



Successful approaches to change management in times of disruption and digital transformation

Three best practice recommendations to leverage the full potential of change management - a guest article from Dr. Antonia Stelzl-Goetzl

Digital transformation requires game changing behavior

Many organizations are currently dealing with the implications of digitalization for the business and its systems, processes and people. Today's business environment is characterized by volatility, uncertainty, complexity and ambiguity (often referred to as the "VUCA world") – a combination of factors that can exacerbate the effects of digital disruption on an organization's operating model. As a result, companies are looking to respond to these changing conditions while safeguarding or improving their market positions.

In our experience, you can't solve the problem by simply identifying game-changing strategies that help you respond to these new conditions. Instead, you need to focus on how you implement these strategies, especially when you factor in the social dimension of strategic change implementation: you need to handle staff resistance, power plays that exist behind the scenes between departments (such as IT versus business), fears that have the potential to block your change efforts, etc.

Good leaders are aware of the need for change management actions in such an environment – and organizations are clearly willing to invest in change activities. However, expectations are sometimes too high. Change management requires commitment throughout the process of change to be able to play its role and have the desired impact – it is not a last-minute, quick-fix solution for a project that isn't progressing as planned. When properly understood and applied, change management is a key enabler for successful change in times of disruption and digital transformation.

Change management is often misunderstood

Three key factors may prevent your organization from realizing the full potential of change management:

1) when change management is considered a risk factor; 2) when change management is perceived as low priority; and 3) there is lack of focus on behavioral change:

1) *When change management is considered a risk factor*

There is no doubt that change management, if taken seriously, requires heavy upfront investment in terms of time and personnel resources, especially from the leadership team. Further, you tend to see the benefits of change management in the long run rather than the short term, which conflicts with short-term business pressures and often doesn't provide credit to the leaders and change agents who deserve it.

2) *When change management is perceived as low priority*

Regardless of the project, you need to take change management into consideration as soon as a project's results imply changes to the business's strategy, organization structure and processes or mindset. We've seen many project meetings where change management is on the agenda – but as the last item. And as project meetings are often running short of time, the last item on the agenda tends to be the one that gets neglected. In addition, senior management may de-prioritize change management because, in their minds, they've already undergone the change process, and so they don't feel the urgency for the topic anymore. Senior managers may believe that they've already invested adequate time on the topic. Unfortunately, this feeling often arises when the journey is just beginning for the wider organization.

3) *Lack of focus on behavioral change*

Last but not least (in fact, this is probably the biggest issue) – there's often no distinction between operational change and behavioral change. By some, milestone tracking and regular steering committee meetings to review progress of implementing changes is considered as holistic change management. This comes with the implicit expectation that middle management has to know how to cascade information down through the organizational structure and communicate the required changes to their teams in order to bring a project to life. This approach is doomed to fail as it doesn't explicitly define and address the necessary behavioral change of the affected parties in the organization.

Leveraging the full potential of change management

To address these common organizational shortcomings, we have put together three best practice recommendations that have proven successful with clients across industries.

1) *Emotionalize by starting with the purpose and connect it to daily activities*

First and foremost, you need to emotionalize the affected parties to get their buy-in for the implementation process. This starts in each company from the very top – it needs to be a priority of senior management.

For example, a financial services company that we worked with recently was already in the middle of implementing a digitalization project that implied an increase in standardization and automation. At one point in time they were stuck and couldn't move forward due to resistance in the organization – resistance that was fueled by the staff members' fear of losing their jobs and their concern about what a digital future really meant for their day-to-day activities. To win the buy-in of the affected parties, we started to work with a core group, clarifying and articulating the overarching purpose of the project. Referring to Simon Sinek's golden circle, we focused on defining the project's WHY rather than the WHAT and the HOW, which had already been communicated several times. At the beginning of this process we started on the individual level, reflecting on the personal WHY and how it related to daily activities. This approach generated positive momentum which we could then leverage to create broader buy-in.

2) *Let the wider organization be part of designing its own journey into the future*

The responsibility for change needs to be explicitly distributed across those that are affected the most within the organization. This needs to happen alongside capability-building efforts from the early stages of the process, especially for the middle management which plays a crucial role during implementation. Organizations need to apply this approach from the very beginning to strengthen self-responsibility across the organization, which enables everyone involved to take responsibility for their own future as well as for the future of the company. Change Management tools such as "timeline work" in combination with "appreciative inquiry elements" have shown to generate good results in this context.

3) *Provide sufficient time and proceed step-by-step*

When it comes to change management, progress may seem to be slow – but remember, Rome wasn't built in a day! Bear in mind that your colleagues in charge of implementation often do this on top of their daily operational work, so it is key to aim for less while at the same time ensuring your objectives are being realized. Many organizations make great progress when it comes to gaining momentum at the beginning, which motivates the involved parties – who then promise huge change efforts. However, the bigger challenge lies



with continuing this momentum throughout the entire implementation process, especially when confronted with tougher times in the project. Applying an iterative approach has proven to be most impactful in such situations, because it allows you to take the challenges of the VUCA world into account.

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