

Change Management: How Manufacturers Sustain Long-Term Success

Key Points

- *Change Management helps manufacturers obtain long-term savings.*
- *Data shows that projects without Change Management cost more, take longer to execute and don't meet all business objectives.*
- *Change Management is the process, tools and techniques to manage the people-side of change to achieve the required business results.*

What Is Change Management?

Greek philosopher Heraclitus once said, "The only thing constant is change," – this cliché couldn't be truer in the world of manufacturing. Between an unpredictable economy and an ever-evolving marketplace, manufacturers must consistently adjust to new processes in order to remain competitive. While implementing technical changes is integral for an organization's growth, it's equally critical that all staff members understand the importance of each change. To accomplish this, a company must address the organizational and behavioral side of change *along with* the technical side of change. This notion of simultaneously addressing all aspects of change to ensure an organization's staff can comprehend and implement new procedures effectively is known as Change Management (CM).

Research data shows that 90% of training attendees aren't actually ready for training. This happens because most organizations start with training sessions before creating employee awareness of the need for change. Consequently, staff members don't have the desire to implement change and don't see the value in training. Down the road, lack of staff "buy in" causes projects to take longer, cost more and fall short of the business needs required for project completion. The CM process ensures that team members are prepared for and embrace change, saving your organization precious resources and increasing your Return On Investment during a recovering economic period.

What CM Targets And How It's Implemented

If you want to improve your chances of success, you need to address all employee issues at the start of the process. CM systemically targets three "human factors" that impact the amount of expected improvement from a solution:

- *The Speed of Adoption* – Addresses how quickly people get on board with change and how management attends to resistance through effective communication, sponsorship and coaching.
- *Use of New System* – Prevents people from "opting out" of the new way and reverting to the old system.
- *Proficiency* – Increases the likelihood that employees will maximize effectiveness in the new system through proper training and addressing resistance.

The bottom line is that when these three key areas are improved, it increases the expected benefits of technical change.

In order to target these strategic factors, CM utilizes the *Prosci ADKAR® Model*, which identifies five integral areas in implementing CM:

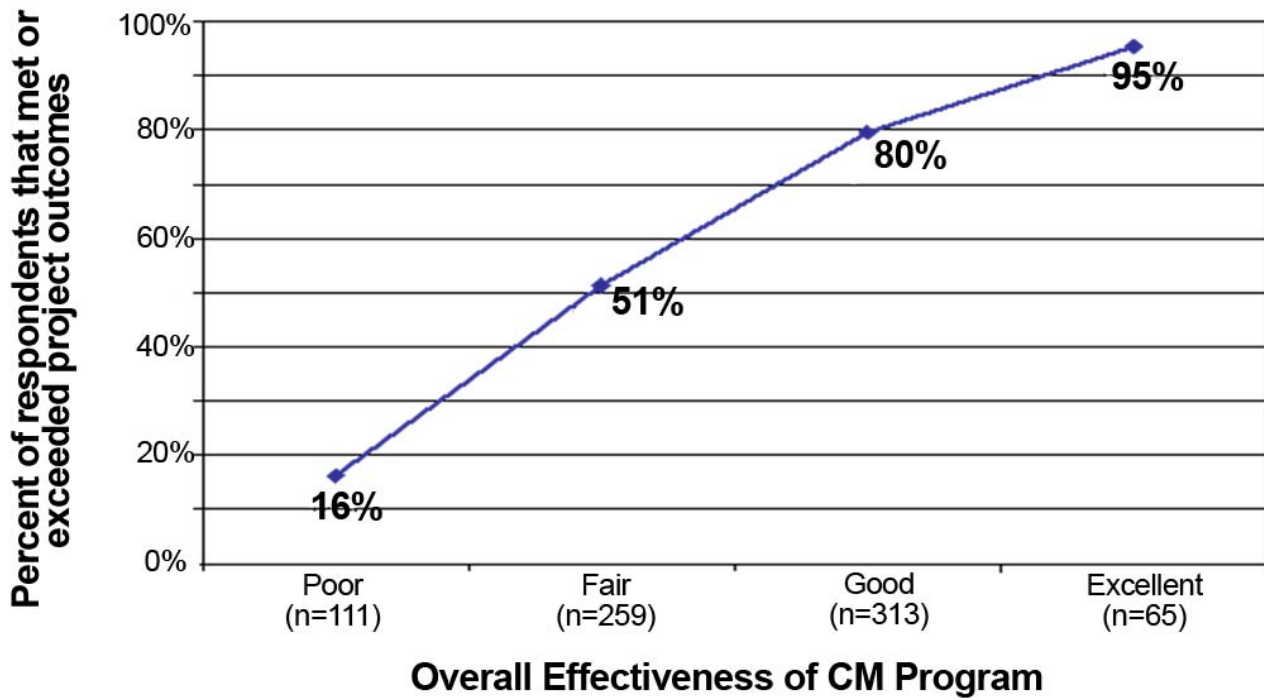
- *Awareness* – Sets the foundation for CM. During this stage, team members are notified the need for change and communication is established.
- *Desire* – Gives motivation for change. In this phase, employees begin to understand how change affects them and a common vision is built.
- *Knowledge / Training* – Team members learn how to increase efficiencies and utilize new processes logistically. It's important that confidence is built to support the team vision.
- *Ability* – Marks the transition from strategy to action. During this phase, employees are assessed in their execution of tasks and challenges are addressed.
- *Reinforcement* – Ensures long-term sustainability. Trusted communication and positive reinforcement are used to solidify the importance of change.

Why CM Is Important

Picture this – you're scrutinizing your Profit and Loss Statements line by line looking for ways to remain competitive. The sluggish economy, high cost of doing business and numerous taxes are weighing your business down. After much deliberation, you (intelligently) decide to invest in the notion of change. You, looking at the big picture for your company, see the Return on Investment numbers and couldn't be more excited to jump into change. The consultants you hire come in, train your staff and wish you all the success in the world.

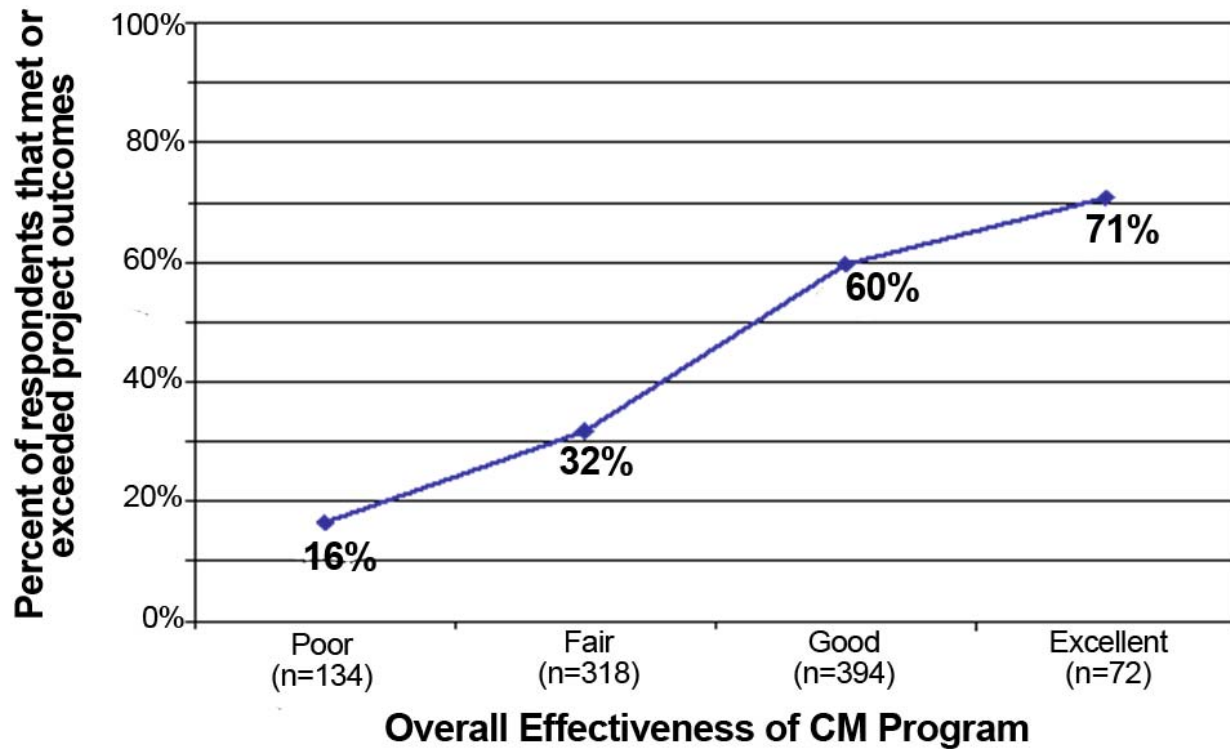
Fast forward to one year later – you haven't seen any improvement. For some reason, procedures haven't improved and worst of all, profits aren't getting any better. You talk to your staff and you find out that only half of them were on board for change to begin with and only half of that group implemented training for only a couple of months. So what happened? Change Management *didn't* happen. Instead of saving \$80,000 as you projected, your savings are less than \$30,000. A key reason this occurred: all staff members weren't immersed in the change process. The following graphs demonstrate the correlation between effective CM and an organization's ability to complete projects, succeed on time and obtain achievement within budgetary constraints:

Correlation of CM Effectiveness to Meeting Project Objectives



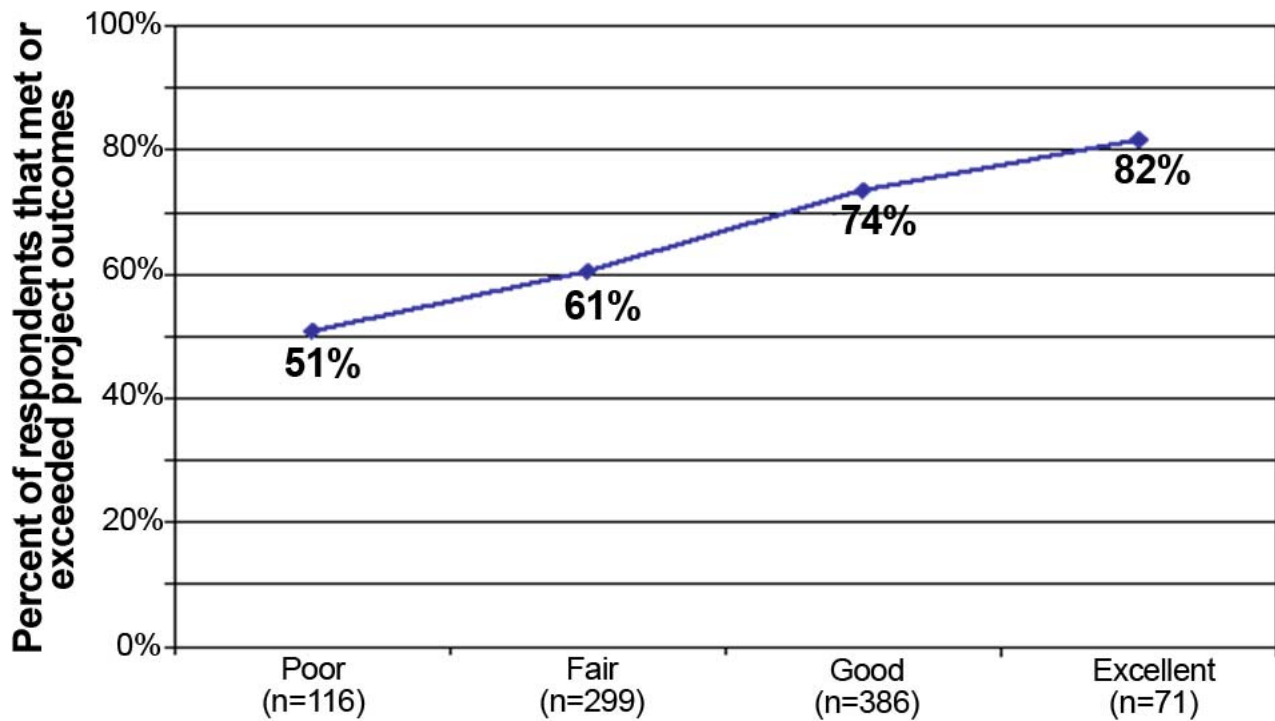
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Correlation of CM Effectiveness to Staying on Schedule



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Correlation of CM Effectiveness to Staying on Budget



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Change Management: Not A Luxury; A Necessity

Overall, research data shows that without utilizing CM, a company has a 30-50% success rate on completing recommended projects successfully. This rate jumps to a 70-80% rate with CM; quite a big difference when you're talking about adding value to your bottom line.

Changing times call for changing operations. The procedures that once ensured profit and success won't work in today's volatile economic environment and change is needed to obtain organizational development. Continuously improving processes is critical to long-term growth, but improvements must be systemically and strategically implemented. Change Management's methodology doesn't just facilitate a manufacturer's ability to change, but significantly increases a manufacturer's ability to *sustain* change.

For more information on how Change Management can help your organization, contact CMTC at 310-263-3060.