



How to Create Organisational Capability for Change

Philip Atkinson argues that organisations put far too little emphasis on internal change agents or consultants to drive change within business. He outlines how, through committing to internally driven OD or organisation development, organisations can meet the challenges they face. Developing a permanent internal capability within the existing management hierarchy is critical in building a vibrant and effective organisation. In this article, Philip outlines the major issues which need to be managed.

The huge challenge facing organisations is mastering the ability to continually renew themselves to cope with the increasing complex and turbulent business environment. In reality, most organisations have not mastered that process. Many change initiatives do not achieve the purpose for which they were designed nor bestow the benefits originally espoused by their architects.

Organisation development (OD) is the science of managing change within complex systems. OD as a change discipline is the culmination of rigorous research into how the applied behavioural sciences can support and provide a profound impact

on mastering the process of change however the forces for change manifest themselves.

Whatever the source of the threat or challenge, whether it be a hostile takeover, unexpected merger, forced downsizing, increased competition from new market entrants, intense scrutiny by regulators, negative and adverse feedback from users, clients or customers, OD can provide a variety of strategies to react positively to that challenge. The effective practice of OD will ensure that the organisation is mastering the change process, rather than being subjugated by it.

Organisation Development Maturity Matrix

Categories	Stage 1: Uncertainty	Stage 2: Awakening	Stage 3: Enlightenment	Stage 4: Wisdom	Stage 5: Certainty
Knowledge of OD & attitude of the Leadership Team	No understanding of OD & change tools – fix things after they go wrong	Realising that OD may be of value, but no investment to make it happen	Becoming supportive as the organisation goes through change project implementation	Understand OD and professionally and personally commit to 'making it happen'	Focus on OD as an essential element of strategic organisational change
Organisation status	Non existent or is hidden in 'HR'. Focus on 'fixing' rather than prevention	Inconsistent OD leadership – but still emphasis on 'fixing' rather than prevention	OD has a positive and distinct role reporting to senior managers	OD reports to CEO – reporting on specific projects	OD is a strategic imperative and present at 'C' level
Resolving quality and customer problems	Problems resolved as they occur – no handle on the scale of problems, or the will to fix them	Firefighting – teams set up to deal with problems after the event – long range approach poor	Communications re corrective action installed – problems are faced openly and honestly	Preventative action is taken as problems arise – all functions open to cross functional resolution	Preventative culture takes hold and planning becomes dominant in managing all strategic and tactical projects
ROI on OD activity and project delivery	Unknown and unreported	Reported 5% – actual remains unknown to most managers	Reported 20% – knowledge on actual improving	Becomes key monthly reporting metric	ROI on change implementation becomes the norm in all projects
OD status on improvement	Little organisation apart from 'pilot' or maverick OD projects	Focused on short, 'stop-start' quality or OD projects with limited success – not shared	Implementation of a OD process – with a strategy for roll out	Momentum and OD projects sustained and supported by the majority of the top team	OD is an essential part of the culture and is a strategic imperative
Summary of OD posture	"We don't know that we have problems with managing change"	"We will never get rid of problems with our stop and fix mentality"	"We are committed to resolving and preventing problems arising"	"Investment in OD is a normal part of our preventative strategy to anticipate strategic issues"	"We have a strategy and a process for anticipating strategic problems. And are committed to 100% change implementation"

Embracing change vs being the casualty of an inability to adapt

For any organisation to survive it has to develop the mindset, the wherewithal and the infrastructure, and the internal OD capability to manage that change. The alternative is a route that many organisations have taken, which is relying on outsiders who have little knowledge of the organisation or emotional investment in its longer-term survival. Although this option of going 'external' is very attractive, it's also lazy. Only a quick fix, it can create a severe lack of confidence in 'current internal staff change capability' – choosing instead to rely solely on outsider consultants.

Using outsiders has plenty of advantages, but unless you change the fundamental ability to permanently manage change within the 'current culture', you will leave yourselves exposed to having to rely on others to deal successfully with change in the future.

The organisation must mature sufficiently in mastering change and develop a solid commitment to organisation development. Until the organisation commits to learning how to manage change, it will always rely on externals and never 'grow', master its future and develop change resiliency.

There are too many organisations that are still dependent on big consultancy businesses to manage change for them, rather than them actively investing in managing their own business transformations. Those who fail to do so never really commit to becoming a learning organisation.

Risk and organisational change ability

Organisations which put too much store on third parties (such

as consultants, business advisors, coaches and trainers) to bring about any change are putting themselves at severe risk because they are still taking 'baby steps' when they should be making huge leaps in determining and shaping their future.

The vision: creating internal capability

What would be an 'ideal' strategy to take to master the change ambiguity? What could you achieve if you had a selection of line managers who were competent in change management and OD as they were professionally and technically? Further, imagine that they had a clear reporting relationship right down from the top team direct reports. Key people would be skilled in change skills, and they would behave and act considerably differently to how they do currently. Most organisations rely 100% on the top team direct reports achieving success in key change projects. How well they do currently is due to the degree of confidence and competence that you have invested in equipping them with these skills.

Line managers: guardians of the change culture

Top team direct reports being trained in OD and business transformation have the most to gain in overseeing significant operational effectiveness. They have the greatest number of people reporting to them, and they can quickly become the guardians of driving continuous improvement in all activities. Depending on the size of the business and the business unit, there can be a variety of roles and responsibilities for different levels of management, supervision and team leading, with skills uniting in them the ability to deliver change when and where necessary.

Core change competencies

Our research suggests that development work could ideally be focused on improving change leadership in the managerial and supervisory group to bring about the successful introduction and implementation of change through workshops, role plays, case studies supported by online learning management systems. From our experience, the workshops and input should focus on four key areas:

1. Customer focus strategies
2. Advanced influencing and persuasion for change agents and facilitators
3. Consulting, facilitation and diagnostic skills
4. Creativity, group problem solving and continuous improvement

Our workshops are designed as a 'learning process' rather than discrete learning events. All sessions are designed to enable attendees to become more effective at coaching, motivating and training others, with the emphasis on active rather than passive learning.

Prior to attending the 'process' all participants are issued with a comprehensive change package outlining all the tools and processes for driving improvement and implementation, and supported by an online LMS.

Here we focus on the four key areas where we support change makers in exploring:

1. Customer focus strategies

We take it for granted that every organisation is customer, client or user focused. Many are still unaware of the fact that, if they don't have customers, they don't have a functioning business. We believe that, at the close of business every day, we are either better or worse than our competition. That will be determined by how our customers rate us. Many organisations don't know what customers think of them and if they don't know, they cannot change those things that put their existing customer base at risk. If you don't take a good look in the mirror, and ask 'what's it like to receive our service' you'll never improve, retain existing customers, or win new ones. You need to commit to the customer journey.

Did you know that in some sectors, businesses can lose at least 95% of customers annually, and although some of them die or migrate, 68% of customers leave their current provider due to the indifference of that business to them?

96% of unhappy and unsatisfied customers never complain, and 90% of those who are dissatisfied with the service they receive, never buy from that service provider again. Unhappy customers may tell 8-10 others, and 13% of disgruntled customers may share their experiences with more than 20 people, whereas happy customers only tell five people.

Any business should be intent upon growing its customer base, and push customer retention and acquisition rates ever higher.

Working through these questions will provide you with even more issues to explore to become self-critical and give you an even greater opportunity to improve customer or user relationships. Committing to pursue your 'Customer's Journey' through your organisation will also highlight key areas for improvement and change.

15 Questions

To be vigilant and manage your customers more effectively, here are 15 questions you should ask if you want to retain and build your customer base.

1. How do you currently segment your customers?
2. How do you keep in contact with them?
3. How do you proactively manage the relationship?
4. Where are you most at risk from losing customers?
5. Do you know how much it costs to service your customers?
6. Do you track your relationship with your customers?
7. Do you know how much profitability your segmented customers contribute to your bottom line?
8. Do you know how much it costs to win a new customer?
9. How long does it take to convert interest to becoming one of your loyal customers?
10. Do you calculate loss when you lose customers?
11. What are the warning signs that your customers are migrating elsewhere?
12. Specifically, why do customers move on?
13. Where is there a breakdown in the emotional relationship with your customers? How have you attempted to redress the balance?
14. What strategies have you adopted to win back loyal customers, and how does translate into your marketing activities and penetration?
15. What's the life time value of your customers in each segment of your business?

2. Advanced influencing and persuasion for change agents

Probably one of the biggest problems that change agents or internal facilitators come across in any change management project, is influencing people to do things they may not want to do. This becomes even more intense when we are forced to work with people known to be 'difficult'. Basically, the internal consultant has no formal authority in the organisation, and they have to rely on their interpersonal skills and influence to enable them to achieve their outcomes. After all, you can only achieve results through your ability to influence, persuade and negotiate with others.

In the real world, the most effective change agent is one who can get on with, and establish rapport with, a variety of people. So how can you equip people to do just that?

Personality profiles

I trained and was accredited in Europe and the USA to use a battery of the personality and ability tests. I was attracted particularly to using Jungian analysis, which is the foundation of the MBTI (the Myers Briggs Type Profile) because it fits with other tools I use in OD, building positive teams, coaching and managing conflict resolution. The benefit of using this approach is to better understand people's key drivers and to look at where there may be an opportunity to work closely with others, despite mild or even quite diverse personality differences. What follows is a very quick overview – but essential for managing effective and sustainable change.

4 Themes – Jungian analysis

These include energy, perception, decisions and life style. The purpose here is to look at differences around how people see things and treat these personal preferences to see and make sense of the world the way that others do. I have written this from the readers perspective – so how do you see yourself and others?

Introvert – ENERGY – extrovert

Where do you see yourself on this scale? Are you on the left side of Introversion or the right side of extroversion? Introverts tend to get their energy from their inner world of ideas and concepts, whereas extroverts get their energy from the outer world of people and things. Although introverts can form strong interpersonal relationships, they tend to be more selective in their choice of associates and friends rather than their extrovert counterparts, who have many relationships and tend to be more socially bold. Introverts will take time making up their mind. They need to process things in their own time. They tend to reflect before they speak whereas the extrovert will tend to speak first, then think and reflect later on what they have said.

You may gravitate towards one type rather than the other or you may be right in the middle and prefer both types. There's no right or wrong – just differences and you can see how using this type of model can help you in managing change within organisations.

Sensor – PERCEPTION – intuitor

The next theme is perception. You will tend to be either more sensing or more intuitive. How do you see things and situations? If you are a strong sensor, you will rely on seeing the world and interpreting things with your five physical senses. You prefer looking for the concrete and tangible and be drawn to objectivity, method, logic and analysis to make sense of what you see. You will tend to be more present in the here and now, and prefer to process what you perceive in small pieces of information, rather than taking in the big picture all at once.

If you tend to rely on your intuition to interpret things, you will go with your big picture, natural instinct or gut reaction. You will tend to be more subjective and see things based on your own experience, you will be more imaginative, see meaning in random patterns, be future orientated and prefer to process things in big rather than small, chunks. You will also tend to have a low attention span, as opposed to the sensor who enjoys greater concentration.

From this analysis you may see how assessing people's preferences for perceiving things can support you in presenting and coaching people with different preferences or in difficult situations.

Thinker – DECISIONS – Feeler

We move onto how we make decisions about what we see or perceive. Here we have two opposites. We have the thinker, who tends to make rational, fact driven, impersonal decisions and judgements. They will deal with tasks more readily than people priorities, and they will have a healthy regard for scientific method and logic when making decisions. Feeling people still use logic, but they tend to lead their decision and judgements with their personal values of what is important to them. They

will put personal emotions, feelings, people and team harmony above tasks, and may tend to be more emotionally intelligent.

T's tend to be more distant, task orientated and logical, F's tend to be more team driven and people orientated. This may support you as change agent when working on group decision-making.

Judger – LIFE STYLE – perceiver

We come to lifestyle. Judging people tend to like closure, order and to prioritise, and are impatient if progress is slow, tending to be more interested in the bottom line, like things done and completed quickly by ticking off targets and goals.

Perceptives tend to be more open to change, more flexible and see more than black and white options. They are big ideas people, are spontaneous, patient, casual and flexible in their approach. Judgers will want to bottom things out and move on, whereas perceivers will want the flexibility to change their mind if things change.

Using Jung's types, people can occupy any of the 16 Types. This is only a primer of how you could use this analysis – and you should be able to see how useful it is in managing people and relationships. You can build really strong teams using this analysis, resolve conflict between people and support people in their leadership development by understanding more about Jungian type theory.

Jungian Personality Types

ENTP	ESTP	ESFP	ENFP
ENTJ	ESTJ	ESFJ	ENFJ
INTJ	ISTJ	ISFJ	INFJ
INTP	ISTP	ISFP	INFP



Ten S's Template

	Current	Leap the Gap	Desired Future
Strategy			
Structure			
Systems			
Staff			
Skills			
Style			
Shared Values			
Shared Information			
Symbols			
Synergy			

3. Consulting, facilitation and diagnostic skills

There are a multitude of tools which we use in our change agent training and these include

- Strategic and competitor analysis
- Cultural change
- Theories of change
- Role of the change agent

Here I will outline one very powerful tool that participants find most useful.

I have used this model as a basis for reading or gauging the relative health of culture within both small and large organisations. It has been of high value in diagnosing cultural problems within banking and finance groups, service companies, public sector organisations and third sector organisations. It is a very useful model for setting up implementation plans for change. The model is based on McKinsey's model and what we call hard and soft S's. There are ten in total, three hard S's and seven soft S's.

The Hard S's

The Hard S's refer to the traditional way we focus on diagnosing organisational problems – this includes anything to do with strategy, goals and direction, issues around structure and reporting relationships and finally systems and process issues. These 'three' are the traditional hard measures. We call them 'hard' simply because they are most tangible elements of the business they are visible and relatively easy to explore.

It is critical that any organisation to perform effectively has highly functional strategies, structures and systems in place. To get the full picture, you have to explore the soft side of the business – in other words the culture.

The Soft S's

The 'seven' remaining Soft S's are staff, that is, your team, skills and competencies, style, this is all to do with managerial style and leadership, shared values – those values and beliefs – the things that bind us together, shared information, data and intelligence, symbols, which includes branding, logos etc and finally synergy, which is all about how the organisation manages change and integrates the hard and soft S's.

Overall, this is a really simple but powerful diagnostic. The purpose behind using the 10 S diagnostic is very simple. You want to establish the current relative health or otherwise of the culture and business. You want to identify those things which are supporting change and those that are inhibiting it and populate the three columns (see 10 S diagram) using data generated from 1:1 interviews, focus groups and questionnaires.

This is a very useful exercise and the quality of the output is fundamentally down to the questions you ask. It is advisable for internal change makers or facilitators to compile a report listing all the information, attitudes portrayed or stated and data generated and then it's over to the change agent or facilitator to work with the team on making culture or business change a reality.

Here there are many varieties of methodologies and tools that can be tailored to the direct needs of the organisation.

4. Creativity, group problem solving and continuous improvement

Very few of us work in isolation. Most of us work in teams and depend on them in order to do our jobs and achieve results. That being so, it makes good sense to look at Team dynamics and how this can aid us managing change. We will be briefly exploring Team Maturity and Team Types as being critical in the change agents or facilitators bag of tools.

4 Stages of team maturity

Let's discuss team maturity. This includes regulating, training, coaching and developing Teams and their members. There are four stages to achieving high performing team maturity and they are easy to remember – forming, storming, norming and performing. Although in change projects we strive to be team players and operate as a team, sometimes the combined efforts of the team are just not realised. Often, this is because the team leader has had little training in team and group dynamics. If this is the case, what can we do about it? The Tuckman model suggests that effective teams will progress through four distinct phases leading to maturity. This becomes even more difficult when undertaking complex change. In reality, most teams or groups do not progress through all the phases to become what we call a true 'high performing team'. Instead, they are often only partially effective in achieving their objectives.

A really effective team has strong positive norms that drive

it and its members onwards. So what do you need to know in order to diagnose how well a team is performing?

Forming

Stage 1 is about forming and occurs when a group comes together for the first time. Perhaps this is with an existing team or a new team at the start of a new project. If insufficient attention is paid to supporting the team to evolve in a structured fashion the team will fail to develop the norms for working effectively.

Storming

A leaderless team is going nowhere. You need to intervene and provide structure. You have to push the team through stage 2 where people openly and critically review performance and may take the lead to improve. The sooner you as facilitator shape this stage the better.

Norming

We find that when you ask a team to develop work norms and standards of behaviour, they usually set higher standards than you might set for them. This becomes the Norming stage?

As the team evolves and steadily improves how it works together a great deal of learning takes place, and the creation of these 'unwritten' rules or norms, will promote a positive move forward.

Performing

This leads naturally to Stage 4, which is performing – when positive norms evolve and are promoted, the team will go on to become a high performance team because you have coached the team through to maturity.

Team types

For a change agent or facilitator, understanding the role that people can play within the team is critical in implementing improvements. Prof. Meredith Belbin developed the concept of team types whilst working on special projects with NASA in the 60's. His research and subsequent books suggested that a team needed a variety of types or styles to make the team effective. He characterised nine special team roles, four with an external orientation and five focused internally in the team. Here we have a brief version of those roles and how they contribute to team performance in the accompanying diagram.

Belbin Team Types

Coordinator	Provide structure, supportive, move things forward, diplomatic
Shaper	Add drive and motivation when the team lacks focus
Plant	Ideas people, innovative, break free of self-imposed rules and conformity
Resource investigator	Forming partnerships, relationships outside the team, brilliant and gaining resource to making things happen
Monitor evaluators	Good at questioning assumptions, taking things apart, challenging the way of thinking
Implementers	Totally focused on getting things done and making a difference

Team workers

Highly valued for promoting team harmony

Completer finishers

Completer finishers have an eye to detail and make sure every 'I' is dotted and 'T's' crossed

Specialist

Person who adds technical input only

So here you have it, nine team types. Apply this thinking to teams you work with especially on new change projects. Do some research into the Belbin team types and compare them to teams you work with and you will quickly be able to identify whether and why teams are working well or not.

Four key themes have occupied this article and are critical in bringing about competence in change leadership, Customer Focus, Influencing strategies, diagnostic skills and group problem solving.

Summary

Creating internal change capability is critical for any business and the four key areas stand out above. Staff at all levels need to know and also be able practise the dynamics of change and how to influence others.

However well planned we are, people still resist change – especially if they have had no role to play in the design of the change. Change should not be a mystery to anyone. Exploring the change process through OD from a personal and organisational perspective, will have many payoffs. Those who become change champions or play an active role as a change agent will stretch themselves and their skills and achieve new found confidence. Confident staff display a high degree of self-esteem and start taking a new curiosity and interest in how things could be better organised and how much things can be improved.

Starting with the end in mind is central to any change initiative which requires major investment in planning and influencing a solid change in the business. So focus on your change agenda.

There's still a need to work with organisations to support them to realise the huge potential in their people, which in too many cases lies untapped and unrealised. We can still promote the message that change is a learning journey, not just a destination, and start equipping businesses with the ability to actively manage and master their own future.

About the author

Philip Atkinson specialises in strategic cultural and behavioural change. For the last 25 years he has been engaged as a consultant supporting organisations in strategic development, leadership, organisational design, post-acquisition integration, Lean six-sigma, quality management and culture change. He has partnered with a variety of blue-chip companies in industries ranging from pharmaceutical to genetics, the automotive industry to finance and banking and from NHS bodies to Local Authorities. He regularly presents at conferences and workshop sessions and has written seven books on change management. His articles and books can be accessed on www.philipatkinson.com Philip is also of Director Learning Strategies and Philip Atkinson & Co. Tel 0131 346 1276 M: 07999 799286. You can access discounted vouchers for Philips Video based training programmes on Influence and Change Management here – www.philipatkinson.com/vouchers