

Art & Process

Leading Change Management
in Your Business

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Since the 1950s, change management has evolved significantly, particularly in recognizing the crucial role of employees in the success or failure of organizational changes. It is also known that change occurs in predictable stages. However, even with these advancements, many efforts to change still fail.

According to a 2013 survey by Strategy& and Katzenbach Center, only 54% of major change initiatives were successful. Common roadblocks included a lack of preparation and sustainability skills (Strategy& and Katzenbach Center, 2013).

It's alarming that many organizations undergo multiple major changes in just a few years, yet half of these efforts fail. Effective change management requires strong leadership support, clear communication, and dedicated resources to engage employees and ensure lasting transformation within the company's processes and culture. Despite the high stakes.

According to McKinsey, 70% of change programs fail to achieve their goals due to employee resistance and lack of management support (McKinsey & Company, 2015).

McKinsey also reports that when people are truly invested in change, it is 30 percent more likely to stick. This calls for a comprehensive, flexible, and carefully crafted change management strategy.



Understanding Organizational Change

Organizational change management is a structured and ongoing process that helps individuals and organizations transition from their current state to a more desirable future state. It involves various elements such as cultural shifts, strategic evolutions, and intentional changes rather than arbitrary ones. It is a journey that requires careful planning and execution.

These changes involve:



Cultural change

Cultural change is a fundamental shift that can affect an organization's beliefs and behaviors. Whether it involves adopting open feedback, promoting inclusivity, or prioritizing a digital-first approach, these changes enable other transformations.



Organizational change

These changes impact various aspects of the company's operations, from restructuring departments to streamlining processes for increased productivity. The effects of organizational changes are felt immediately by employees, who must adapt to new methods, such as agile practices, to work effectively.



Digital change

Digital change requires companies to completely revamp their processes and systems to deliver value and improve internal operations. This could involve implementing new Enterprise Resource Planning (ERP) or Customer Relationship Management (CRM) systems, which may be complex but often result in increased efficiency and better service.



Merger & Acquisition changes

M&As trigger the above set of cultural, digital, and organizational changes simultaneously, presenting unique challenges and opportunities.



The Psychology of Change

Resistance to change is a common human reaction triggered by various factors. Uncertainty about the unknown is a major driver of resistance, as employees may fret over how changes will impact their roles, job security, and daily routines.

Disrupting familiar processes and hierarchies can lead to a sense of loss of control, making individuals uncomfortable as they struggle to predict or influence outcomes.

Changes that affect job roles or organizational structures may be seen as threats to professional identity, further fueling resistance. Disruption of established routines due to new skills or workflows can result in inefficiency and frustration as employees adapt, adding to their resistance.

Economic concerns, such as potential impacts on compensation or job security, can also intensify resistance driven by the powerful motivator of economic uncertainty. Poor timing of changes during periods of high stress or multiple concurrent changes can exacerbate resistance further.

Additionally, when the perceived direction of change clashes with the values or beliefs held by employees, resistance may stem from a fundamental disagreement with the goals of the change itself.

Change Management Frameworks and Models

 Model	 Brief explanation	 Application	 Limitations
Lewin's Model (UCR)	Initiates with Unfreeze (UC), shaking up the status quo; transitions through Change (C), introducing new concepts; and solidifies with Refreeze (RF), embedding the changes	Effective for straightforward, sequential transitions in less complex environments	Too linear for adaptive or fast-evolving organizational landscapes
McKinsey 7-S Framework	Aligns multidimensional aspects of an organization: Strategy, Structure, Systems, Shared Values, Skills, Style, and Staff (7S) to harmonize change	Well-suited for comprehensive, company-wide transformations	Complexity can hinder swift implementation; it requires deep interconnectivity
Nudge Theory	Uses positive reinforcement and indirect suggestions to influence behavior and decision-making processes	Powerful in shaping behavior without overt impositions; great for consumer-facing changes	limited scope in addressing large-scale or structural changes
ADKAR Model (Awareness, Desire, Knowledge, Ability, Reinforcement)	Sequential approach that nurtures change at a personal level, focusing on Awareness, Desire, Knowledge, Ability, and Reinforcement	Ideal for changes requiring individual buy-in and personal growth	May overlook broader organizational or systemic challenges
PROSCI model	A change management approach that emphasizes individual transitions using the ADKAR model to achieve organizational change	Ideal to guide organizations through change by focusing on employee adaptation	Less effective in large-scale changes due to its intensive focus on individual processes
Kübler-Ross Change Curve	Maps the emotional journey through Denial, Anger, Bargaining, Depression, and Acceptance (DABDA), facilitating supportive change management	Useful in managing personal impacts during organizational shifts	Focused on emotional transitions, less on practical change execution
Kotter's 8-Step Process	Drives large-scale change through a sequence of steps from creating urgency to anchoring new approaches in the culture	Comprehensive and robust for strategic overhauls	Time-consuming and requires sustained leadership commitment
Maurer's 3 Levels of Resistance Model	Identifies and addresses resistance at the logical, emotional, and political levels, providing targeted interventions	Effective in diagnosing and mitigating resistance factors.	Primarily reactive; more focused on resistance than proactive change planning
Satir Change Model	Focuses on five stages of change processing to normalize the discomfort of change, promoting a healthier adaptation	Effective when dealing with changes impacting staff morale and productivity	Needs additional frameworks to address logistical implementations
#WeChange Model	Agile, iterative approach integrating continuous feedback and stakeholder involvement.	Suited for environments needing rapid adaptation, like tech implementations or agile organizational restructuring	Demands high resource input and intensive management to maintain direction and focus.

Disclaimer: These frameworks are the property of their respective owners.

Which Model Fits Your Needs?

Selecting the appropriate change management framework hinges on specific criteria tailored to your organization's requirements and the nature of the transformation. Consider the following factors.

Type of change

Evaluate the kind of change at hand. The PROSCI model, which focuses on individual transitions, may be suitable for implementing new technology. For more extensive organizational transformations, Kotter's 8-step process could be more impactful.

Duration of the change

ADKAR's structured approach is well-suited to short-term changes, while long-term strategic shifts may require a more comprehensive strategy, such as the McKinsey framework.

Familiarity with the change

The PROSCI model is beneficial when the change is familiar and defined, while the WeChange model may be better suited for new and uncertain changes.



Size of the organization

Complex and larger organizations might find value in the detailed PROSCI model, whereas smaller and agile startups may prefer the flexibility offered by models such as ADKAR or WeChange.

Organizational culture

Different organizational cultures may require different approaches to change management. More traditional and risk-averse organizations may benefit from structured and sequential models such as Kotter's, while innovative and flexible cultures may resonate with dynamic models such as #WeChange.

Factors Influencing Organizational Change – Readiness

Preparing for organizational change involves examining internal and external factors that can influence your organization's readiness.



The right metrics

According to a McKinsey report, many organizations utilize only 29 percent of the metrics they claim to monitor during change efforts (McKinsey & Company, 2017). To ensure successful large-scale change programs, teams should conduct weekly reviews of their initiatives, sponsors and steering committees should review monthly or quarterly for health and performance, and everyone in the program should review enterprise value annually or bi-annually.

These reviews promote accountability, identify issues and best practices, determine solutions, highlight successes, and foster a culture of constant learning and improvement



Metrics to track change-readiness



Progress:

Keep a close eye on the progress of initiatives in terms of meeting deadlines, staying within budget, and improving operational efficiency.



Health check:

Use various methods such as analytics, surveys, and observations to assess changes in management practices, attitudes, and behaviors.



Business performance tracking:

Monitor key business metrics such as revenue, expenses, and risks to drive targeted improvements and prevent unintended consequences.



Stakeholder value focus:

Maintain a continuous focus on delivering value to shareholders and other stakeholders.



Employee awareness assessment:

Evaluate employee awareness of changes by analyzing the effectiveness of communication strategies.



Engagement measurement:

Assess employee participation in workshops and feedback sessions to measure the depth of engagement in change processes.



Participation evaluation:


Assess the level of active involvement in change initiatives to capture organizational engagement.



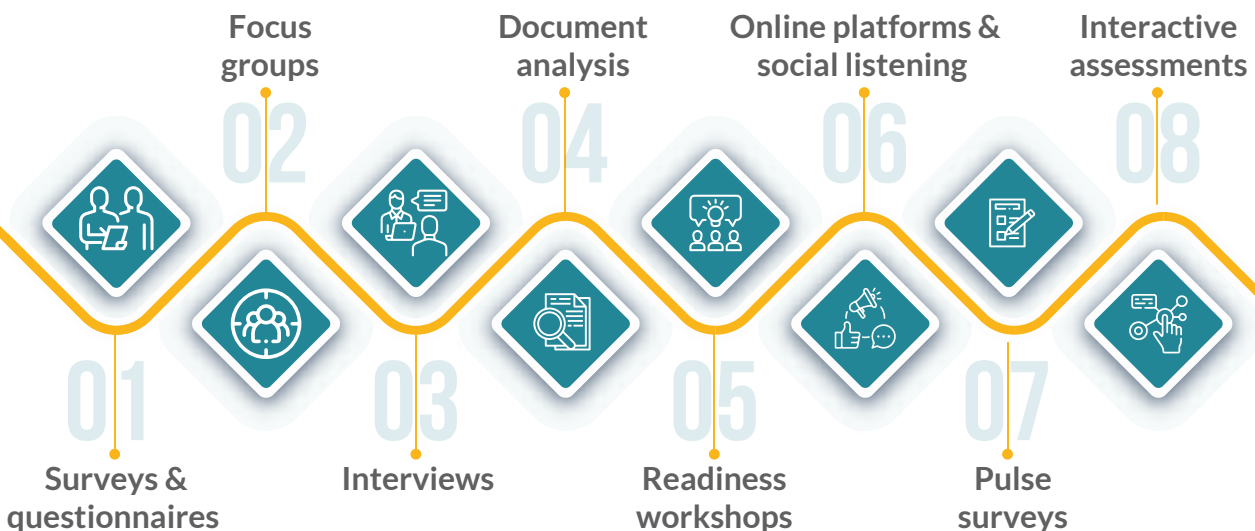
Readiness coverage:

Ensure thorough coverage across different organizational levels to comprehensively understand readiness levels.

Key areas to assess

- **Communication effectiveness:**
Assess the clarity of the communication regarding the change throughout the organization.
- **Engagement levels:**
Gauge employee involvement by examining participation rates and feedback interactions.
- **Resource allocation:**
Verify if you have enough resources required to facilitate the change process.
- **Leadership alignment:**
Evaluate how well leadership is aligned and their support during the change efforts.
- **Learning and development:**
Review preparedness for providing training that aligns with the goals of the change initiative.

Change-readiness data collection methods





Planning and Strategy for Change Management

The following steps will help you prepare seamlessly for change management:



Who is your audience?

Who will experience the effects of the suggested change? Define the specific demographic that will be the focus of your strategy for managing this change. Start by acknowledging leaders and stakeholders and evaluate their role and involvement in past organizational changes. What advantages will this change bring? What are the motivations behind this proposed change? How have previous changes shaped the organization's history? Which other groups will feel the effects of this transformation?



Who are the key stakeholders?

To ensure everyone is on the same page in instituting change, key leaders should come together and determine champion roles and behaviors. However, due to differing perspectives, it's best to take an iterative approach and involve all stakeholders. This can be achieved through a stakeholder alignment session where key leaders, change management professionals, and personas work together to create a change management strategy that will benefit both the business and its employees.

Conduct extensive interviews with diverse stakeholders, including employees at all levels, managers, and executives. Gather valuable insights into their perspectives, concerns, and expectations surrounding the change. Use this data to develop comprehensive personas that will guide the change initiative and ensure that all strategies are in line with stakeholder requirements.



What are the initial preparations to be made?

For an organization to successfully pursue and implement change, it must be ready on both logistical and cultural levels. Cultural groundwork should precede logistical planning to optimize business results. In the initial phase, leaders should focus on helping employees recognize and understand the need for change. They should address the various challenges and concerns within the organization that are prompting the need for change and disconnect from the current state of affairs. Securing initial support from employees involved in implementing the change can minimize potential obstacles and resistance.



What is the vision?

Change leaders must create a comprehensive, achievable, strategic, and fail-safe plan for implementing change once the organization is prepared to embrace it.

This involves:

- ▶ **Strategic goals:** How does this change benefit the organization?
- ▶ **Key Performance Indicators:** What indicators are essential to track progress? What is the current status quo as a reference point?
- ▶ **Project stakeholders and team:** Who will be in charge of monitoring the implementation of change? Which individuals or departments need to approve each critical stage? Who will be responsible for carrying out the implementation process?
- ▶ **Project scope:** What specific tasks and actions will be involved in this project? What aspects are not included within the defined scope of the project?



What is the scope?

Why is the change being implemented? What are the primary reasons driving this change? How significant will this change be with the current structure of the organization? Have a clear vision for any change initiatives to avoid stakeholder confusion.

A clearly defined scope creates a shared vision that can be effectively communicated to all stakeholders, ensuring their understanding and support. This involves outlining specific, measurable, achievable, relevant, and time-bound (SMART) objectives aligning with the organization's strategic goals. It also requires identifying key stakeholder motivations and tailoring communication strategies to address different perspectives and reactions to the proposed changes.



What is the change management model?

When considering organizational change, carefully assess your company's goals, needs, and structure. This assessment will help determine the most suitable change management model for your organization. For comprehensive transformation, the Kotter© Model may be a good choice. If you are looking for a more agile and iterative approach, the WeChange© model may be more suitable.



Who should be on a change management team?

Create a diverse team of change managers, primary sponsors, and key stakeholders from both internal and external sources. This team will lead the change, ensure agreement on fundamental values, address specific organization requirements, and define measurable outcomes for the change project.



What are the objectives and success criteria?

Collaborate with your change management team to clearly define the objectives of your change initiative, ensuring they align with your organization's overarching goals. Use the SMART framework (specific, measurable, achievable, relevant, time-bound) to establish success criteria and incorporate Objectives and Key Results (OKRs) methodology to set measurable goals.



What are the potential risks?

Internal risks involve reluctance to adapt, limited resources, and internal power struggles. External risks encompass outside dangers such as market fluctuations, legal challenges, and economic circumstances that could influence the change effort. Technological risks require assessing the potential pitfalls of introducing new technologies, such as system malfunctions or integration challenges.



What is the risk impact and probability?

Risk evaluation: Evaluate the chances of each risk materializing.

Impact evaluation: Assess the possible consequences on the project if a risk manifests.

Risk ranking: Give priority to risks with a high likelihood of happening and the capacity to cause substantial impact.



What are the contingencies planned?

Create response strategies by developing specific, actionable plans for each risk identified. Implement preventive measures to reduce the likelihood or impact of risks. Additionally, backup plans should be established in case the initial response is not effective.





Implementing Change Management

The four steps of "assess, architect, act, and advance" are key components in successful transformations. These steps help us determine where we want to go, how ready we are to go there, what actions we must take to get there, and how we can continue improving once we have reached our destination.



Leadership and organizational support

According to a 2020 McKinsey and Company study, change programs equipped with well-defined governance structures and identified roles and responsibilities are 6.4 times more likely to succeed (McKinsey & Company, 2020).

They further discuss the key components of successful programs, which often include an executive steering committee (ESC), a change management office (CMO), executive sponsors (ESs), and initiative owners (IOs) along with their respective teams.

The ESC guides the strategic vision and key decisions, enhancing success by maintaining regular communication during implementation. Under the direction of a senior leader, the CMO supervises progress and fosters collaboration, serving a crucial function in monitoring metrics and ensuring clear communication.

ESs, whether members of the ESC or senior leaders one tier below, offer advice and assistance to initiative teams, concentrating on aligning initiatives with business outcomes.

Finally, IOs and their teams from line organizations are accountable for implementing initiatives and overseeing resources and schedules while efficiently addressing operational and personnel obstacles.

Leaders must not only embrace change themselves but also demonstrate it through their actions. They need to act as ambassadors, provide resources, eliminate barriers, and offer direction and encouragement to their teams.

Organizational backing involves not only leadership but also the creation of policies, procedures, and systems that support change goals. A strong dedication at this level guarantees that the change effort receives solid support and is consistently promoted across the organization.



Consistent communication

Successful change management starts with transparent and consistent communication. It is important to tailor this communication to different groups within the organization and ensure it is timely. This will ensure that everyone understands the context, purpose, and expected outcomes of any changes being implemented. Open and honest communication fosters trust and reduces uncertainty, which is essential for the successful adoption of change initiatives.



Organizational participation and involvement

To increase the success rate of change within an organization, it is important for all employees to feel engaged and involved in the process. This can be achieved by fostering ownership and participation within the organization. Create opportunities for employees to share their ideas, feedback, and concerns.

Involving employees in decision-making and problem-solving gives them a sense of ownership and commitment. This ultimately leads to a culture where everyone takes responsibility for the change and works towards its success together. Companies that excel in this aspect tap into the collective intelligence of their workforce.



Upskilling and training

The focus should be on developing the necessary skills and competencies among employees to help them adapt effectively to changes. This can be achieved through training programs, coaching, and ample practice time.

The upskilling process should align with the change objectives and cater to the individual needs of employees. When executed well, this strategy empowers employees to take ownership of their new roles, boosting their confidence and overall performance.



Implement the change management plan

Now that the stakeholders have been aligned and the scope has been defined, it is time to put the change management plan into action. This involves going live with the plan and being patient with employees while maintaining clear communication. Regularly check in with employees to see how they are handling the process and if there are any additional resources needed.

Implementing new technology always involves the risk of encountering bugs, delays, or other issues. To minimize these potential problems, it is recommended that the technology be piloted with a small group of experienced users who have received training on the tool. Once feedback has been collected from their initial usage, the change management team can gradually roll out the technology to the rest of the organization.



Dealing with change resistance

Leading change can be challenging, as it often involves resistance from those affected by it. However, effective leaders know that managing resistance is not about eliminating it completely but rather understanding and redirecting it in a positive direction. To do so, clear communication is key. Leaders must explain the reasons for change and actively listen to feedback from those impacted.

Implement an organization-wide survey and regular mini pulse checks to consistently evaluate employee attitudes towards the transformation and its effects. These surveys should be designed to assess awareness, desire, knowledge, ability, and reinforcement regarding the change.

Build a group of change ambassadors from different ranks and departments to gather informal feedback and bring employees together to support the project. This approach guarantees thorough and practical feedback, enabling prompt modifications and ongoing engagement.



Adapt to improve

Track the response of those impacted by the change through tools such as sentiment analysis, surveys, and information sessions. Analyze the collected data to gain insight into their reactions. Based on this feedback, make any necessary adjustments to ensure that the outlined vision and benefits of the change are being achieved.

Regularly assess whether the outlined vision and benefits of the change are being achieved. If there are any gaps or discrepancies, it is important to troubleshoot and find ways to better support where improvements can be made. This process involves effective communication with stakeholders and actively listening to feedback from those affected by the change to ensure its success.



Incrementing the change

One way to approach change management is by starting small. This means implementing your changes on a manageable scale before expanding them further. This allows you to test your strategies, gather feedback, and refine your processes in a controlled environment.

You can identify what works and what doesn't and make necessary adjustments before rolling out the change more broadly. Not only does this build confidence in the success of your initiative, but it also generates valuable insights for larger-scale implementations.

To effectively drive change, start by implementing targeted, local improvements that can gradually expand into a thorough organizational transformation. These initial achievements serve as building blocks, demonstrating the effectiveness of your tactics and promoting a mindset of ongoing improvement.

Assess the sustainability of the change to determine the effectiveness of your change efforts. Sustainable change can endure, adjust, and continuously deliver positive outcomes even in the face of new obstacles. Consistently use tools to accelerate, test, and enhance your chances for long-term success for your organization.



Become a change storyteller

For lasting commitment, people must be informed and involved in the mission. This can be achieved by involving them in the storytelling process and creating a diverse panel of voices to share their stories. Such an approach can bridge the gap between leaders and employees, ensuring that everyone feels empowered and part of the change implemented.

- ▶ **Assess the narrative:** Before sharing the change story, leaders should seek feedback from a fresh audience to ensure clarity and impact.
- ▶ **Simplify and reinforce:** Use clear, concise, and memorable language that can be readily repeated to maintain consistency and improve message retention throughout the organization.
- ▶ **Foster engagement:** Move beyond simply narrating the story by actively involving employees through thought-provoking questions encouraging discussion about their roles and contributions to change.
- ▶ **Use diverse communication channels:** Use various communication methods, such as speeches, print materials, digital media, and symbolic gestures, to consistently reinforce the narrative of change across different platforms

Beyond Implementation

With adoption analytics, organizations can go beyond traditional project management and focus on fully integrating and sustaining changes.

Here is an overview of how adoption analytics can lead to deep and long-lasting transformation during implementation.

Business performance metrics



Productivity

Assess the impact of change initiatives by measuring enhancements in output and workflow efficiency after implementation



Efficiency

Assess the impact of streamlined processes and new tools on operational workflows



Customer satisfaction

Track customer feedback and survey results to gauge the impact of changes on enhancing the overall customer experience

Realizing outcomes



Tracking KPIs

Identify and monitor KPIs related to the change's objectives, such as financial performance, customer retention, and employee engagement



Tangible outcomes

Work closely with those responsible for benefits to guarantee efficient tracking and realization of outcome



Continuous improvement

Track customer feedback and survey results to gauge the impact of changes on enhancing the overall customer experience

Collaboration with initiative benefits owners



Clear communication

Keep lines of communication open between change management teams and benefit owners to align on anticipated benefits and tracking methods



Regular check-ins

Set up a schedule for reviewing progress, recognizing obstacles, and adjusting strategies as needed



Data-driven decisions

Utilize adoption analytics to guide strategic changes and make decisions that promote long-term success

Common Pitfalls During Change Management and their Solutions



Description

Lack of urgency

Weak guiding coalition

Lack of a clear vision

Incomplete strategy

Rigid strategy

Underselling the vision

Obstacles blocking new vision

Failing to create short-term wins

Celebrating too early

Unrealistic expectations

Poor communication

Cultural misalignment



Problem

Lack of urgency can make change initiatives appear optional, reducing drive

Weak leadership commitment can erode direction and stall momentum

Without a clear vision, change initiatives can disperse and lose focus

Focusing on the 'what' and 'why' without a robust 'how' leads to short-term decisions that undermine long-term goals

A rigid plan may fail to adapt to new developments & circumstances

Failing to communicate the vision consistently and widely can lead to misalignment and apathy

Existing structures, systems, or behaviors may resist the changes necessary for transformation

Without visible progress, support for the change can wane the change initiative may lose credibility

Declaring success prematurely can lead to complacency and halt further change

Overambitious goals can lead to rapid burnout & diminished enthusiasm

Lack of consistent communication post-announcement leads to dwindling change enthusiasm

Conflict between the change initiative and existing organizational culture



Solution

Highlight potential crises or opportunities using data to make the case compelling and urgent

Build a robust guiding coalition that includes influential figures from various levels within the organization to advocate & lead the change

Develop a compelling vision that acts as a roadmap for change. Engage key stakeholders for alignment and commitment

Develop a detailed strategy using models like Kotter's, Lewin's, or ADKAR, and perform a SWOT analysis

Regularly review and adjust the strategy to remain aligned with changing circumstances

Implement a communication strategy that repeatedly broadcasts the vision through multiple channels and reinforces this message at every opportunity

Ensure all systems, structures, and policies support the new vision

Plan for achievable milestones and celebrate short-term victories to maintain momentum

Continue to drive change after initial successes. Use early wins to tackle deeper or more complex issues in the transformation process

Set realistic expectations and pace the change to avoid fatigue

Maintain clear, consistent, and frequent communication throughout the process

Align the change strategy with the organization's culture and shared vision. Make sure that new behaviors are recognized and rewarded

Conclusion

True leaders turn their team members into change enthusiasts. The road to successful change management relies on good leadership, clear communication, flexibility, and sustainable strategies.

There is no one-size-fits-all solution for perfect change management, as what works for one organization may not work for another. It's about discovering what suits your specific circumstances and environment.

Our suggestion? Take the concepts and models we've discussed and customize them to suit your needs. Adapt them to align closely with your company's objectives, and then put them into action.

Incorporating change management into the very fabric of your organization is for not just surviving, but for thriving. Take action. Start small, be it implementing a new communication strategy or redefining leadership roles to promote inclusivity and active engagement. Take note of what works well and make necessary adjustments to establish a culture where change is accepted and embraced.

Put these strategies into practice and witness how seamlessly change becomes a part of your organizational growth. Let's move from theory to practice and see the benefits unfold.

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