides hands-on involvement
Human resource style	Provides supportive environment with coaching
Financial engineering style	Provides tight control systems
Analytical style	Provides thoughts and plans

Source: Adapted from Thompson and Martin (2005)

Table 3: Strategic leadership styles



Thompson and Martin suggest that the strategic leader should have all of these styles in their “toolbox” and that these styles can be adopted by the leader when appropriate. They also suggested that leaders often have a dominant style but it is important not to neglect the others and they can all contribute. When leading strategic change, it may be that the leader has to move around these strategic leadership styles depending on the leadership required within the change process.

OVER TO YOU

Activity 4: Strategic leadership skills

Consider the strategic leadership skills highlighted in Table 3.

What skills are current strengths? What areas might need further development? How do you know this? What evidence do you have that would support your decision?

Make some notes around these questions and save these for review in Section 4.2.

Organisational performance outcomes

When evaluating the skills required to lead strategic change, the leader could consider the **formal/informal feedback** they may have received from the **organisation's performance management processes** and **internal/external stakeholders**. These could include:

- outcomes from performance reviews or appraisals conducted by the organisation;
- results of any assessment centres they have attended;
- results of any internal/external recruitment and selection processes (where the leader has applied for/interviewed/received or not received a job offer);
- results of 360 degree feedback exercises;
- results of and feedback from psychometric assessments (ability, personality or behavioural preferences);
- feedback from internal stakeholders (informal from colleagues, peers, team members);
- feedback from external stakeholders (formal/informal from customers/suppliers/network contacts);
- involvement in/outcomes of any recent/previous organisational change projects. These could be operational or strategic level.

All of the above could provide helpful feedback for the leader in terms of strengths and potential development areas for leading strategic change. Some of the more formal/structured methods (like performance review, assessment centres and 360 degree feedback) can often provide more objective feedback, but the informal/less structured methods can add value.



OVER TO YOU

Activity 5: Organisation performance outcomes

Consider the organisational performance outcomes highlighted above. What ones are the most relevant for you? What results/feedback on performance have you received from these methods?

What results/feedback might be relevant when evaluating current skills in leading strategic change?

What skills are current strengths? What areas might need further development? How do you know this? What evidence do you have that would support your decision?

Make some notes around these questions and save these for review in Section 4.2.

Longer-term development

Finally, when considering the skills required to lead strategic change, the leader should adopt a longer-term view. Where does the leader see their role and/or career heading? It may be that currently there is not a great deal of opportunities to lead strategic change, but in three years' time this may change. It may be that the leader is considering changing role or organisation, to have more exposure to leading strategic change, or a change in role or career may surface a need for these skills.

It may be that the leader has received some feedback on current skills in this area and been advised these skills might need to be developed.

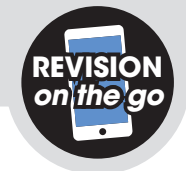
A helpful framework to consider the longer-term development aspect is **"career anchors"**. The framework was developed by Torrington, Hall and Taylor (2002). They identified nine career anchors and defined these as:

“the self-perceived talents, values and needs of individuals. The help to explain past career choices and have a bearing on future choices. Individual people usually have a combination of anchors.”

Career Anchor	Summary
Technical/functional competency	Interested in technical content of their work
Managerial competency	Focused on managerial responsibility
Security and stability	Focused on maintaining job security
Creativity	Driven by new projects and an entrepreneurial spirit
Autonomy and independence	Desire to be free of organisational constraints
Basic identity	Driven by the need to achieve an occupational identity
Service to others	Driven by a need to help others
Power influence and control	Like the opportunity to exercise influence and control over others
Variety	Often relevant for people with a wide range of talents

Source: Adapted from Torrington, Hall and Taylor (2002)

Table 4: Career anchors



Identifying one or more career anchors is helpful for the leader when considering longer-term skill development. It will be easier to develop skills that relate or fit to career anchors.

 OVER TO YOU

Activity 6: Career anchors

Consider the career anchors identified in Table 4. Which one(s) do you most closely relate to? Why is that? How do you feel these have shaped your career to date?

What impact would these have on developing skills to lead strategic change? What skills in this area would relate or fit your career anchor(s)?

Make some notes around these questions and save these for review in Section 4.2.

4.2 Developing skills to lead strategic change

Summarising development opportunities

Having identified and discussed the skills required to lead strategic change, the leader should now have a better understanding of **strengths, preferences and potential development areas**. This would be a good point to collate all this information together into a personal development plan to support the development of leadership skills to lead strategic change.

A good starting point is to create a summary of the information collated. A helpful framework to do this is a **Personal SWOT**. A Personal SWOT considers:

- Potential **Strengths** in this area – based on the analysis of skills/feedback/outcomes;
- Potential **Weaknesses** (development areas) – based on the analysis of skills/feedback/outcomes;
- Potential **Opportunities** for development – how can the development areas be addressed?
- Potential **Threats** (risks) to your development – what might impact on the opportunities for development?

You may have come across the concept of **SWOT analysis** before. It is often used for organisational analysis and in areas such as marketing. It can be a helpful framework to collate information together and as a basis for development planning. The following case study provides an example of this in action.

CASE STUDY

Personal SWOT analysis

Mohammed is a finance manager in a large hospital. He manages a team of 20 and has been asked by the hospital's senior leadership team to lead a project which will change the supplier payment IT system.

The project will take approximately six months and will involve his staff being trained in the new IT system alongside their busy day jobs. There will be a need to provide training on the new system for the purchasing team in the hospital (internal stakeholders) and a number of the larger suppliers (external stakeholders), so they understand how the changes with the new system will impact on their processes. Mohammed will be supported by a team of IT specialists from the system supplier for the training and roll out of the new system.



The hospital's senior leadership team have stated the new system must be up and running and all stakeholders fully conversant with the new system within six months. The hospital has a government inspection in eight months' time and this is one of the areas they will audit.

Mohammed is pleased that he has been asked to lead the change project. He has been told if successful it would result in promotion to senior finance manager and would help in his longer-term career goals of moving into IT project consultancy.

He is anxious about leading the change project and wonders whether he has the right skills. He has spent the last two weeks discussing this with his line manager, colleagues and his team members. He also had a meeting with one of the large suppliers he works closely with.

Mohammed also went back over feedback he had received from his recent performance review and from applying for a promotion three months ago, in which he was unsuccessful. From this Mohammed has collected some information and decided to collate this into a Personal SWOT Analysis.

Potential Strengths

- Good people management skills
- Good communication skills
- Good planning skills

Potential Weaknesses (development areas)

- Project management skills
- Influencing others
- Leading others in difficult times

Potential Opportunities for development

- Leading this change project
- Project management skills training
- Being mentored by a senior leader in the hospital

Potential Threats (risks)

- Buy-in and commitment from his team for the new system
- The training does not go to plan
- External stakeholders will not accept the changes
- The change project overruns in time
- He does not get the support, training or mentoring required
- He does not learn anything from leading the project.

 **OVER TO YOU****Activity 7: Personal SWOT analysis**

Consider the Personal SWOT analysis carried out by Mohammed in the above case study. What advice would you give Mohammed? How could he use his strengths to overcome any threats/risks to his development? How could he use the opportunities to address his weaknesses or development areas?

Career planning

Having carried out a Personal **SWOT analysis**, and identified potential development areas and opportunities, it may be helpful for the leader to consider how any development options relate to the current level/position the leader is operating from and what might be required, in terms of development to move to the next level position?

Pedler et al (2007) proposed a **career planning** approach for management and leadership development based on seven levels. These are shown below.

Level	Definition
1 Managing self	Manage ourselves and our work
2 Managing others	Managing other people in small teams
3 Manage managers	Managing individuals and teams through their managers
4 Functional managers	Manage a business function at operational level and contribute to overall business goals
5 Business manager	Manage groups of functions, managing a business unit of the general management team
6 Group manager	Manage a group of business units, coordinating activities
7 Enterprise manager	Manages the strategic direction of the whole business concern

Source: Adapted from Pedler et al (2007)

Table 5: Career planning – seven levels



The **seven levels career planning model** shows that to progress from one level to the next (e.g. from Level 3: Manage managers to Level 4: Functional managers) requires the development of new skills. This development should come from a variety of sources and not just experience. It could come from:

- training programmes;
- qualification programmes (such as this Level 6 qualification unit);
- new work responsibilities (e.g. leading a change project);
- secondments (joining a new team/department/business unit for a fixed period of time);
- being coached (internal or external to the organisation);
- being mentored (internal or external to the organisation);
- volunteering or other activities outside the normal job.

When planning the development of leadership skills to lead strategic change, the leader should think about the career planning aspect. What level are they now? What level are they aiming to achieve? What skills would be required?

Planning personal development

To create a personal development plan to support the development of leadership skills to lead strategic change, the leader should consider developing one or more **development objectives**.

These development objectives should be **SMART**. We looked at SMART in Chapter 1 when considering organisational objectives. The framework works well at a personal level as well, but needs a little adaptation to be more personally focused. The adapted framework is shown below.

- S** Specific – What needs to be developed?
- M** Measurable – How will you measure success?
- A** Agreed – With whom has this objective been agreed?
- R** Relevant – How is the objective relevant to the owner?
- T** Time bound – By when should the objective be completed?

An example SMART development objective would be:

Develop my change management skills so that I can lead the forthcoming project by completing the five day Managing Change Programme, starting on 31 July. This objective is:

Specific – it’s about developing change management skills to lead the project.

Measurable – it is about improving these skills and completing the five day “Managing Change” programme, it’s also about a successful change project outcome and feedback from stakeholders.

Agreed – this is not explicit in the objective but would need to be agreed with the line manager/HR department for funding/time off to attend the programme and support during the project.

Relevant – so that they can lead the change project. The development activity has a goal.

Time bound – completing the programme starting on 31 July and completing the change project.

The **SMART framework** can also be used to create a SMART objective based development plan, an example is shown below.

Development objective	Development activities	By when	Support/ resources required	Review point(s)	Success measure(s)
To develop change management skills	Attend “Managing Change” programme	12 months	Funding for “Managing Change” programme	After completing the programme	Learning from attending programme
	Lead change management project		Time off work to attend programme	Weekly one-to-ones with line manager	Successful outcome of change project
			One-to-one meetings with line manager to discuss how project is progressing	At the end of the change project	Positive feedback from change project stakeholders
					Personal learning and growth

Table 6: SMART objective based development plan



CASE STUDY

Personal development plan

Mohammed has reviewed the outcomes from the Personal SWOT activity and using the SMART framework has created the following personal development plan.



Development objectives	Development activities	By when	Support/resources required	Review point(s)	Success measure(s)
<ul style="list-style-type: none"> Develop project management skills Develop skills in influencing others Develop skills in leading others in difficult times 	<ul style="list-style-type: none"> Attend project management programme Lead change management project Be mentored by senior leader during project 	Six months	<ul style="list-style-type: none"> Funding for project management programme Time off work to attend programme One-to-one meetings with mentor to discuss how project is progressing and share experiences of influencing and leading change project stakeholders 	<ul style="list-style-type: none"> After completing the project management programme Weekly one-to-ones with mentor At the end of the change project 	<ul style="list-style-type: none"> Learning from attending project management programme Successful outcome of change project Positive feedback from change project stakeholders Personal learning and growth

Mohammed has discussed this development plan with his line manager, the HR team and his mentor and they have all agreed this is a helpful development plan for him for the next six months.

Consider the personal development plan created by Mohammed in the above case study. One of the success measures is personal learning and growth. How would Mohammed measure personal learning and growth? What would success look like?

Reviewing and evaluating the personal development plan


Once the leader has created the personal development plan and discussed and agreed its look and feel with key stakeholders, the natural next step is to undertake the **development activities** and to work to the completion date. As you can see in the examples of personal development plans above, there are timeframes for completion of the development activities and also review points.

The review points in the development plans are important. The leader should be reviewing progress against the plan with their line manager/HR team or mentor on a regular basis. They should not wait until the completion of the development activities; otherwise, they may find that the development activities are not working or delivering the expected outcomes.

A **development log** can be helpful to record these review points, an example is shown below.

Development activity	Review point/date	Progress made and outcomes
Lead change management project	Weekly one-to-ones with line manager (wk1)	Project kick off meeting with team completed Project stakeholders identified and meetings arranged Communications plan drafted
	Weekly one-to-ones with line manager (wk2)	Meeting with internal stakeholders – received a list of questions about the change project Meeting with external stakeholders – difficult, received a lot of negative feedback about the changes
	Weekly one-to-ones with line manager (wk3)	Responded to questions from internal stakeholders – received some positive feedback and questions now addressed Set up follow up meeting with external stakeholders to discuss concerns – line manager to attend and help with discussions

Table 7: Reviewing the personal development plan



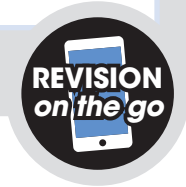
As well as reviewing progress with the personal development plan, it will be important to evaluate the outcomes of the personal development plan. Did the leader achieve the development objectives?

The following table provides an example of how this could be recorded.

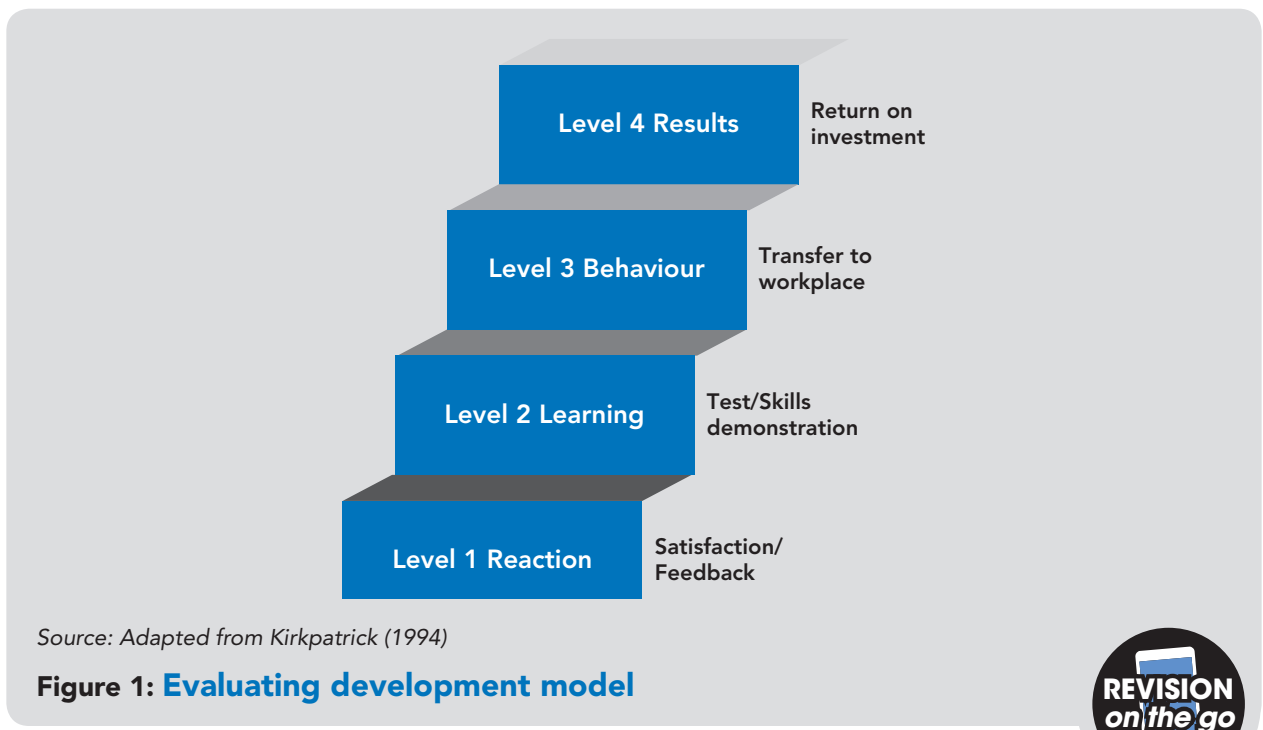
Development objective	Outcomes	Needs met? Measure of success?
To develop change management skills	Attend “Managing Change” programme	Attended the programme. It was helpful to get an understanding of the principles and to practise the skills in a safe environment. I felt these skills were helpful for me in managing the overall change process.

Development objective	Outcomes	Needs met? Measure of success?
	Lead change management project	<p>This was successful in that the project was completed ahead of time and we received good feedback from internal and external stakeholders about the change process and the new system.</p> <p>I did find it difficult at times influencing stakeholders who were more senior to me, regular one-to-ones with my line manager, who acted as my mentor, helped with this.</p> <p>My line manager encouraged me to be flexible with my influencing approaches, adapting my style to suit theirs when required.</p>

Table 8: Evaluating the personal development plan

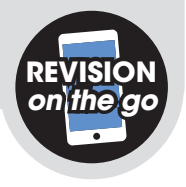


Finally, a helpful framework for evaluating the personal development plan comes from the work of Kirkpatrick (1994). Kirkpatrick proposed a four-stage framework for evaluating the outcomes of a development activity. This is shown below.



Source: Adapted from Kirkpatrick (1994)

Figure 1: Evaluating development model



The Kirkpatrick model encourages the leader to think about the outcome of the development objective and activities. How far up the levels has the development taken the leader? Has the development resulted in a Level 4 outcome (return on investment)? This would be a great outcome for the development of leadership skills to lead strategic change.

Self-reflection is a very important skill when developing leadership skills. The ability to reflect on the personal development plan and consider:

- What went well? What worked?
- What didn't go well? What didn't work?
- Why did that happen?
- What would I do differently next time?

Using a **self-reflection journal** to record and maintain the responses to these questions after each development activity would add value to the reviewing and evaluating of the leadership development plan.



OVER TO YOU

Activity 8: Supporting the development of leadership skills to lead strategic change

Review the responses and notes you made for Activities 1–6 in Section 4.1, then carry out the following tasks.

- 1 Create a personal SWOT analysis – try to identify at least three potential development areas for leading strategic change.**
- 2 Having created a personal SWOT, consider what your current level is based on the Seven levels career planning framework. What skills would you need to develop to move to the next level?**
- 3 Create a personal development plan based on your responses to tasks 1 and 2 above. Use the format shown in Table 6.**
- 4 How do you intend to review the PDP? Who needs to be involved?**
- 5 How do you intend to evaluate the outcomes of the PDP? How would you measure success? What level of Kirkpatrick's four level framework do you feel the outcomes of the plan would achieve?**
- 6 Discuss your responses to tasks 1–5 with your line manager, mentor or colleague; what feedback did they give you? What have you learned from this?**

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Summary

In this chapter, we considered the skills required to lead strategic change within an organisation. This involved revisiting the skills identified in previous chapters, strategic leadership skills and considering how organisational feedback/results/outcomes can provide helpful information on current and future skills. The chapter concluded by considering how the development of leadership skills to lead strategic change could be supported by the creation of a personal development plan for the leader.

Glossary

Actual vs planned reports These can show what resources (people/time/money/equipment) were planned to be used during the change process against the actual use. They are helpful in short term monitoring of the change plan, longer term reviewing of the change process and final evaluation of the change process.

After Action Reviews (AAR) These can be helpful for final reviewing and evaluating of the change process. They normally involve a structured or facilitated process where change process stakeholders review and evaluate the change process from start to finish. They reflect on their experiences in terms of what worked, and what did not or could have been done differently. The learning from this can then be applied to future change processes and plans.

Ansoff Product/Market Growth Matrix Proposed by Igor Ansoff, this matrix can help to understand strategic direction options. It looks at both new and existing product ranges and new and existing markets for those product ranges.

Aspirational values Things that are needed for future organisational success.

Audacious leadership Steve Carter (2009) suggests that difficult times require a particular style of leadership. He calls this audacious leadership. He says the role of the leader is to ensure the organisation faces up to the new challenges and that promoting a motivational vision to stakeholders is key.

Authentic leadership Goffee and Jones (2005) proposed a three-step framework which outlines what you should do to be an authentic leader (get to know yourself and your origins better, get to know others better, connect to the organisational context better).

Balanced scorecard (Kaplan and Norton, 1996). This can be used for strategic goal planning. A balanced scorecard considers areas such as financial goals, customer goals, internal process goals and innovation/learning goals.

Boston Matrix model (or BCG Matrix) Developed by the Boston Consulting Group, this is helpful for analysing the strategic direction of an organisation. It looks at existing organisational business units and the potential in the markets in which they operate in.

Bystanders As identified by Paul Strebel in his politics of change process model, these were people who saw the change as positive overall but would not want to be actively involved or participate in the change process. They would want more information about how the change would benefit them.

Career anchors The self-perceived talents, values and needs of individuals. They help to explain past career choices and have a bearing on future choices. Individual people usually have a combination of anchors.

Change A process from moving from one situation to another. At the organisational level, this could be at operational or strategic level.

Change agents As identified by Paul Strebel in his politics of change process model, these were people who saw the change process as an opportunity and were positive overall about the change. They would be actively supporting the process. They could see potential for personal development from the change for example.

Change communication plan This should detail how the change process is going to be communicated. It should cover what key messages to which key stakeholders and via which communication channels.

Change equation model (Beckhard, Harris and Pritchard, 1987). This innovative approach to the change process quite simply says the factors on the left side of the equation (dissatisfaction, vision, steps and belief) have to be much greater than any resistance to the change, displayed on the right side of the equation.

Change kaleidoscope (Balogun and Hope Hailey, 2008). This model assumes that organisational change is unique and provides a framework of eight "lenses" which provide a different view of the impact of the change. These then influence the design choices that may need to be made when planning, implementing and leading the change.

Change plan A change plan supports a change process by quantifying what needs to be done, by whom, how and by when.

Change process A method by which the current situation is transformed into the future state. This may involve many stages or steps and will involve planning. The stages and steps may involve different people or teams.

Communication plan A method by which the change process is communicated before, during and after the change process. It should take into account the different organisational stakeholders.

Competency A combination of knowledge, skills, personal qualities and behaviours that an individual would need to lead strategic change. They can be used to identify development opportunities and form the basis of a SMART development plan.

Complaints Used to engage with stakeholders regarding a change process. These can be f2f or via surveys, social media or formal/informal feedback mechanisms. They may relate to plans, results or outcomes. They can provide very powerful information from stakeholders about their requirements and expectation of the change process.

Contemporary change These are current issues/problems and opportunities for change. They are about dealing with the present; things that are happening now or very soon and will need to be addressed.

Continuous improvement Based on a cycle of plan, do, check and act (or improve), a method of looking at continually improving the way work is done.

Core values Principles that govern the organisation's actions.

Cost leadership (no frills) This is a strategic option proposed by Michael Porter (1995). If an organisation looked to reduce the cost of providing a product or service, this may require organisational change.

Cost benefit analysis This method considers both the costs (negative) impact of the change and the benefits (positive) impact of the change.

Cultural web model (Johnson and Scholes, 2008). This web had six contributing elements to an organisations culture. The resulting culture they called a "paradigm". The elements have a different perspective on the culture of the organisation but collectively provide a good understanding of its scope.

Culture A collection of shared organisational values; the way things are done.

Development log A tool that is helpful for reviewing leadership development. It records

the development activity carried out, the review point and date and progress and outcomes of the development activity.

Differentiation Creating uniquely desirable products and services. This is a strategic option proposed by Michael Porter (1995). If an organisation looked to create new products and services this may require organisational change.

Direct costs Data that relates to the organisational costs that directly relate to the sales of the products and/or services that the organisation makes.

Directing This is guiding and steering someone so that they are clear on what needs to be done.

Eight stage process for change model (John Kotter 1996). Kotter proposed an eight stage process, which provided a sequence for planning and implementing change. The stages are: 1. Establishing a sense of urgency. 2. Creating a guiding coalition. 3. Developing a vision and strategy. 4. Communicating the change vision. 5. Empowering employees for broad based action. 6. Generating short term wins. 7. Consolidating gains and producing more change 8. Anchoring new approaches in the culture.

Emotional intelligence The ability to manage ourselves and relationships effectively.

Environmental analysis This encompasses both the internal and external environments. This is important as organisations need to understand changes of their environments so they can leverage their strengths and protect themselves against weaknesses. To exploit opportunities that might arise and to minimise the impact of any threats.

Ethical leadership This can be defined as doing the "right things" and treating people in the "right way". In leading strategic change, it is important to be seen as being ethical as a leader.

Evaluating change Techniques that assess how effective the change process has been. Has it achieved its objectives? What has been the impact? Have stakeholder expectations and requirements been met? Evaluation is generally carried out at the end of the change process but can be carried out at various points during the change process.

Evaluating development model

Kirkpatrick (1994) proposed a four-stage framework for evaluating the outcomes of a development activity. These are: 1. satisfaction/feedback, 2. test/skills demonstration, 3. transfer to workplace, and 4. return on investment.

External environment This comprises the micro and macro environments. The latter will probably impact similar organisations in a similar way. The macro environment cannot be controlled. Companies decide which micro environments they operate in (customers, suppliers, etc.).

Feedback Used to engage with stakeholders regarding a change process. This can be face-to-face or via surveys. Plans, results and outcomes could be communicated and feedback from stakeholder groups collected. This could be done via tools such as focus groups.

Five Forces model (Porter, 1995). This is a competitive analysis tool in which he identified five forces which act both separately and together to affect the competitive environment.

Focus This is a strategic option proposed by Michael Porter (1995). If an organisation looked at offering a specialised product or service this may require organisational change.

Four Links model Richard Lynch (2012) felt that the Five Forces model proposed by Porter was too static and that the external environment is often dynamic (moves and changes quickly). Lynch proposed a model based on "Four Links". These links are: 1. government links and networks, 2. complementors, 3. informal cooperative links and networks, and 4. formal cooperative links.

Gaining commitment This is engaging with others and motivating them to support you and what needs to be done.

Gross profit or margin Gross profit or margin is generally sales minus direct costs. This data could indicate a need for change in the way staff are rewarded (salary).

Impact analysis A technique that examines the effect of the change. This can be carried out before and/or after the change has been implemented.

Indirect costs Data that relates to the organisational costs that indirectly relate to the sales of the products and/or services that the organisation makes.

Influencing This is about trying to convince someone to see something in a different way (often to see something your way).

Leadership A set of behaviours that guides and supports others to achieve a task or goal.

Market A market is generally a collection of organisations that operate in an area and provide products and services to a customer group; for example, the automotive market consists of manufacturers and suppliers providing vehicles and accessories to corporate buyers and members of the public.

Marketing plan A structured plan which considers which markets and sectors an organisation should focus on with what products and services, at what price, and promoted in what ways.

Meetings Used to engage with stakeholders regarding a change process. These can be face-to-face or virtual via online meeting tools. They are helpful for collecting thoughts, opinions and concerns about the change process.

Mission statements An organisational statement that defines the core purpose and aim of the organisation.

Monitoring Techniques that assess the impact of the change. This will involve measurement or collecting data and feedback from stakeholders. A variety of techniques can be used.

Net profit or margin Net profit is generally gross profit or margin minus indirect costs. This data could indicate a need for change in the way an organisation manages its overhead costs such as utilities.

Operational A lower level focus on the organisations direction. It will often relate to work process or procedures and requires shorter term planning.

Organisational support mechanisms for change These are typically: training, coaching, mentoring, performance management, counselling, and redeployment.

Organisational pain driven change model (Conner, 1993). A key feature of the Conner model for drivers of change is that the leader should look for the pain associated with opportunities. Conner suggests you focus on the "fear of loss" motive and that unless the change is undertaken, the organisation will be

missing out on something, be that revenue, profit, customer satisfaction or market share.

Organisation values An organisational statement that identifies what it values and how people should behave.

Organisational performance outcomes

When evaluating the skills required to lead strategic change, the leader could consider the formal/informal feedback they may have received from the organisation's performance management processes and internal/external stakeholders.

Organisational resilience An organisation's ability to respond to change.

Personal SWOT An analysis tool used for development that considers current potential strengths, development areas, opportunities for development and risks or threats to the opportunities for development.

Persuading This is trying to get someone to do something you want them to do.

PESTLE analysis A business environment analysis tool that considers six potential drivers of organisational change (Political, Economic, Social, Technological, Legislative and Environmental) These drivers may impact on an organisation in either a positive (opportunity for change) or negative (need to respond) way.

Politics of change process model Paul Strebels (1997) created a matrix that can be used to categorise the people/groups and their attitudes and behaviours it can be used by the leader to recognise where people might be with regards to the change process and lead and manage them accordingly.

Potential opportunities for development

How can the development areas be addressed? This contributes to a **Personal SWOT**.

Potential strengths in this area Based on the analysis of skills/feedback/outcomes, this contributes to a **Personal SWOT**.

Potential threats (risks) to your development What might impact on the opportunities for development? This contributes to a **Personal SWOT**.

Potential weaknesses (development areas) Based on the analysis of skills/feedback/outcomes, what development areas surface? This contributes to a **Personal SWOT**.

Primary stakeholders These define the organisation and are crucial to its performance, typically these would be: employees, customers, suppliers, shareholders, trustees and owners.

Reactions to change Typical reactions to change from people are: confusion, loss of identity, denial, over-enthusiasm and anger.

Red/Amber/Green (RAG) RAG change plan status reports can be helpful for reviewing progress against plan. These can also contain data on key measures and performance indicators. Red could indicate the progress is behind plan, amber could indicate the process is in danger of falling behind plan and green could indicate the process is going to plan.

Resistance to change Processes may encounter stakeholders who will object or resist to the change. This can be overcome often through understanding why they are objecting or resisting to the change. It may require planning and high levels of communication.

Resistors As identified by Paul Strebels in his politics of change process model, these were people who perceived the change in a negative way. They would be actively trying to resist the change. They would see the change process as a threat to their position and power for example.

Reviewing change Techniques that examine how well the change process has worked. It will often involve using data and feedback from monitoring the change. Reviewing might indicate that changes are required to the change process itself. Reviewing can be carried out at various stages before, during and after the change process is completed.

Secondary stakeholders These impact on relationships with primary stakeholders, typically these would be local, regional and national government, the media, regulatory bodies, unions, consumer groups and competitors.

Sector A sector is a more specific focus area of a market; for example, for the automotive market an example sector would be luxury cars. Not all the manufacturers and suppliers may focus on or operate in that sector and may focus on other sectors.

Self-reflection journal Using a self-reflection journal to record and maintain the responses to self-reflection questions, after

each development activity would add value to the reviewing and evaluating of the leadership development plan.

Self-reflection The ability to reflect on the personal development plan and consider what went well? What worked? What didn't go well? What didn't work? Why did that happen? What would I do differently next time?

Seven levels career planning model

This framework defined by Pedler et al (2007) identifies seven levels of leadership. These are: 1. managing self, 2. managing others, 3. manage managers, 4. functional managers, 5. business manager, 6. group manager, and 7. enterprise manager.

Seven levels of leadership consciousness model (Barrett).

A useful framework to help leaders understand where they may be as a leader. It can be used to think about how they might improve their position on the levels depends on how advanced their leadership is. For example, at Level 4, you would be described as a facilitator/influencer with a positive focus on continuous renewal, and would be a leader that promotes learning and innovation, a team builder and a leader that empowers others.

Seven Rs of Changing Minds Howard Gardner (2004) identified seven levers that help gain that buy-in or commitment. This is achieved through the changing of peoples' mind-sets. They are: Reason, Research, Resonance, Representational re-descriptions, Resources and rewards, Real world events and Resistances.

SMART framework for change plans

This considers, "What does the change process need to deliver?" What will tell us if the change process has worked? Are the measures quantitative (e.g. numbers/values) or qualitative (e.g. feedback/comments)? Is the change process achievable given the people/resources/time frame? Does the change process have enough resources for it to be successful? Are there key dates by which, work needs to be completed?

SMART objectives A framework that can be used to formulate leadership skill development objectives. There are several variations of this framework but for leadership skill development any objectives should be: Specific (what needs to be done) Measurable (has it been done/what is the impact) Agreed (with the organisation)

Relevant (to organisation/individual/ career), Time bound (target date for completion).

Social media Used to engage with stakeholders regarding a change process. These channels could be used to communicate that the organisation will be going through a change process, or is currently going through or has recently gone through a change process. At various points these channels could be used to collect data. This does need to be managed carefully as much of this communication is visible to a wider audience.

Stakeholder interest Stakeholder interest can be defined as the level of information and communication the stakeholder requires.

Stakeholder power Stakeholder power can be defined as the ability to start, stop, make things easy or make things difficult for the change process.

Stakeholders Individuals or groups who have an interest in the organisations success. They may be internal or external to the organisation. The change process may impact on their expectations or requirements so it is important that these are monitored, reviewed and evaluated.

Strategic A high level focus on the organisations direction. It involves longer-term planning for the organisation.

Strategic direction The direction in which the organisation is heading. This could result in change being required.

Strategic leadership styles The six styles identified by Thompson and Martin (2005) are: aspirational visionary style, public relations style, operational tactical style, human resource style, financial engineering style and analytical style.

Strategic planning This is made up of goals, higher level targets and objectives, lower level specific outcomes.

Strategic purpose The reason the organisation exists, this should be linked to the expectations of stakeholders.

Surveys Used to engage with stakeholders regarding a change process. These could take the form of questionnaires both hard copy, email and web based. These are helpful for collecting data on requirements, they are less powerful for thoughts, opinions and concerns, as stakeholders can be reluctant to divulge information using these channels.

SWOT analysis An analysis tool often used for strategic analysis (Strengths/Weaknesses/Opportunities/Threats) but which can be used to conduct a personal SWOT analysis to aid leadership development.

Traditionalists As identified by Paul Strebel in his politics of change process model, these were people who would be negative about the change but would not be actively resisting the change. They would be comfortable with the current situation. They would see the change as affecting the way they work.

Transactional leadership (Burns, 1982) This is based on a "transaction" type approach if you do this for me, I will do this for you. Followers are motivated by promises or rewards if they do something right and threats or punishments if they don't.

Transformation curve for positive change model (Conner, 1993). This reflects the stages people may go through if they were initially positive about the change but encounter some challenges along the way. These are: informed optimism, informed pessimism, hopeful realism, informed optimism and completion.

Transformational leadership (Burns, 1982) This is based on engagement. Where leaders and followers engage with each other. Followers are motivated by the leader demonstrating vision, dynamism and charisma.

Turnover, income or revenue Data that relates to the sales volume (units) and value (\$) of products and/or services the organisation provides to its customers or clients or users.

Values based leadership This can be defined as a way of making authentic decisions that build the trust and commitment of employees and customers.

Vision statements An organisational statement that provides a roadmap for what the organisation wants to become and will provide direction for any organisational change objectives.