

The Eight-stage Managing Process of Major Change¹ A Quality Management Perspective

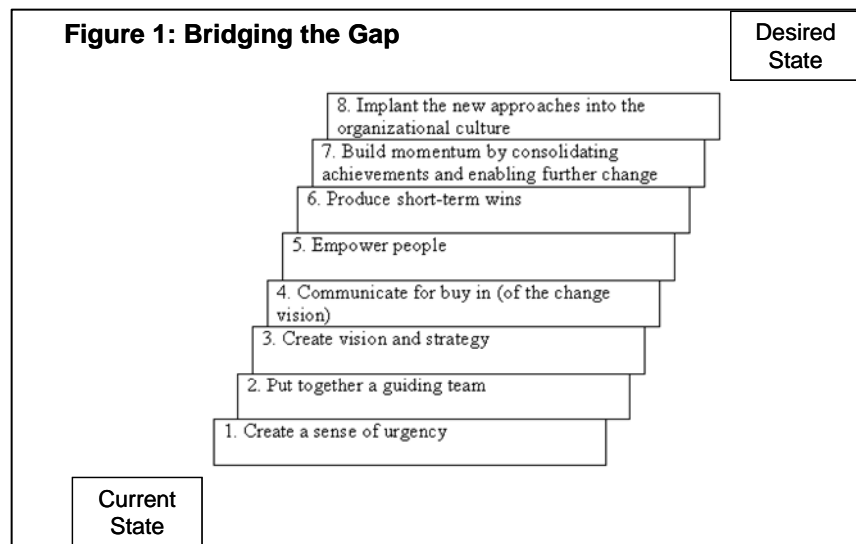
Introduction and Concept Definition

Why bother with managing change? Well, we live in a very dynamic business world where there are constant changes in the environment, geographical boundaries, political systems, competitive forces, product ideas, human fates, etc. All these and other factors present many challenges of diverse intensity to business managers.

One sure requirement for successful business management today is the ability to manage change, and especially changes of significance. Since the nature of such changes entails various change stages, various individual and organizational interests, costly consequences for change failures, managers need a systematic and up-to-date tools for managing change. By using such tools, managers would avoid costly (and sometimes fatal) mistakes. Moreover, managers would be able to effect lasting changes that result in efficient processes, sound structures, motivated and empowered people, and prosperous organizations.

One such tool is the Eight-stage model developed by Harvard professor John Cotter. The model, described in his books “Leading Change”, [Harvard Business School Press, 1st edition (January 15, 1996)] and “The Heart

of Change: Real-Life Stories of How People Change Their Organizations” [Harvard Business School Press, 1st edition (August 1, 2002)], is described graphically in Figure 1. Managers may use the eight stages of the model to bridge the gap between a current, undesirable state to a desirable one. The model provides a systematic approach for a long-lasting change.



How to Use the *Eight-stage Managing Process of Major Change*

The descriptions of each stage of the model are given below. Following carefully these steps will empower your change efforts:

- 1) Create a sense of urgency: Major changes necessitate motivation among relevant people and sense of crises or potential crises. Such could come in terms of lost markets, lost profits, new

competitors, unacceptable/defective products, lost customers, etc. Recognizing and communicating the SEE principle (Significant Emotional Event) is a key to a sound foundation of managing change. Here Kotter suggests the moment of truth comes when “75% of your leadership is honestly convinced that business as usual is no longer an acceptable plan.”²

- 2) Put together a guiding team: Effecting the change would require forming a powerful group of enthusiasts recognizing the value and indispensability of the envisaged change. These individuals should possess “. . . credibility, skills, connections, reputations, and formal authority required to provide change leadership. This group learns to operate...with trust and emotional commitment.”³
- 3) Create vision and strategy: Vision can provide motivation, sense of direction, basis for alignment of efforts and processes. Vision provides the picture that everyone involved carries and recalls periodically to ensure non-deviated course. The vision needs to be supported also by a respective strategy – ways to achieve the vision.
- 4) Communicate for buy in (of the change vision): Communicating the vision to all concerned subjects is essential, if they are to understand and commit to dedicated efforts. Communication should not be a sporadic and isolated activity. Rather the change message should be “flooded” through repetitive activities through as many and as appropriate channels as possible. “The goal is to induce understanding, develop a gut-level commitment, and liberate more energy from a critical mass of people.”⁴
- 5) Empower people: The focus of empowerment should be on removing barriers and obstacles for people to effect the change. People may buy-in and get motivated but unless they receive support, needed resources, adequate tools, encouragement for thinking out of the box, then the change efforts have slim chances.
- 6) Produce short-term wins: Effecting a major change may take time and significant efforts. The end may not come as quickly and pain-free. Therefore, people should be encouraged through and endorsed by creating short-term personal and organizational wins. These wins may take various forms – rewards, acknowledgement, payouts, promotions, celebrations, etc. Further, “[t]he wins are critical. They provide credibility, resources, and momentum to the overall effort.”⁵
- 7) Build momentum by consolidating achievements and enabling further change: Build momentum by consolidating the accomplished gains and enabling people to generate new projects and activities that will keep the flame within. Only a considerable chain of such events can produce a lasting change. Otherwise, in the absence of continuous engagements, people may return to the old status quo. Helpful tactics could be developing people that would carry on the change vision.
- 8) Implant the new approaches into the organizational culture: Unless the changed processes, behaviors, activities, norms, etc. become ingrained in the organizational culture (way of existence), long-lasting results may not be achieved. Therefore, “... [a] new

culture...develops through consistency of successful action over a sufficient period of time. Here, appropriate promotions, skilful new employee orientation, and events that engage emotions can make a big difference.”⁶

An Example Where the Eight-stage Model Was Used Successfully

The example was extracted from a HP internal paper.⁷

1. Recognizing its eroding market share, a real company (Hewlett Packard) wanted to make a world-wide company change to improve its competitiveness. The company used the Eight-stage model to promote and institutionalize a customer-centered approach to product development in designing tape drive products. The initiative required a significant change in processes, functions, and culture.
2. The company developed a Total Customer Experience (TCE) concept that the company wanted to improve throughout the organization. A particular focus of the TCE improvement was the Tape Drive Storage division (TSD) where a major change was needed.
3. Specifically, the change-management actors used the Eight-stage model as follows:
 - 1) **Create a sense of urgency:**
 - Assessed the stakeholders to form a guiding coalition and made a special presentation to them.
 - 2) **Put together a guiding team:**
 - Presented the TCE benefits to the Division manager who acknowledged TCE’s potential.
 - 3) **Create vision and strategy:**
 - Developed a vision of the ideal customer experiences and developed a “Customer Experience Roadmap”. The vision showed how all the components of the customer, marketing, business, and technology requirements could be integrated in tape drive development.
 - 4) **Communicate for buy in (of the change vision):**
 - Made a series of presentations of the vision to the Divisional manager, Program Management, and with Program Team Members. The early buy-in of the Divisional manager turned out crucial in convincing the Program Management and the Team Members.
 - 5) **Empower people:**
 - Developed a customer experience design requirements (CEDR) document that complemented the existing business and marketing requirements document. Other tools developed concerned: (i) prioritization of various requirements, (ii) CDs with customer visit feedbacks, etc. In this way, the team members were provided with methods and tools to advance the change initiative.
 - 6) **Produce short-term wins:**
 - Developed prototypes that were tested with customers. The immediate feedback reassured the team members of the positive results of the customer-centered approach.

7) Build momentum by consolidating achievements and enabling further change:

- In time, the product design was further enhanced. In addition, the team members developed new designs needed to support design for accessibility. Moreover, the program team was working on TCE lifecycle and tools for future tape drive versions.

8) Implant the new approaches into the organizational culture:

- Approximately two years after starting stage 1 (create urgency), in 2002 the TCE and customer-centered approach became institutionalized at the Tape Storage Division. Now TCE had a slot in the Program meetings; moreover, there were dedicated TCE meetings. Furthermore a new permanent position of Customer Experience Design Engineer was created. That engineer received coaching and mentoring, thus developing a customer-centered design leadership capability. Finally, future tape drive programs now included TCE as an integral part of the development process.

As a result of the change-management process, changes in three areas resulted: product, organization/process, and culture.

Where to get more information about the Tool/Concept

The following resources could provide additional information about the Eight-stage model:

- Kottor, John P. and Dan S. Cohen, “The Heart of Change: Real-Life Stories of How People Change Their Organizations”, Harvard Business School Press, 1st edition (August 1, 2002)
- Kottor, John P., “Leading Change”, Harvard Business School Press, 1st edition (January 15, 1996)
- Kottor, John P., “Leading Change: Why Transformation Efforts Fail”, Harvard Business Review, March-April 1995.
- http://www.isixsigma.com/ce/change_management/
- www.globalleadersnetwork.net/gln/Kotter_Europe.pdf

References

¹ In general, the following readings were used as a basis for describing Kotter's Eight-stage model. Direct quotes from these readings are referenced starting with end-note 2:

- Li Feifan, "Eight Phases on Leading Change", Retrieved on 14-Mar-2006 from <http://islab2.sci.ntu.edu.sg/h6635/kotter.htm>
- Barclays, Retrieved on 14-Mar-2006 from http://www.business.barclays.co.uk/BRC1/jsp/brcontrol?task=articleFWvi6&value=7160&target=_blank&site=bbb
- Burke Powers, "Outline of Kotter's model"
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² Li Feifan, "Eight Phases on Leading Change", Retrieved on 14-Mar-2006 from <http://islab2.sci.ntu.edu.sg/h6635/kotter.htm>

³ Barclays, Retrieved on 14-Mar-2006 from http://www.business.barclays.co.uk/BRC1/jsp/brcontrol?task=articleFWvi6&value=7160&target=_blank&site=bbb

⁴ Ibid

⁵ Ibid

⁶ Ibid

⁷ "Using a Change-Management Approach to Promote Customer-Centered Design", written by Stephen Sato, Hewlett-Packard Company, 18110 SE 34th St., Vancouver, WA 98607 USA, Steve.Sato@hp.com; and Andrew Panton Hewlett-Packard Ltd. Filton Road Stoke-Gifford Bristol, BS348QZ UK Andrew.Panton@hp.com; Retrieved on 14-Mar-2006 from <http://www.aiga.org/resources/content/9/7/8/documents/sato.pdf>