



Organizational Culture: Change-Competent or Change-Averse?



How do organizations develop cultures that embrace change? Why is a state of constant change in some organizations an enthusiasm generator, and in others a chaos generator?

As a seasoned executive, you know there is no magic pill to cure the fear and resistance of employees who face significant changes in their work environment. Achieving the results you seek will take some good old-fashioned hard work.

The key: knowing where to make the efforts that will yield success for a project and enhance your ability to introduce desired changes, and then following through with those efforts in a way that involves minimal disruption to business and clients.

The impact of change on an organization should be the impact management has intended.

Simplifying the business of health care

Proactive Change Management

Enter the Change Management discipline, a methodology for managing the human elements of project-induced changes. In concert with the Project Management activities, various assessments and plans are developed to focus on:

- The nature and magnitude of the change
- The organization's history with prior changes and readiness for another change
- An assessment of staff that will be affected by the change to determine capacity to deal with the change

Once the above assessments are complete, the Change Management Team can begin to work through the various phases of the project from their perspective — e.g., ask “How are people being affected?” Initially, the team spends time preparing for the change. Activities include the above assessments as well as acquiring internal and external resources, educating Change Management team members, sponsor identification and deciding on a model for sponsoring the change.

Next Phase

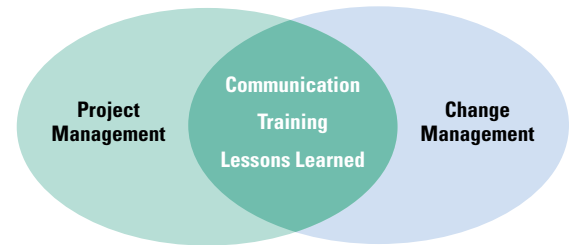
Now begins the actual management of the change process. Change Management plans are developed to handle communication, training, and coaching. Additionally, the sponsor activities and tasks for successful change are laid out. These include efforts to build support for change within the organization, such as face-to-face meetings, specific communication messages or talking points, and networking. Lastly, the topic of resistance is addressed through assessments, risk identification, and potential mitigation plan development.

Change Maintenance

The final phase of Change Management focuses on ensuring the change remains in effect and people don't revert to their former, comfortable ways. In this phase, collection and analysis of employee feedback allows the team to identify any gaps or pockets of resistance. Should this process uncover any thorny issues, corrective action plans are developed. Finally, the Change Management Team must ensure celebrations take place and recognition is given when specific milestones are achieved.

Change Management Integration and Benefits

Typically, the steps associated with Change Management can easily be integrated into your organization's standard project methodology. However, best practices research indicates Change Management activities should be started during the initiation phase of a project to yield maximum return on efforts. Starting early also facilitates your efforts to complete the project on schedule and within budget — and to realize a definite, measurable return on investment (ROI) for your organization.



Other benefits of implementing a Change Management component into your project include:

- Improved communication with staff builds awareness and desire to support the change
- Incidence of turnover is reduced, as are the associated costs of recruiting and retraining
- “Change competency” and tolerance for future changes increases within the organization (especially critical if prior changes were less than successful)

Change Management research conducted by several industry leaders yields similar findings. Aside from the obvious finding — employing a Change Management strategy is a key component in the success of any major change initiative an organization undertakes — other contributors to meeting project goals and objectives include:

- Dedicated and influential executive sponsorship
- Other managers and impacted employees on board
- Frequent, consistent communication in a variety of delivery formats
- Change Management Team skill sets, commitment to the initiative, and organizational influence
- Initiation of the Change Management strategy at the project's inception

If these considerations sound obvious or commonsensical, it is well to remember that the things we take for granted are precisely those most easily overlooked in Change Management plans.

How to Introduce Change Management to your Organization

Several options can be employed to introduce the discipline of Change Management to your organization. Some questions to consider:

- Has the change initiative already started or will it start within the next two months?
- Is the scope of the change such that a newly trained Change Management leader and team can reasonably be expected to assume management, or will additional, experienced resources be needed?
- Is there an internal resource with the capacity to get training and assume the lead role?

Imminent changes or those already in progress will need immediate attention — the luxury of scheduling and then completing training in a few months is no longer a viable option. If your change initiative is large, with inherent high risk, a newly trained staff member may need outside support as they directly and practically apply their training. In addition, periods of intense change demand more of your staff's time, leaving them with less capacity to assume additional functions.

Consider, then, a “train the trainer” approach. Using an outside consultant to guide your Change Management Team through the processes and methodology not only provides training for the entire team, but also introduces an extra pair of hands. The organization realizes a number of benefits from this technique.

1. The entire team receives training in a practical, on-the-job process.
2. A consultant is committed to providing support for the contracted hours without worrying about the day-to-day tasks of their regular job (this is their regular job!).
3. Inevitably, situations will arise that require sensitive discussions with the project sponsor. These are easier to accomplish using a neutral third party rather than a peer or — worse yet — a subordinate, who will naturally be concerned about the post-project working relationship.

Case Study: Claims Process Re-engineering

Adaptis is involved in business process outsourcing (BPO) for health plans. We perform a large variety of administrative processes, including claims processing,

customer support center, eligibility and billing, data management and reporting tasks — using either our proprietary software or the client's preferred system. In addition, Adaptis provides consulting services to health plans in areas such as process mapping and improvements, gap analysis, IT assessment and, most recently, Change Management.

In order to streamline processes, we “walk the talk” and outsource functions of our own. A few years ago we initiated a large business process re-engineering project within our claims department. The starting (or “As Is”) workflows represented a “hub and spoke” model, where work moved to a number of people but always came back to a central point for logging. The new (or “To Be”) workflows were designed in a “spiral” model, where work began through the process and was handled at the lowest possible level.

This represented a dramatic change in how staff performed their jobs. Individuals no longer handled all of the claims edit codes or reasons the claim required manual intervention (due to suspension during auto-adjudication). Instead, individuals now worked on specific edit codes and resolved only those codes in their work queue. Once their assigned edit codes were worked, the claim processed back through the system, with one of two probable outcomes: either the claim suspended with different edit codes and appeared in a higher-level work queue, or the claim processed to completion without the need for further work.

While many project components were being implemented, the initial change impact was that the new process required less staff to do the same amount of work. The advance notice began with a memo from executive management to all staff of the decision to outsource data entry functions. Supervisors were given a list of Frequently Asked Questions (FAQs) to help them respond when approached by staff.

After the project implementation, Human Resources data showed:

- Increased absenteeism during the period between notification and last day of employment.
- Unexpected incidence of workers' compensation claims filed during the same period.
- Legal releases related to severance packages required intense follow-up to obtain necessary employee signatures.

Lesson Learned

Just recently, Adaptis found itself in the midst of another organizational change. To facilitate the company's growth, a new regional operations center was established several hours from the corporate headquarters. A majority of the claims functions were moved to the new site, and those employees who did not choose to relocate or could not be placed elsewhere within corporate headquarters faced displacement. Using the prior experience and its after-action assessment results, Adaptis organizationally implemented Change Management to prevent recurrence of negative impacts.

A Change Management Team was formed to address the people side of change, and it applied the ADKAR^{®1} model — which manages change via Awareness, Desire, Knowledge, Ability, and Reinforcement. Extensive work was done to build Awareness and Desire.

- Executive Management held staff meetings and presented the financial and operational assessment findings, being very open with the current employees, many of whom would be directly impacted — as a result of the changes.
- The CEO sent weekly project status updates to the entire staff, keeping them informed not only of completed phases, but also recognizing individual employees for accomplishments related to the move.
- Account Management worked directly with clients to reassure them of continuing high-quality service, keeping them apprised of changes as phases were completed.
- Change Management education and tips for supervisors were provided on a weekly basis by Human Resources via email.
- Employee Assistance Program material was provided to all employees to help them through the change.
- Human Resources personally and individually followed up with employees, providing information, updates and simply “checking in” to see how they were handling the changes.

- Human Resources compiled employee questions and developed FAQs that were distributed companywide to provide answers and reassurance.
- Transition support was provided, with outside consultants brought in to assist with résumé development, offer interview training and conduct “how to” job search sessions.
- Formal periodic assessments were conducted to determine the effectiveness of the change efforts and to make any mid-course corrections needed.

Measurable Results

As a result of the focused Change Management efforts, Adaptis' experience with this change was considerably different than the situation 18 months earlier.

- Nearly all of the employees whose jobs ended prior to the annual holiday party still attended the party.
- There was no increase in workers' compensation claims, and the number of unscheduled absences did not increase during the notification period.
- Positive feedback regarding the transition process was obtained during exit interviews conducted by Human Resources.
- All release forms related to the severance packages were returned in a timely manner, eliminating the need for follow-up.
- Employee morale in departments not directly impacted by transitional job changes was also noticeably higher than during the previous organizational change.

To executives, Change Management may seem at first blush to be a “soft” science, not likely to offer a demonstrable ROI. However, there were actual hard dollar savings directly attributable to Change Management application. Furthermore, cost of application was nominal — especially considering the potential costs of unmanaged change outcome. Adaptis is sold on the benefits of Change Management to the point that it has modified its own project management methodology to incorporate Change Management at the inception phase of any projects involving “the people side of change.”²

Notes:

- 1 ADKAR is a registered trademark of Prosci Research.
- 2 Jeffrey M. Hiatt et al, *Change Management: The People Side of Change*. Prosci Learning Center publications, [2003].

