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Trainer Manual & Assessment

Lead and Manage Organisational Change

BSBINN601

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Overseas Student Information

If you are an overseas student and you have a problem with your school or college that you haven't been able to fix, the Overseas Students Ombudsman might be able to help. The Ombudsman is a free complaint investigation service, available to people on student visas who are studying with private providers. You can read more about what the Ombudsman does, or make a complaint online, by visiting oso.gov.au.

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"The purpose of education is to replace an empty mind with an open one." Malcolm Forbes

About the Business Services Industry

The BSB Business Services Training Package covers a diverse range of industries and occupations. Business Services covers a range of cross-industry functions and services supporting the commercial activities of all industries.

Defining Qualifications

When units of competency are grouped into combinations that meet workplace roles, they are called qualifications. These qualifications are aligned to the Australian Qualifications Framework (AQF). Each qualification will have 'packaging rules' which establish the number of core units, number and source of elective units and overall requirements for delivering the qualification.

Delivery and Assessment of Qualifications

RTOs must have the qualifications (or specific units of competency) on their scope to deliver nationally recognised training and assessment. RTOs are governed by and must comply with the requirements established by applicable national frameworks and standards. RTOs must ensure that training and assessment complies with the relevant standards.

Qualification Training Pathways

A pathway is the route or course of action taken to get to a destination. A training pathway is the learning required to attain the competencies to achieve career goals. Everyone has different needs and goals, and therefore requires a personalised and individual training pathway.

Foundation Skills

Foundation Skills are the non-technical skills that support the individual's participation in the workplace, in the community and in education and training.

Australian Core Skills Framework (ACSF)

This Assessment meets the five ACSF core skills as described in the Foundation Skills mapping.

Introduction

> **"Knowledge is of no value unless you put it into practice."**
>
> Anton Chekhov

This unit of competency is all about being able to manage your skills and priorities in the workplace. It will help you with the skills you need to demonstrate competency for the unit BSBINN601 Lead and Manage Organisational Change.

This manual is broken up into three Elements. They are:

1. **Identify Change Requirements and Opportunities:** We will begin by considering if change is necessary.
2. **Develop Change Management Strategy:** If it is necessary, we will look at the feasibility, cost and potential methods of implementation of the desired change.
3. **Implement Change Management Strategy:** Finally, we will look at how to plan and implement the change.

At the conclusion of this training you will be asked to complete an assessment pack for this unit of competency. The information contained in this resource will assist you to complete this task.

On competent completion of the assessment, you will have demonstrated your ability to identify organisational strategic change requirements and opportunities, and to develop, implement and evaluate change management strategies.

ELEMENT 1: Identify Change Requirements and Opportunities

Performance Criteria Element 1

1.1 Identify strategic change needs through an analysis of organisational objectives

1.2 Review existing policies and practices against strategic objectives to identify where changes are required

1.3 Monitor the external environment to identify events or trends that impact on the achievement of organisational objectives

1.4 Identify major operational change requirements due to performance gaps, business opportunities or threats, or management decisions

1.5 Review and prioritise change requirements or opportunities with relevant managers

1.6 Consult stakeholders, specialists and experts to assist in the identification of major change requirements and opportunities

Identify Change Requirements and Opportunities

Identify Strategic Change Needs through an Analysis of Organisational Objectives

What is Organisational Change?

Organisational change is both the process by which an organisation changes its structure, strategies, operational methods, technologies, or organisational culture to affect change within the organisation and the effects of these changes on the organisation. Organisational change can be continuous or occur for distinct periods of time.

Organisational change is an essential concept to understand in our complex world. Organisational change is an important issue in organisations. It is actually a process in which an organisation optimises performance as it works toward its ideal state.

Organisational change occurs as a reaction to an ever-changing environment, a response to a current crisis situation, or is triggered by a leader. Successful organisational change is not merely a process of adjustment, but also requires sufficient managing capabilities. However, there are many issues that need addressing to achieve successful change.

In an organisational sense, change management to effectively implement new methods and systems is an ongoing task. The changes to be managed lie within and are controlled by the organisation.

Organisations should place high importance on ensuring that organisational change, when required, is implemented in a timely and professional manner. Where organisational change is implemented correctly the benefits include:

- Greater Employee participation
- Greater understanding of the change
- Better informed decision making
- Improved trust throughout the process
- Minimal loss of productivity.

It is imperative that the work area understands that organisational change is about allowing employees to influence the decision maker through a consultative process.

There are many reasons for initiating organisational change. Any business in today's fast-moving environment that is looking for the pace of change to slow is likely to be sorely disappointed. In fact, businesses should embrace change. Change is important for any organisation because, without change, businesses would likely lose their competitive edge and fail to meet the needs of what most hope to be a growing base of loyal customers.

Organisations must constantly review their systems, work practices, suppliers and other elements of the business in an attempt to improve their 'bottom line'. By keeping their practices current, they are able to capitalise on opportunities or manage threats more quickly and with better outcomes.

The review process generally begins by examining the strategic plans related to the following areas:

- **Technology**

  Without change, business leaders still would be dictating correspondence to secretaries, editing their words and sending them back to the drawing board, wasting time for all involved. Change that results from the adoption of new technology is common in most organisations and while it can be disruptive at first, ultimately the change tends to increase productivity and service.

  Technology also has affected how we communicate. No longer do business people dial a rotary phone, get a busy signal, and try again and again until they get through. No longer do business people have to laboriously contact people, in person, to find out about other people who might be useful resources - they can search for experts online through search engines as well as through social media sites. Today's burgeoning communication technology represents changes that allow organisations to learn more, more quickly, than ever before.

- **Customer Needs**

  Customers who were satisfied with conventional ovens many years ago are sometimes impatient with the microwave today. As the world evolves, customer needs change and grow, creating demand for new types of products and services – and opening up new opportunities for organisations to meet those needs.

- **The Economy**

  The economy can impact organisations in both positive and negative ways and both can be stressful. A strong economy and increasing demand for products and services will mean that organisations must consider expansion that might involve hiring additional staff and locating new facilities. These changes offer opportunities for staff, but also represent new challenges. A weak economy can create even more problems as organisations find themselves needing to make difficult decisions that can impact employees' salaries and benefits and even threaten their jobs. The ability to manage both ends of the spectrum are critical for organisations that want to maintain a strong brand and strong relationships with customers as well as employees.

- **Growth Opportunities**

  Change is important in organisations to allow employees to learn new skills, explore new opportunities and exercise their creativity in ways that ultimately benefit the organisation through new ideas and increased commitment. Preparing employees to deal with these changes involves an analysis of the tools and training required to help them learn new skills. Training can be provided through traditional classroom settings or, increasingly, through online learning opportunities. Importantly, organisations need to do a good job of evaluating employees' capabilities and then taking steps to fill the gaps between current skills and the skills required to respond to growth.

- **Challenging the Status Quo**

  Simply asking the question "Why?" can lead to new ideas and new innovations that can directly impact the bottom line. Organisations benefit from change that result in new ways of looking at customer needs, new ways of delivering customer service, new ways of strengthening customer interactions and new products that might attract new markets. New employees joining an organisation are especially valuable because they can often point to areas of opportunity for improvement that those who have been long involved in the organisation might have overlooked. But even existing employees should be encouraged to question why things are done a certain way and look for new ways to get work done faster, better and with higher levels of quality and service.

Analysing the Organisational Objectives

Organisational objectives are the overall goals, purpose and mission of a business that have been established by management and communicated to employees. The organisational objectives of an organisation typically focus on its long range intentions for operating and its overall business philosophy that can provide useful guidance in change initiatives.

An analysis is a type of research designed to produce a look at what is and what could be. Organisational analysis specifically examines the current state of an organisation's operational and structural framework and productivity indicators such as rates of production.

Four key areas of organisational analysis exist, each with its own objectives:

- **Productivity**

  The objective of productivity analysis is to analyse efficiency and production by directly correlating the outcome of a product or service to the overall business operation. This type of analysis determines everything involved in production. A version of this is historical analysis, which examines productivity in relation to a previous period's operation. Productivity analysis is most useful for service providers or organisations involved in producing a hard product.

- **Efficiency**

  The objective of an efficiency analysis is to determine whether an organisation is conducting operations in the safest but quickest manner. The results of this analysis may result in an organisation identifying areas of excess, which it could eliminate and save costly overheads. Organisations that conduct a thorough efficiency analysis, or make this one of the objectives of an overall study, usually find ways to improve speed, time management and workload management.

- **Team Building**

  All organisations require teamwork. Team building analysis, which goes beyond interpersonal issues, unearths how tasks and projects are being distributed and completed. This type of analysis also yields key leaders in the organisation. It becomes clear who the standouts are – those who can prove valuable to organisations looking to grow.

- **Communications**

  A key objective to a thorough organisational analysis is that of communication. Elements of organisational communication include email systems, telecommunications, interoffice systems and any additional systems that relate to productivity. An analysis with effective communication as the objective will highlight those systems that are successful – 'successful' being defined as contributing to the overall efficiency, productivity and team building efforts of the organisation.

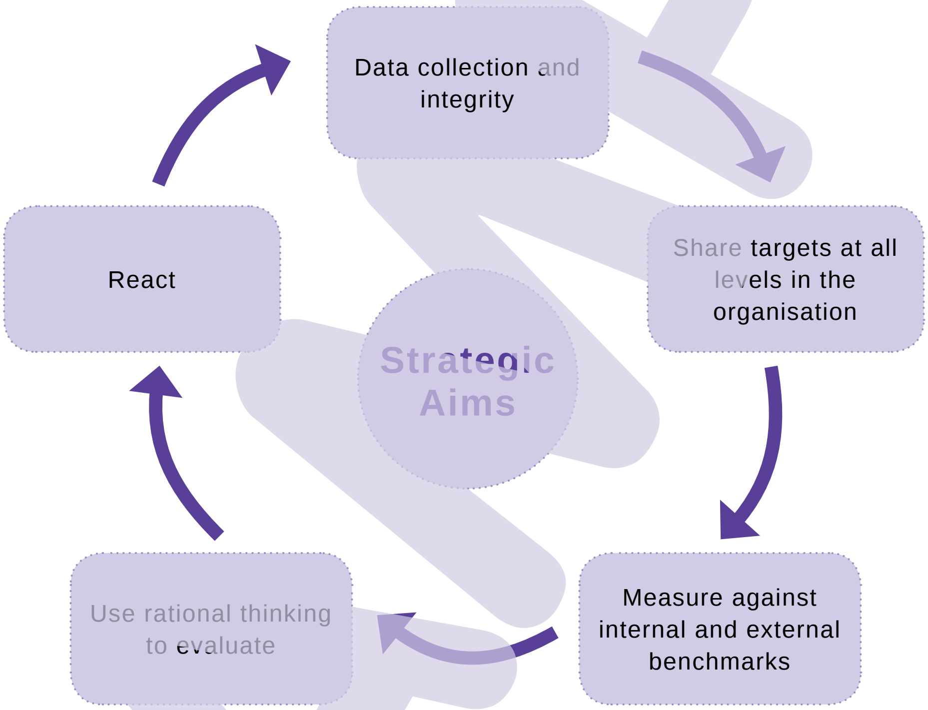
Review Existing Strategies Against Strategic Objectives to Identify where Changes are Required

Monitor the External Environment to Identify Events or Trends that Impact on the Achievement of Organisational Objectives

Review

For a review of strategic objectives to be useful, it must have clearly defined objectives from the outset. These objectives will be most effective when aligned with the strategic aims of the organisation.

This essential linkage is illustrated below:



Review objectives will usually be derived by breaking strategic plan objectives down into delivery and operational objectives at the functional level. This process will often result in the setting of specific targets for improvement over a pre-defined time period. However, review isn't always about improvement. A valid objective may simply be to establish the relative position of an organisation as compared to its competitors on some level. This may provide reassurance to managers or directors about whether the current position is acceptable or it may highlight a need for improvement if it is not.

Having identified the objectives of any review process, the next requirement is to investigate the context within which the objective is sought. This must include a thorough and honest self-appraisal of the organisation's current position. The following questions may help guide such a self-appraisal:

- What is our current state with regards to the objective?
- What evidence is available to establish our starting point or baseline position?
- What environmental factors may impact on our ability to meet the objective? Are these static or changing over time? The external environment may include factors that are:
  - Consumer-driven
  - Ecological
  - Economic
  - Ethical
  - Global
  - Legal
  - Political
  - Social
  - Technological
  - Workforce-driven.

It can also refer to factors which drive corporate sustainability or which help a business transition from a production-based to a knowledge-based economy. Environmental scanning and awareness is an essential part of strategic planning. It may be the precursor to a review exercise when information suggests the need for investigation or action. The external environment affects every organisation because no organisation operates in a vacuum. Therefore, the external environment must be taken into account as decisions are made in regard to strategic planning.

The external environment can be divided in to four main categories: the socio-cultural environment, the economic environment, the political-legal environment and the technological environment. The societal environment can greatly impact an organisation, and the way it manages its human resources.

PESTLE and SWOT are tools that are used to determine the current status and position of a business in relation to their external environment and current role. They can be used as the basis for future planning and strategic management.

SWOT

A SWOT analysis helps identify the strengths, weaknesses, opportunities and threats in a given situation. In this case we are looking at sales potential. The SWOT Analysis will allow you to look at both internal and external factors that can have an impact on your business in a very simple way. This tool can help you examine the external factors which affect your business (that is, the opportunities and threats) as well as the internal factors (or your company's strengths and weaknesses).

As you work through the tool and think about how you can use it, you will see that it's not just for looking at the business as a whole. It is also a starting point for developing strategies for sales teams, service departments and individuals.

- **Strengths**

  The best place to start when you are looking to develop a sales plan is to understand what your sales team is good at. You want to take advantage of what you do well and build on it. So let's take a look at your strengths.

  1. What is it that your sales team does better than anyone else in the market?
  2. What do your current customers see as a benefit they get from working with your sales people?
  3. What strength does your current product line offer that your competitors can't?
  4. Do you have unique sales processes, products, or services that set you apart?

  These are sample questions you may want to answer, but try to come up with questions of your own. You want to ask about your unique selling point that you see as a strength or your ability to service your accounts with one day service. When you are trying to uncover your strengths, ask others within your organisation to identify your strengths and don't forget to ask for help outside the organisation as well. Talk with your current customers and ask what they like about your organisation. Talk with vendors, or anyone else that can help give you a clear picture of your organisations strengths.

- **Weaknesses**

  Every sales team has weaknesses and you need to identify them early and take action. It becomes a problem when you hope things will get better without taking action or the weaknesses will miraculously disappear. They don't, you have to face them, gain an understanding of why the weaknesses exist and look for ways to strengthen them. So write them down.

  1. What does the competition see as your biggest weakness?
  2. What do your current customers see as a weakness in your sales style, product, or service?
  3. When you look at your 'Lost Sale' report, why did you lose those sales?
  4. What is it that you try to avoid?

Understanding your weaknesses provides you with a road map of the areas within your organisation you must work on, and areas that you must limit exposure to until they are strengthened. Remember that your strengths and weaknesses are both internal factors that you as a sales manager have direct control over. Once you understand what they are, take every action possible to build on your strengths and eliminate your weaknesses.

- **Opportunities**

Opportunity is all around us, but in the hustle and bustle of day-to-day business we often walk right past it. It can come when a competitor stumbles, a new technology appears, the perfect new manager walks past your door, or a new law impacts on your customers. So let's look and see what opportunities exist.

1. What do you see as a good opportunity that will strengthen your organisation?
2. In what segment of your market are clients consistently making purchases?
3. What high margin products or services can you expose to a broader market?
4. Have you noticed a change you can exploit in your market?
5. Is there a market you can enter with greater profits potential?

As you look at opportunity it's important that they move hand-in-hand with your strengths. It's only a good opportunity if it fits your organisation.

- **Threats**

Threats, like opportunities, are external factors that have a major impact on your business. As you manoeuvre your business around the challenges of the market place, you have to understand where danger exists or you will find yourself in trouble. So what are the threats to your business?

1. Does more that 25% of your sales revenue come from less than 10% of your customer base?
2. What reoccurring challenges do your sales people face?
3. Is there a competitor that consistently beats you in the marketplace?
4. How much bad debt are you carrying?
5. Are sales meeting expectations?

Threats, like opportunities are external factors that you must constantly look for, examine and find ways to deal with them.

The SWOT Analysis is one of the best tools you can use to help sales managers develop a true understanding of where the business is and where you need to be, before you try to take things to the next level. This exercise is also a great way for you and your team to develop consensus and a way to understand exactly where your organisation stands before starting to chart a new course.

Strengths • What is working well? • What is making a difference? • What value do we bring to our customers? • What do we do really well? • What differentiates us from our competitors?	**Weaknesses** • What is not working as well as it could? • What is not making a difference? • What processes need to be improved? • What hinders our sales? • What do our customers dislike?
Opportunities • What needs to be improved or changed? • What should we stop doing? • What should we start doing? • What is missing that we need to be doing?	**Threats** • What is threatening our business? • What obstacles do we face right now? • Who might cause us problems in the future and how? • What are the economic threats that could impact on us? • Costs? Revenues? Debt? Cash flow?

PESTLE

What is a PESTLE Analysis?

PESTLE is an acronym for Political, Economic, Social, Technological, Legal and Environment. This analysis is used to assess these six external factors in relation to your business situation.

Basically, a PEST analysis helps you determine how these factors will affect the performance and activities of your business in the long term. It is often used in collaboration with other analytical business tools like the *SWOT Analysis* and *Porter's Five Forces* to give a clear understanding of a situation and related internal and external factors.

Aside from the organisation's internal resources and industry factors, there are several other macro-economic factors that can have a profound impact on the performance of an organisation. In particular situations such as new ventures or product launch ideas, these factors need to be carefully analysed in order to determine how big their role in the organisation's success would be. One of the most commonly used analytical tools for assessing external macro-economic factors related to particular situation is the *PESTLE Analysis.*

Understanding the PESTLE Factors

Before you jump ahead and start using this analysis, you should understand what each of the factors in this analysis signifies.

- **Political**

  Here government regulations and legal factors are assessed in terms of their ability to affect the business environment and trade markets. The main issues addressed in this section include political stability, tax guidelines, trade regulations, safety regulations, and employment law.

- **Economic**

  Through this factor, businesses examine the economic issues that are bound to have an impact on the organisation. This would include factors like inflation, interest rates, economic growth, the unemployment rate and policies, and the business cycle followed in the country.

- **Social**

  With the social factor, a business can analyse the socio-economic environment of its market via elements like customer demographics, cultural limitations, lifestyle attitude, and education. With these, a business can understand how consumer needs are shaped and what brings them to purchas from the market.

- **Technological**

  How technology can either positively or negatively impact the introduction of a product or service into a marketplace is assessed here. These factors include technological advancements, lifecycle of technologies, the role of the Internet, and the spending on technology research by the government.

- **Environment**

  While the organisation may have little or no control over many of these factors, changes in weather and climate, changes in laws regarding pollution and recycling or waste management will have an impact. The use of green or eco-friendly products and practices could potentially impress customers.

- **Legal**

  Legislation is the act of making or enacting laws. When people talk about 'the legislation', they mean a law or a body of laws. The legislation in a state or territory are the laws enacted specifically to control and administer the state or territory. Changes in legislation can have a huge impact on an organisation particularly in the areas of law relating to discrimination; work health and safety laws, consumer protection laws, and copyright and patent laws.

So, if you want to assess a business situation in a comprehensive way, a *PESTLE analysis* is a definite must that can help you understand the macroeconomic business environment.

Research

What to measure is related to the scope of the review activity. Clearly, measures must relate closely to the activity under investigation, but where direct characteristics cannot be measured proxies may be used instead. Whether or not direct characteristics can be measured will often depend upon the availability of relevant data. Whilst relevant, detailed and up-to-date data may exist within your own organisation, comparable data for other organisations may not be readily available. For example, if your objective is to benchmark work group sizes you would probably have access to relevant and detailed data for your own organisation but for the purposes of comparisons with other organisations involved in similar activities, you may be forced to use a proxy measure such as supervisor: staff ratios instead.

Additionally, while the common emphasis may be on quantitative data, qualitative data may provide for a more narrative-based analysis, which can set context and provide depth to quantitative approaches. In this way qualitative analysis is often a valuable and complementary technique to quantitative analyses.

At this stage of any review process the next consideration must be around identification of suitable sources of data to support the measurement. In the case of internal benchmarking, perhaps between functional units within an organisation, there may be a range of internal management information resources that are appropriate.

The characteristics of any potential data source should be assessed in making a judgement on its suitability for benchmarking. The following is a suggested checklist of the most important characteristics in ensuring that any external data source is fit for purpose:

- Relevance
  - Are the data relevant to what we are trying to measure?
  - Do they allow for direct measurement or do they provide proxy measures?
- Accessibility
  - How readily accessible are the data? Are they published or available on request?
  - Is there a charge to access the data? Is there a budget available to cover any such costs?
  - Are there any restrictions on access and usage of data for particular purposes?
  - Are data available in formats that are useful to us?
  - Is full supporting information available – including any metadata, definitions, notes and caveats to aid interpretation
- Timeliness
  - How up to date are available data?
  - How frequently are the data updated?

- Coverage
  - Do the data provide the coverage we need? Geographically? By range and type of data subject?
- Stability over time
  - Do we need time-series of data?
  - Is any time-series available over the time period we need?
  - Have there been any major changes in the data that might cause discontinuities in time-series over the period in which we are interested?
- Quality
  - How are the data compiled? By census or survey?
  - How are the data quality-assured?
  - Are the data audited?
  - If data are collected by sample surveys, have the samples been designed to provide data which is sufficiently representative of the population in which we are interested?
  - Are the response rates for survey data sufficient for our purposes?
- Comparability
  - How comparable are the data between organisations?
  - Have the data been collected using a standardised framework and methodology?
  - To what extent do the data utilise standard definitions and coding frames?
  - How much latitude is there for respondents and data suppliers to interpret the data requirements in different ways during collection?

Gather Data/Information

Different comparators may be selected for different purposes. Factors influencing the selection of comparator organisations can include:

- Location/region
- Size
- Overall production/research balance
- Customer satisfaction
- Research performance
- Product mix
- Turnover/resources
- Plant (general characteristics or specific measures)

- Australian and international standing.

However, in many cases the selection of comparator groups is based on less tangible criteria and may be informed by historic notions of which organisations have operated within the same context or competed for customers or staff.

Comparators may change over time. Some organisations identify not only current comparators but aspirational comparators: organisations whose current performance represents a desired state or target.

Overall the key lessons to be learned in identifying comparator groups are that:

- Different sets of comparators may be needed for different types of benchmarking.
- The characteristics of organisations that may make them relevant as comparators may change over time. Therefore the most appropriate comparator group may change over time. However some stability in comparator groups is desirable to enable longer-term genuine comparisons and to avoid the overhead of frequent change. An appropriate cycle might be to review the comparator group every 3-5 years and ideally at a time of major strategy review.
- Rigidly sticking with the same comparator groups permanently risks failure to recognise change and to miss elements of good practice from which one could learn.
- Evidence-based approaches to the identification of comparator organisations are recommended wherever possible based on measurable characteristics.
- Comparator groups need to be selected very carefully and ideally signed-off on by governing bodies. They need to include the right level of challenge and often diversity of type.

Periodicity of measurement refers to the frequency at which measurements should be carried-out or updated. This is linked to:

- The aim of the review activity
- The availability and frequency of updating data
- The timescale over which an organisation can react and implement change
- Availability of national data. If progress is being tracked over a long period of time, for example in monitoring progress against a strategic plan, then annual intervals will be appropriate.

Measure

At this point in the review process, assuming appropriate objectives and measures have been established and comparator groups have been identified on the basis of similar characteristics, the actual review process may comprise a simple comparison of metrics. However, within a large and diverse product sector, direct comparisons of metrics will always need qualification and recognition of the diversity.

Even a carefully selected set of comparators, based upon similar characteristics will display some diversity that might impact on the interpretation of review results. This problem may be overcome through the expertise of individuals who understand the key differences between comparator organisations and use this knowledge to guide their interpretation of review results – an element of diagnostic benchmarking.

However metric benchmarking, no matter how sophisticated, can only identify performance gaps. In order to understand those gaps and be in a position to address them, further techniques are often required, such as diagnostic and process benchmarking. Diagnostic review may be a useful next stage from metric benchmarking, in which knowledgeable individuals may use their own insights to interpret and understand the results of the metric benchmarking, and this may involve use of qualitative data. Such a combination of metric with diagnostic review may provide a good level of insight at a relatively low cost in resource terms, but much depends on the knowledge and experience of the individuals concerned.

Greater insights can be obtained by progressing from metric to process benchmarking, but at higher cost in resources, due to the typically collaborative nature of such approaches. As previously stated, a well-executed intervening diagnostic review stage can help to shape subsequent process review to ensure maximum benefit and to target resources most effectively. Of course collaborative approaches for external review will require willing partners and a wide range of professional group or associations.

Evaluate

Having undertaken a review process by some combination of metric, diagnostic and process approaches, the next stage is to evaluate the results in the context of the original strategic objectives of the review exercise. A useful first stage of this can be to undertake a 'sense-check' of the results – are the results plausible and credible? Assessment at this stage is useful in ensuring that the review results represent a well-founded and reliable basis for decision making. Appropriate, insightful interpretation of the results is helpful in identifying which review outcomes offer the most promising improvement opportunities.

Once reviewed, policies which had been developed in response to meeting the requirements of the strategic plan must be reviewed to identify those that require change.

The time taken to determine whether a policy or procedure is operating correctly will depend on the purpose of the review. For example, if an organisation has a greater number of product faults, or there is a need to improve the profit margins, policies relating to each must be examined.

A timeline needs to be determined to establish whether the policy is working, and to set dates for review. The procedure should also establish the acceptable standard and how it is to be measured, as well as the actual process of monitoring this.

Monitoring the initial and ongoing implementation of policies and procedures is essential to ensure that the new policy is meeting the desired standard. This may be in the form of a questionnaire or survey completed by those involved in the operation of the procedures and can be used to discover whether the goals, objectives and outcomes of the policy are being met, and the purpose achieved. Any problems or difficulties identified in such a review process should automatically lead to a repeat of the process of policy analysis, redesign and implementation. This process therefore follows the cyclical model outlined.

The policy and/or associated procedures developed may not be quite right and may need modification (fine-tuning). With input and assistance from the people actually involved in the process it will be easy to adjust them. Any changes or modifications to the policy require further notification to all stakeholders, and a new version of control information may need to be added.

It is important to note that internal auditing of all policies, procedures and systems within an organisation and the process of policy review may be incorporated into the wider audit schedules and system of the organisation.

Manage Improvement

The outcomes of a successful review exercise are:

- A change in organisational policy or process
- A change in organisational culture and leadership.

Review usually involves change. Many organisations have offices focused on supporting change management. Change takes time and the amount of time depends upon the scale of change being attempted. It is also important to keep unintended consequences in mind – a change to improve performance in one area can impact on other areas. Implementing a review program and acting on its results will help equip the organisation to continuously improve. Focus on developing a strategy to implement leading practices and making the process changes needed to drive improved performance.

Communications to staff regarding the review initiative should be expansive, regular and delivered to many levels within the organisation.

The review of strategies to establish their performance and to identify where changes are required is a cyclical process. This reflects two facts:

1. Review is used to best effect when it becomes an intrinsic part of continuous development, refinement and implementation of strategy, rather than a one-off exercise.
2. In a rapidly changing environment all aspects of the process intended to effect improvement, from monitoring of the operational actions taken to assessment of the strategic objectives on which those actions are based, must be regularly reviewed.

This review is therefore an extremely important one that can easily be undervalued. Without such a stage, changes in the environment can overtake a programme of improvement and lessen or even negate its effects. A number of questions must be answered:

1. How effective are the improvements being made?
2. How quickly are improvements being seen? Are we on course to reach improvement targets in the scheduled timeframe? If not, then what corrective actions are required?
3. Are the original targets set still the right ones in the current context? Do we need to update any aspect of the review work to re-establish the latest context for the targets? Do we need to change the targets as a result?
4. Do we need to re-assess any aspect of the original strategic objectives?

In this way assessment of progress and context can, depending on the outcome, result in a loop back to one of three points in the strategy and objective review process:

1. Manage improvement – continue managing the improvement with the same strategic objective and existing targets but perhaps with modified actions to ensure correct trajectory of change.
2. Evaluate – review/change targets in current context. Perhaps update review work to re-establish current context.
3. Set objectives – fundamental review/change of original strategic objectives.

Identify Major Operational Change Requirements due to Performance Gaps, Business Opportunities or Threats, or Management Decisions

Organisational gap analysis is a process by which a business or organisation identifies ways to improve performance. The 'gap' is what exists between present performance and a standard model or benchmark set by a similar organisation. Each organisation uses a variety of tools to make comparisons. Some tools involve self-assessment, and others use outside parties to conduct organisational gap analysis.

- **Skills Gap**

  Analysing the performance of the organisation may reveal a gap in employee skills. When the organisation uses review to compare its performance to that of a similar organisation, it can identify best practices for increasing employee performance. Closing the gap requires developing a plan to bring employees' skill levels up to or higher than those in the organisation used for comparison.

- **Customer Service Gap**

  Survey research is one way to identify a gap between the organisation and its competitors. For example, the organisation can survey its various stakeholders, including employees, suppliers, investors and customers, to evaluate the level of customer service it provides. When the organisation compares its rate of customer satisfaction with that of similar competitors, it can create a plan for closing the gap between its present level of service and a higher target level. The plan must include specific ways in which employees will individually and collectively increase the rate of customer satisfaction.

- **Climate**

  Another key aspect of the organisation that can reveal an important gap is its organisational climate. Through assessment of managers and employees, as well as people outside the organisation, the organisation can identify the quality of the work environment. A study might include items such as employee empowerment, employee perception of management, competitiveness of compensation and benefits, and general working conditions. When gaps are found between the climate of the organisation and that of other similar organisations, the management and employees can work together to develop ways to improve the working environment. Satisfied employees produce better results, and turnover decreases when the organisational environment improves.

- **Leadership**

  The organisation may study in-depth how successful its managers are at leading employees toward achievement of short-term and long-term objectives. Finding out what employees and managers think assists in identifying any gaps between what people believe is possible and what outcomes are achieved. Comparing evaluations of managerial effectiveness over time also suggests managerial approaches that worked better in the past, and these practices might be considered again. Comparing the organisation's level of managerial effectiveness with a standard or another organisation may reveal specific management issues that require immediate attention.

- **Technological Resources**

  Organisations must stay technologically current. Review may identify this as a gap and the organisational response must be to either hire expertise or use current staff (if qualified) to bridge that gap.

Review and Prioritise Change Requirements or Opportunities with Relevant Managers

Consult Stakeholders, Specialists and Experts to Assist in the Identification of Major Change Requirements and Opportunities

The results of the review processes will typically be presented to managers, stakeholders and decision-makers at this point in the process with a view to bringing them 'on board' for the implementation. Relevant managers might include those:

- Affected by the change
- Holding a leadership position in the organisation
- Participating in the change project.

Effective presentation of review data (or indeed other forms of business intelligence) is very important in ensuring that the review results are accessible, applied and understood.

Effective Information Presentation

Effective presentation of review results to decision makers will often lead to searching discussions.

- If we are doing badly compared to others, why?
- If we are doing well, what are the underlying factors?

Such presentation must reflect:

- The audience, their expectations and level of technical knowledge
- The objectives for the presentation (for example: for information or to prompt action)
- Any caveats that must be considered in interpreting the data.

Decisions must be taken on areas of performance in which improvement is required and the setting of targets to direct improvement. The results of the review which highlight performance gaps and generate insight into causes will provide context for realistic target setting in terms of extent and timeframes for change. Of course this must be balanced against the costs and capability of an organisation to implement change.

Every change management project needs compelling reasons for change. Whether taking advantage of an opportunity or meeting a customer need, a reason for change needs to convince all those involved and, eventually, the stakeholders and customers. If everyone agrees that the project has a good and necessary purpose, they should be far more supportive of the changes.

This is not the same as the project's main business benefit case. The business case is likely to be founded on financial results which are not usually the most influential argument for those in the workforce. The reasons for change should clearly indicate that there are better ways of doing things for the organisation, workforce customers and (maybe) suppliers.

The reason for change is developed in conjunction with relevant managers who will be or are affected by the change, are participating in the change project or hold a position of leadership in the organisation. It is essential that these managers be included to provide 'buy-in', which will make it easier for them to take ownership of the project and enact the change management program to be initiated. They may simultaneously develop a list of priorities.

Change management is an expensive process and it is therefore important that the expertise of accountants, lawyers or other experts, in various and appropriate fields, be utilised. The final choices should be checked by an expert to ensure that the change is going to be appropriate and successful in providing the expected outcomes.

Another area which may require greater expertise is the change management initiative itself. There are many models and the selection and application of the best model to achieve the desired outcomes is essential. There are businesses and individuals who focus solely on conducting change management processes for organisations.

Activity One

You are going to be invited to participate in a SWOT activity. Follow the instructions of your Trainer.

Trainer's Notes for Activity One

Draw a SWOT grid on the whiteboard. Using a topic relevant to the organisations of the Learners, ask them to help put the appropriate information in the relevant quadrant. Ensure they stay 'on track' and explain any inappropriate answers. A suitable topic might be "Does this training need any changes?"

Key Points Element 1

- **Identify strategic change needs through an analysis of organisational objectives**
- **Review existing policies and practices against strategic objectives to identify where changes are required**
- **Monitor the external environment to identify events or trends that impact on the achievement of organisational objectives**
- **Identify major operational change requirements due to performance gaps, business opportunities or threats, or management decisions**
- **Review and prioritise change requirements or opportunities with relevant managers**
- **Consult stakeholders, specialists and experts to assist in the identification of major change requirements and opportunities**

Element 1 – 'True' or 'False' Quiz

		True	False
Q	There is no need to develop a compelling 'Case for Change'.		✓
	It is important to make a compelling case for the need to change.		
Q	Policies must be reviewed to identify those that require change.	✓	
Q	The external environment directly affects each organisation and each organisation affects the environment.	✓	
Q	The SWOT analysis is not useful for reviewing strategy, position and direction of a organisation or business proposition, or any other idea.		✓
	The reverse is true.		
Q	A timeline needs to be determined with which to establish whether the policy is working, and dates set for review.	✓	
Q	Strategic planning is, by and large, 'worker centric'.		✓
	It is 'customer-centric'.		
Q	The 'Case for Change' is developed solely by the CEO.		✓
	It must include the input of relevant managers.		
Q	A review should establish acceptable standards and how it is to be measured, as well as the actual process of monitoring it.	✓	
Q	Change management is an expensive process.	✓	