Change Management in Executing Organizational Restructuring and Human Resource Planning

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  – Organizational Restructuring
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• Drivers of Organizational Restructuring
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• *Organizational restructuring* often means making critical decisions about how to deploy or re-deploy talent, finding the best fit between existing employees and the jobs that await them. Organizational restructuring has become a very common practice among the firms in order to match the growing competition of the market.

• *Human Resource Planning* is a process of determining and planning for the future personnel needs of an organization, taking into account both internal activities and factors in the external environment.

> These two go hand-in-hand when a company goes thru a change . . .
Common Features of Organizational Restructuring

- Regrouping of business
- Downsizing
- Decentralization / Centralization
- Outsourcing
- Enterprise Resource Planning
- Business Process Engineering
- Total Quality Management
Drivers of Organizational Restructuring

- Changing nature of the markets, buyer values and demands
- Continuous innovations in technology creating changes in workflow and production processes, materials, organizational culture and structure
- Various actions of competitors
- Regulatory and ethical constraints from the environment
Impact of Organizational Restructuring

• Internal
  – Lay-offs decrease morale of employees
  – Misalignment of the workforce with the organization issues
  – Stress
  – Conflict caused by the change
    • Structural holes (Social Dynamics)
  – Social-psychological impact on Trust and Work Satisfaction

• External
  – Effect to customers
  – Public or market image/perception
Getting to Effective Organizational Restructuring
Change Management – the bridge from old to new

**Change management** is a structured approach to shifting/transitioning *individuals, teams, and organizations* from a current state to a desired future state. It is an organizational process aimed at helping employees to accept and embrace changes in their current business environment.

Change management is a very broad field, and change management approaches vary widely from organization to organization and from project to project.
Understanding Change

The Change Curve

- Satisfaction
- Denial
- Resistance
- Exploration
- Commitment

Reaction to the change process:
- "I'm happy as I am."
- "This isn't relevant to my work."
- "I'm not having this."
- "Could this work for me?"
- "I can see how I make this work for me."
- "This works for me and my colleagues."

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Resistance to Change and Organizational Cost of Resistance

Costs:
- Decreased productivity
- Lower return on investment
- Project cost overruns
- Employee turnover
- Absenteeism & medical costs
- Sabotage & theft
- Unrealized goals

Future State

Understanding Change
Planning for Change

• Assess the impact of internal and external factors causing change on the business strategy.
• Commit to a new business strategy
• Assess as-is business processes to determine the impact of change on the organization.
• Design/align roles to support the changes in the business.
• Develop and execute an organizational change management plan
• Define performance metrics. Measure before and after the change to ensure that the change is effective.
• Understand the cost of organizational change.
Tools in Planning for Change

The Burke-Litwin Change Model
Define Change Management Objectives

**Typical considerations . . .**

1. Sponsorship
2. Buy-in
3. Involvement
4. Impact
5. Communication
6. Readiness

**Example of a set of Change Management Objectives in a new ERP System project implementation:**

- Create ACCEPTANCE of the aims of the project
- Create WILLINGNESS, build up TRUST, and decrease RESISTANCE
- Create ABILITY
<table>
<thead>
<tr>
<th>Role</th>
<th>What They Do</th>
<th>Success Factors</th>
<th>Role in your Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change Sponsor</td>
<td>- Communicates the vision and strategies&lt;br&gt;- Provides resources&lt;br&gt;- Breaks down barriers</td>
<td>- High level position&lt;br&gt;- Leadership&lt;br&gt;- Communication</td>
<td>To be identified</td>
</tr>
<tr>
<td>Change Champion</td>
<td>- Highly visible person responsible for implementation&lt;br&gt;- Innovators and Early Adopters</td>
<td>- Leadership&lt;br&gt;- Problem solving&lt;br&gt;- Project management&lt;br&gt;- Communication</td>
<td>To be identified</td>
</tr>
<tr>
<td>Change Agent</td>
<td>- Formal role in facilitating or implementing the change&lt;br&gt;- Communicates benefits and tactics</td>
<td>- “Technical/Functional” skills&lt;br&gt;- Problem solving&lt;br&gt;- Communication</td>
<td>To be identified</td>
</tr>
<tr>
<td>Change Target(s)</td>
<td>- Those who are expected to do something different as a result of the change</td>
<td>- Information, Training, &amp; Tools&lt;br&gt;- Feedback &amp; Rewards&lt;br&gt;- Resilience</td>
<td>To be identified</td>
</tr>
</tbody>
</table>
Implementing Change

John P. Kotter’s 8-Steps of Implementing Change and Lewin’s Freeze Phases

1. Create urgency
2. Form a powerful coalition
3. Create vision for change
4. Communicate the vision
5. Enable action
6. Create quick wins
7. Consolidate the changes
8. Embed changes

Implementing and sustaining change

Creating a climate for change

Engage and enable the organisation

Refreeze

Unfreeze

Change

Unfreeze
Communicating Change

- Communications and Stakeholder Management are part of the same process. The Communications Plan is continually monitored and built to meet the existing information needs of stakeholders.
## Sample Communication Matrix

<table>
<thead>
<tr>
<th>Audience</th>
<th>Message</th>
<th>Method/Channel</th>
<th>Communicator</th>
<th>Direction of Communication</th>
<th>Timing/Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team meeting</td>
<td>E-mail</td>
<td></td>
<td>Executive Sponsor</td>
<td>One Way</td>
<td></td>
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<tr>
<td></td>
<td>Newsletter</td>
<td></td>
<td>Project Manager</td>
<td>Two-Way</td>
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<td>Publication in company magazine</td>
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<td>....</td>
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<td>Q&amp;A Session</td>
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<td></td>
<td>Employee meeting</td>
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<td></td>
<td>Board Meeting</td>
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<td></td>
<td>Planned Events</td>
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<td></td>
<td>Posters</td>
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<td></td>
<td>Training</td>
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</tbody>
</table>

*Every message should be audience-specific.*
Leadership decisions make or break corporate restructurings.
Change management is a Management task!

• As a Leader, you set the tone for change management
• To keep you on track during these difficult times, demonstrate these 5 leadership techniques:
  – Integrity
  – Knowledge
  – Decisiveness
  – Vision
  – Unselfishness

Reference: Five Leadership Secrets for Challenging Times by Ed Sykes (Feb 2011 People Manager magazine)
Organizational restructuring
A global telecommunications company based in New Jersey, U.S.A. providing telephone equipments, telephone switching, data & wireless networking

Ref: Hewitt Magazine, Volume 6, Issue3
Year 2003
Lucent Technologies

Period of Change!
*Mandate is to reduce Cost significantly*

Stock Price

- **1990**: $7.56 a share
- **1996**: AT&T spun off as Lucent
- **1999**: $84.00 a share
- **2002**: $0.55 a share
- **2003**: Acquired by Alcatel
- **2006**: Nov 30, 2006
• The “New” HR
  – A global HR organization with standardization of policies and processes, centralized accountability, regional process execution, a single global IT system, employees responsible for their own transactions and data, and HR business partners who provide coaching and consulting to line management.

• Change Management objectives (reduce cost by 50%)
  – Simplify and standardize global processes
  – Employee and manager self-service
Lucent Technologies

• Outcomes
  – Reduced headcount globally from 165,000 to 30,500
  – Transactional and repetitive activities transitioned to global HR IT platform and HR Operations centers
  – Centers of excellence created within HR – responsible for designing consistent, global HR policies in areas such as recruiting, staffing, compensation, and diversity.
  – Implementation of self-service
• 5 Keys to their HR Transformation
  – A clearly articulated mandate and time frame in which to achieve success
  – Full support of senior HR leadership
  – Engagement of the broader HR leadership and the global HR Community
  – Dedicated resources to keep the business running while simultaneously making dramatic changes
  – Highly dedicated, committed people – both within the organization and in external partner organizations
Lucent Technologies

AT&T spun off as Lucent

Stock Price

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1999: $84.00 a share
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Period of recovery

2006: acquired by Alcatel Nov 30, 2006
End of slides.

QUESTIONS?