Supporting Organizational Transformation

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Collective Wisdom…Fresh Ideas

Organizations frequently engage management consultants to support the restructuring and organizational transformation of the organization. Experience suggests that organizations undergoing major change need intensive change management support over a two-year period.

The Berkeley Consulting Group is pleased to outline its approach to providing continuing consulting support to the Change Management Team in making major changes.

Challenges & Requirements

Complexity of Change Management

Organizations that embark on a major initiative to transform for the new millennium typically need to deal with many major corporate change projects:

- A reformulated mission/vision and Commitment to higher performance goals and values.
- Organization-wide efforts to transform structure process and people to support meeting those new expectations.
- The need to manage projects and changes on multiple fronts simultaneously.
- Complex inter-relationships among projects and pieces of the change process.
- High risk and reward to many projects in terms of benefits and implications to stakeholders.

The Berkeley Consulting Group specializes in organization design and strategic change.

The situation facing these organizations are typically complicated by a number of factors and ambiguities:

- The uncertain situation regarding funding can leave fundamental questions about sustainability in the future.
- The relationship between the organization and others in the field creates role and strategic positioning issues. The future relationship between entities is sometimes uncertain.
- The expectations of different shareholder and stakeholder groups are often different and contradictory. This means some trade-offs need to be taken.

These uncertainties create a greater level of complexity to this overall process of transformation. It means the senior management team and their advisors will need to monitor these developments and adjust accordingly.
It also means flexibility will be a definite asset.

Members of the Berkeley team can usually help in this process having faced many similar scenarios in their past work. We are already well oriented.

Transformation Must Deliver Promised Benefits in Measured Ways

Although the content of these consulting engagements is about organizational change, we must be mindful that transformation is not simply about restructuring organizations and reengineering processes. It is fundamentally

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about accomplishing benefits to make the organization perform better. What will be improved for stakeholders (whether it is a municipality, the federal or provincial government, the public, taxpayers, and consumers/customers) after the restructuring is complete?

- Finding savings in cost structure.
- Introducing more efficient ways of delivering services.
- Achieving economies of scale while avoiding diseconomies of big bureaucracies.
- Continuing to deliver quality services meeting established and mandated standards.

Giving attention to promised benefits provides an anchor that management and staff need to continually return to — why are we doing this and how are we doing?

Berkeley is well versed in the focus on measurement as evidenced by its leadership in outcome funding and management through its affiliation with The Rensselaerville Institute of New York State.

The Change Formula and the Stages of Change

Berkeley has a simple formula for change management (based on Beckard). Simply put, change needs pain, vision and practical first steps.

$$C = P + V + PFS$$

Pain + Vision or Blueprint + Practical First Steps

- **Change Happens When the Three Conditions in Aggregate are Sufficiently Strong**
- **Doing the Deal Requires PFS That are Narrow Enough to be Accepted**
- **Evolving the Alliance Requires Structural Features Sufficient to Propel Post Deal Behaviour, i.e.:**
  - **Organized Capacity/Leadership with Allegiance to the Alliance**
  - **Incentives to Promote Alliance Investments and Risk Taking**

The leadership of an organization needs to establish the platform for change. Some initiatives are usually in place — statements of vision/mission, strategic plans, high level organization design, experimentation with delivery change or contract management, conceptual work on re-engineering of points of service, and so on. The next requirement is to develop the practical first steps. That will involve developing the next wave of specific change projects and to move forward with broadening the leadership to the change process.

We need to assess or take stock of where the organization is in progressing.

- Has the vision been established?
- Is there readiness and acceptance of the need for change?
- How widely accepted is the vision and need?
- Is there a sound assessment of goals and targets for improvement?
- Have practical first steps been identified?

Typically, some of the work has been done and the challenge is to fill in the blanks and develop the practical first steps.

So, the stage needs to be set to move forward. In this next phase, there will be a need to clarify organization. To deliver promised benefits, the new organization design must manage the delivery of improvements, some early "wins" combined with investments for future more fundamental changes. The new management roles must be structured so that there is strong accountability for managing resources effectively and meeting measured results. Change and management will need to be reintegrated at some point during phase two.

In addition, attention normally needs to be on changing the service delivery, IT and administrative support capabilities to be more cost-effective. This will require attention to the following:

- Identifying levels of service and addressing the need for clarification and better measurement.

Berkeley focuses on change management, not specialized functional studies. We will not bring a bias to decisions about using inside versus external skills. Moreover, if outside expertise is required, we will support the client get the best available resources, potentially from other focused, independent firms.

- Determining best delivery methods including alternate delivery — evaluating the contract management.
- Improving the use of resources in terms of staff — organization, job design and methods and equipment and facilities.
- Asset reconfiguration and management.
- Establishing productive processes in terms of technological support, streamlined processes, reduced waste/avoidance of low value activities, and quality assurance.

It will be critical to have consulting resources knowledgeable in the functional areas to undertake this effort. At the same time, it will be important to utilize existing staff to the extent possible in order to promote ownership and economize on the cost of external consultants.

Berkeley's Approach to Change Management Assignments

In this section, the Berkeley Consulting Group is pleased to describe its approach to the project challenge.

Partnership Approach Makes Eminent Sense

We encourage clients to take a 'partnership' approach to obtaining management consulting support. Change management is a partnership process. The consultant's job is to help the client organization, at all levels, manage through the transformation process successfully. Berkeley's original motto in 1985 was *''helping senior management take their organizations through strategic transitions''*. We have long viewed our role in a partnership context.

In this case, we will establish a supportive relationship with various groups.

- ***Close Working Relationship with the Senior Management and the Change Management Team*** — A partner or senior consultant will be assigned as the direct link with the Senior Management Change Team. Over time, the composition of that team will adjust as the new corporate structure is established.

- ***Close Working Liaison with the Transition Coordinating Office*** — One lead consultant from the core team will be assigned as the day-to-day contact with the Project Leader from the client.

A Core Berkeley Team Working With the Client

Recognizing the needs of the client, the Berkeley Consulting Group will assign a core transformation team focused on those needs. The assigned Engagement Manager who will provide overall guidance and linkages with our other efforts, will lead the team.

Supporting the senior management successfully will depend on paying attention to the following considerations and ingredients:

- Awareness and sensitivity to the reality of the public sector setting, its strengths, opportunities and limitations.
- Understanding the linkages between the organization and the other components of the public sector.
- Ability to resolve competing interests to arrive at consensus by keeping everyone's eye on the promised benefits.
- Flexibility to support the assigned senior managers to recognize his/her style, experiences and preferred mode of operation.
- Knowledge of the field and program so that we can fast track through the orientation period.
- Taking a fresh objective look at how to do things so that old conventional thinking is not accepted.
- Working well with existing staff to increase their participation and ownership while still challenging their thinking.
- Working with the client change liaison staff so that changes in one department are compatible with overall changes and policies.
- Keeping senior management informed of progress at key points.

Supporting Senior Management Lead the Change Process

Establishing the change management structure allows the senior managers to move forward with the change process and broaden their team to lead the effort down through the organization.

The consultants will need to provide advice to this senior management team about the following topics:

- Creating a platform for promoting change.

- Integrating the change program.
- Creating adequate leadership for change across the organization.
- Managing stakeholder commitment and support.
- Maintaining communications and positive momentum for change.

That advice will need to focus on and consider the following questions:

- What is the balance between getting organized for the future and producing short term wins?
- Strategically, what approach should be taken to maintaining staff participation and motivation — move fast through difficult changes or make changes in small increments to allow for greater acceptance?
- Should the focus be on establishing the new leadership group and delegating putting the new structure in place to each assigned executive, or on managing the transition as a team?
- Strategically, how long should there be a parallel organization structure (changing the business versus managing the day-to-day) while process/systems changes are made so that the infrastructure is in place for the new organization before switching over?
- Is there a need for transitional steps in establishing a new 'blueprint structure' recognizing that some changes will need to await improvements to the infrastructure (information systems, etc.)?

While there are no magic answers to these questions, there are poor ones. The client will need to weigh the risks and benefits and ultimately choose a path with the best advice available. Berkeley has the experience and has assembled a seasoned team to give sound advice on these sensitive issues.

Managing the Balancing Act by Creating Continuous Feedback

There is a delicate balancing act in change management processes on a number of scales:

- Managing the business today versus making the changes for the future.
- Giving attention to people versus the business results.
- Adjusting to respond to urgent new developments versus providing a stable course and direction.

Senior management needs to decide on these balancing acts. We need to ensure they have the information to make these sensitive calls. To do so, we will emphasize the development of feedback mechanisms and information. Feedback is needed on a frequent, almost continuous, basis on the following fronts:

- Progress in putting changes in place — project management reporting.
- Measurement of results in terms of costs, benefits and other business measures.
- Stakeholder consultation and feedback — understanding what stakeholders know and how they feel about the organization's progress.
- Staff feedback on leadership — how staff feels about the change process and how it is being led. Berkeley has a particular view as to how this might be accomplished.

Supporting the Client Change Office

We recommend that a staff member or group is established coordinate the change process. This Change Office becomes the control centre for the change management effort. This Office needs to undertake a number of functions to achieve integration across change management program and to ensure the impact of change is constructive.

- Overall project management and reporting on progress and status of the change program.
- Overall measurement of the change program's effects and impacts.
- Developing charters and requirements for change projects — purpose, scope, deliverables and linkages.
- Assigning people and resources to projects with senior management concurrence.
- Supporting change project teams with tools and support to do their jobs well.
- Leading the communications, consultation and feedback processes.
- Coordinating the overall process by identifying issues and intervening where appropriate.

Berkeley will need to work closely with the Project Leader and assigned members of the Office. Our job is to support and supplement the Office, not to supplant them. Our specific roles, therefore, will vary depending on need.

Supporting Change Project Teams

One of the roles will involve helping change project teams work successfully. Successful project teams need a number of things:

- Teams need appropriate leadership and clear charters about what to deliver.
- Teams must develop sound plans and processes for delivering their mandate.
- Team members need to have, and be able to use, effective methods relevant to their task.
- Teams need access to necessary expertise and support when and where necessary.

Berkeley has the capacity to provide these supports and tools. Frequently in our change management assignments, we establish and train task forces to carry out change management projects. Part of our role involves documenting the charter, training the members, facilitating their start-up, and coordinating with the leaders on their progress as well as orchestrating the linkages with other teams and reporting.

Ensuring Communications are Handled Well

Communications is key to change management. Partly, the challenge is to communicate enough. However, mainly the challenge is to communicate meaningful and constructive messages that have credence. That typically requires the creation of different forums for communication.

In change situations, the leadership needs to establish communications forums that get the word out to all constituents. Our guidelines and suggestions for communications are as follows:

- Create someone on the change management team as morale management monitor and advocate communications.
- Establish informal forums where possible so that speculation about what may happen can be communicated and questions can be asked.
- In informal settings, ensure question and answer periods make it easy for people to ask questions — written not spoken to be more anonymous, small groups develop questions, etc.
- Ensure management and supervisors are part of the communication channel for news and announcements.
- Share the load of personal involvement among the management team.
- Create tasks forces to study short term issues as a participation and communication strategy.

This is a preliminary outline of some items to keep in mind when one is moving through a transformation.

Communications with union representatives will need a distinct framework. There needs to be a clear understanding of how union members will participate in the change process and how the management will work with union representatives. That needs to be formulated early in the process. There needs to be a distinction between the consultation that is like negotiating, from the consultation that is about communicating information and opinions.

Potential for Feedback Survey on Senior Management During the Process

Berkeley has an affiliated firm, Berkeley Feedback & Development Inc (BFDI) which undertakes 360^{o}/multi-source feedback on senior management. We have been working with a major global firm over the past few years. One of the key elements of the feedback concerns how the leadership is 'leading change'. This feedback is critical, not simply as a measure of the senior management performance but of the views and attitudes of the senders. Attitudes are in the eye of the beholder.

We suggest considering using a confidential feedback survey instrument completed by managers and a sampling of other levels of the organization on a quarterly basis. This should give a sense of how the change process and leadership is viewed. Moreover, it is a message itself — we want your feedback on how we are doing. Berkeley has developed an electronic version of the survey for ease of distribution. The survey would need to be abridged and condensed for this purpose.

Our First Steps as Partners in Change Management

Once chosen as the consultants, we have a gameplan about how to spend our first few weeks.

- ***Taking Stock of the Change Management Initiatives*** — Through interviews and documentation review, we will canvass the current status of the initiatives, projects and plans. This will include a prognosis of progress expectations and timing.

- ***Develop an Appreciation of the Available Capabilities Internally to Support Change Management*** — Through interviews and working with the Project Leader of the Change Office, we inventory the people and skills available to help the change process — project managers, communications, organizational facilitators, and so on.

- ***Assess the Change Program*** — Identify gaps, outstanding decisions, problem projects, need for horizontal linkages, changing pace and timing of projects, issues regarding readiness and capacity for change in parts of organization.

- ***Development of First Quarter Change Program with Project Leader*** — Working with the Project Leader, we will develop a first quarter change project plan including our support requirements, assignments and budget.

This work will be completed in the first four weeks of the relationship.

Berkeley supports senior management to lead their organizations through strategic transitions to create the capacity for sustained successful performance. Supporting this mission, Berkeley's practice includes strategy development & planning, organization design, change management, outcome management, and leadership feedback and development.

Formed in 1986, Berkeley Consulting Group, a Canadian partnership, has a full time staff of 5 consultants and support staff in our Toronto office. The office supports our affiliate Berkeley Feedback & Development Inc. and its associate in London England and Berkeley's network of twelve consulting associates in Ontario.

Berkeley's philosophy and consulting approach is captured in the phrase, ***Collective Wisdom…Fresh Ideas***. Berkeley's core competence lies in its ability to bring seasoned associates together as a team, to use leading edge methods applied to the client's strategic challenges so that results are delivered with cost–effective use of consulting dollars and management time.

- Our consultants are knowledgeable and experienced in their industry or part of the public sector.
- Our teams are formed to fit the client's needs and not just to utilize available junior staff.
- We think about each project on its own merits and avoid simplistic black-box answers.
- We combine sound analysis and thinking with effective process to promote implementation.

To keep 'fresh' and broaden our network, Berkeley has linkages with other organizations. For over a decade, we have worked with the Rensselaerville Institute (TRI), a non-profit organization in New York that is a leading edge player in public sector results and outcome management. We also have close links with academic learning centres, since Berkeley's Managing Partner is an Adjunct Professor of Strategic Management at Schulich School of Business (York University).