



CHALLENGE OF CHANGE
UNITED KINGDOM



EXECUTIVES
ONLINE



CONTENTS

Introduction	1
Research Objectives and Methodology	2
Survey Sample	3
Defining Change Management	4
Drivers of Change	6
Planned Change	9
Managing Change	10
Recession Impact	11
When Change Goes Wrong	12
Delivering Change	13
Conclusion	19

INTRODUCTION

The constancy of change is a reality that impacts every aspect of our lives, and how an organisation manages itself amidst this reality is critical to the success or failure of any business. At times change can seem gradual and evolutionary in nature; in other cases the change can come suddenly and dramatically. A healthy company must have the ability to adapt as needed to whatever sort of change is required, and thus the process of change management has become a significant area of interest for executives in every industry – especially as change seems to come more and more rapidly, and from every direction.

Executives Online has studied change management since 2002, with the publication of our first “Challenge of Change” report. We have continued to update this information with new surveys and research over the years, and we are happy to deliver the latest installment: a far-reaching survey conducted in September of 2009 to over 1,250 executives in the United Kingdom.

This survey was conducted amidst a global recession, a time during which adaptation to a changed economic environment is critical to the very survival of many

companies. Our past survey results have shown a track record of rather poorly-constructed and implemented change programmes; we were interested to see if that record had improved any and what lessons might have been learned by companies on managing change programmes. We also wanted to learn about the impact of the recession on change programmes currently underway. In addition, we polled again about who typically had responsibility for driving change within companies; who was the most effective at delivering that change, and what characteristics were most important for those charged with effecting change in an organisation.

We hope you enjoy this latest update on the ongoing challenge of change. As always we welcome your reaction or feedback on any aspect of our report.



Anne Beitel
Managing Director
Executives Online



RESEARCH OBJECTIVES AND METHODOLOGY



Executives Online has been publishing the Challenge of Change reports since 2002 and our goal has been to understand how the practice of effecting change in an organisation has been evolving over time. We were also curious to see how the global economic recession may have impacted the drivers of, attitudes toward and approaches to change.

Our research for this September, 2009 study was extensive, based on detailed online questionnaires to over 1200 respondents, including a range of executives and interim managers who had been involved with change programmes in some capacity.

Areas of inquiry included:

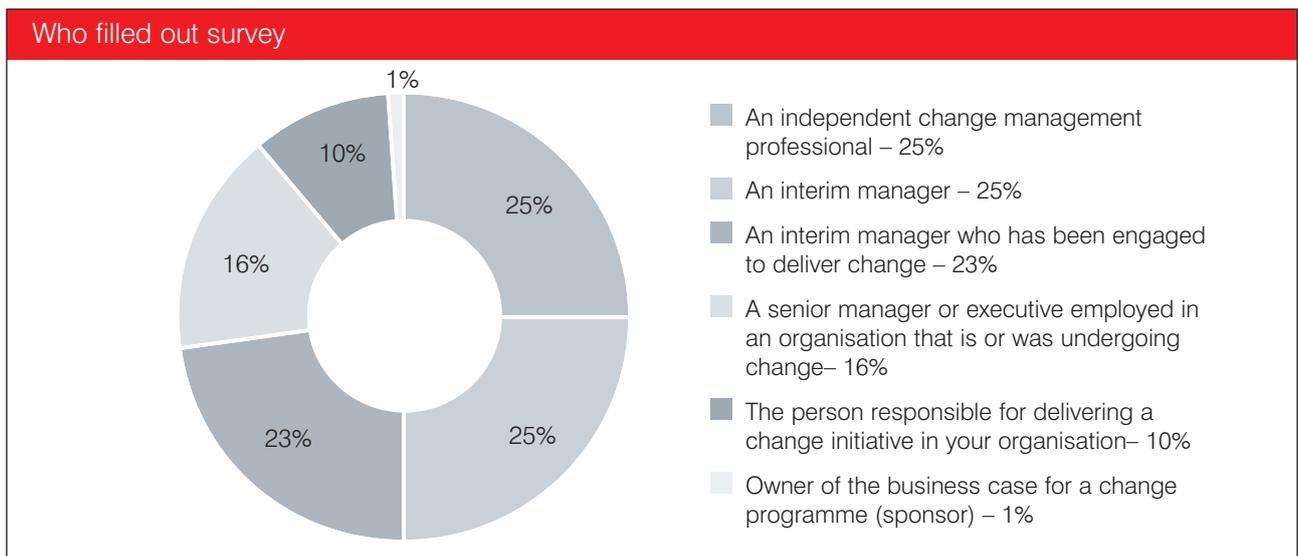
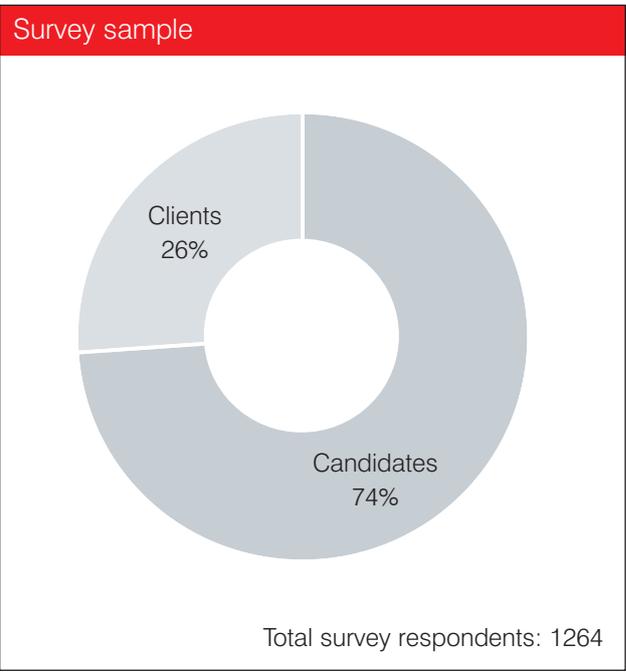
- Definitions and consensus on change management
- Drivers of change
- Current planned business initiatives
- Impact of the recession on change programmes
- Assessment of how well companies manage change
- How change tends to go awry
- Causes underlying change programme failure
- Effectiveness and suitability of change management resources
- Skills required by effective change managers

SURVEY SAMPLE

Three quarters of our survey respondents came from the Executives Online Talent Bank, a repository of executive talent possessing extensive work experience, much of it engaged in “change management.” The remaining quarter of respondents were employed at Executives Online client companies, often senior managers sponsoring change programmes themselves, or being involved in some aspect of their company’s change initiatives.

Just over half of client respondents were from companies with more than 50 employees; almost 20% were from companies with more than 5,000 employees. The most common industries represented were technology/information technology/telecom (15%), business/professional services (14%), and manufacturing (14%). Among candidate respondents, their expertise varied across a range of functional areas with strong emphasis on programme management, general management, human resources/training, and change management.

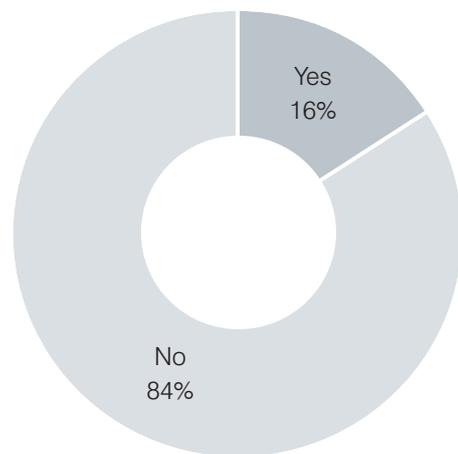
Of the entire survey sample, 11% identified as either the “person responsible for delivering a change initiative in your organisation” or the “owner of the business case for a change programme (sponsor).” The remainder divided almost evenly across “an independent change management professional” (25%), “an interim manager” (25%), and “an interim manager who has been engaged to deliver change” (23%).



DEFINING CHANGE MANAGEMENT

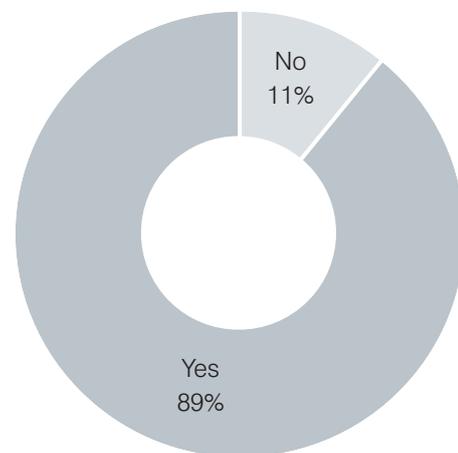
The vast majority of respondents believed that there was little consensus on the definition of “change management.” A mere 16% felt that when someone used the phrase “change management,” it would be clear to others precisely what was meant.

Do you believe there is consensus on what change management is? That is, when someone uses the phrase change management, that others will instantly understand precisely what he or she means?



That said, when respondents were offered a possible definition of change management: “Change management is a structured approach to transitioning individuals, teams, and organisations from a current state to a desired future state,” almost 90% agreed with that definition.

Do you agree with the following definition of change management: Change management is a structured approach to transitioning individuals, teams, and organisations from a current state to a desired future state.



Expanding the Definition

However, when asked how they might tweak the given definition or whether they had a preferred alternative to what was posited, many offered thoughts. A frequently mentioned edit was to add “policies”, “processes” and/or “systems” to the list of elements that would be transitioned in a change management initiative. Another caveat mentioned was that whatever changes were undertaken had to be “sustainable” ones. A more tongue-in-cheek, but certainly still relevant addendum was that an organisation must conduct the change management process “... while remaining alive at all times.”

Change Management or Change Leadership?

Some respondents saw the role of change managers as more about maintaining control of the process, especially as related to costs and organisational upset:

Change management is a way of minimising the costs, externalities and distress incurred when change is made in organisations.

Others focused on the importance of a shared vision in any change management undertaking, and saw the “key enabler to achieving this is top down leadership and complete ownership by all members of that organisation.” Along these lines, one respondent asked whether change management was “an event or a process?” and suggested that it might be more apropos to speak of “change leadership” than “change management.”

Structure vs. Chaos

Several respondents pushed back on the use of the word “structured” in the definition:

...I believe authentic change must be owned by each individual and, consequently, creating an environment where individuals can lead and make the personal change may sometimes require an openness to less structure and control.

One respondent injected a bit of humour as he questioned the likelihood of structure” “Try herding the cats running NFPs ...” For many, the very nature of change simply ran counter to any concept of structure, and thus called for an adjustment in thinking and approach:

Change management is about transformation. It is messy and unstructured; that is the nature of people, and change is a people challenge.

For some, it was frustration with the desire for a “simple solution” that was the problem:

Leaders/managers are always looking for simple recipes – “structured answers” – and these simply do not work in the long run, because environments and people are variables, and therefore unstructured approaches are required that take this into account.

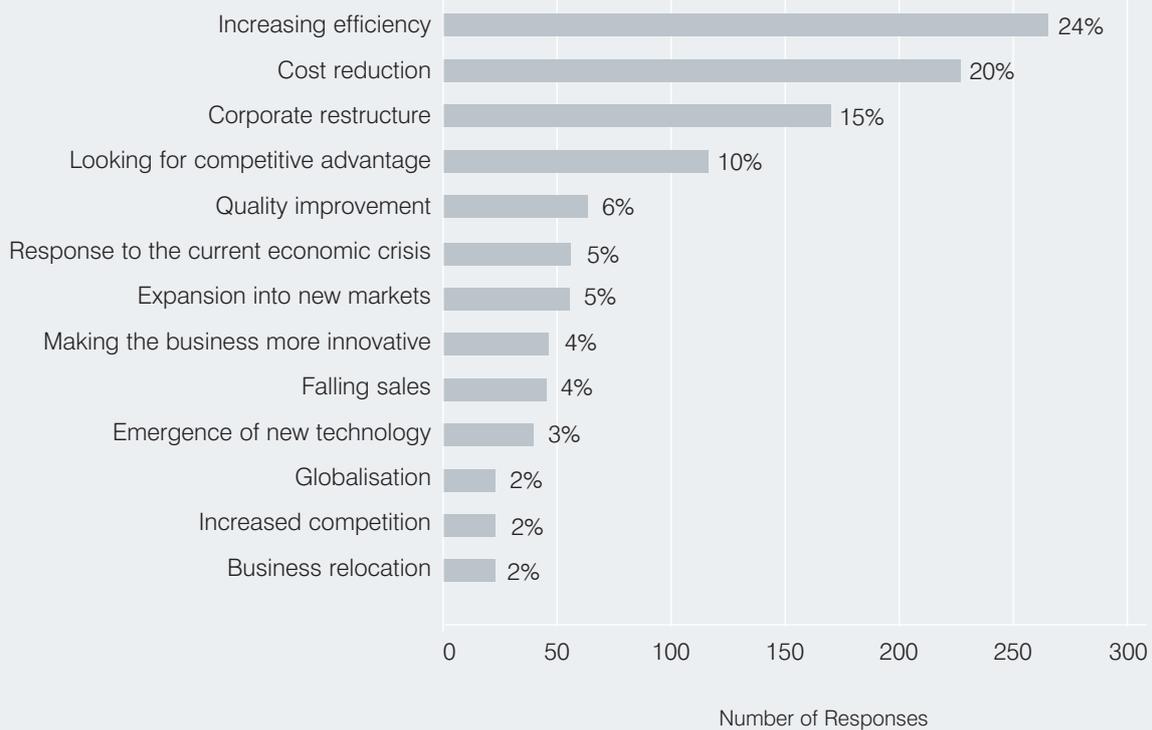
Explaining that change management “cannot be a structured process because it involves moving from a state of equilibrium to an unknown state,” one respondent stated plainly that “chaos has to be experienced.” Another stated unequivocally that change management was “never a linear project path from a ‘current state’ to a ‘desired future state’” and that it was a company’s “failure to tackle the broad set of aspects that leave companies vulnerable to external changes and competition.” Accepting the ubiquitous nature of change as an ongoing reality – perhaps even more so today than in the past – many were in consensus on the need to cultivate an attitude that was embracing of change:

It is about ensuring that the business has an attitude that recognises that continual change is likely to be required to respond to changing conditions – and that change is the normality not the exception.

DRIVERS OF CHANGE

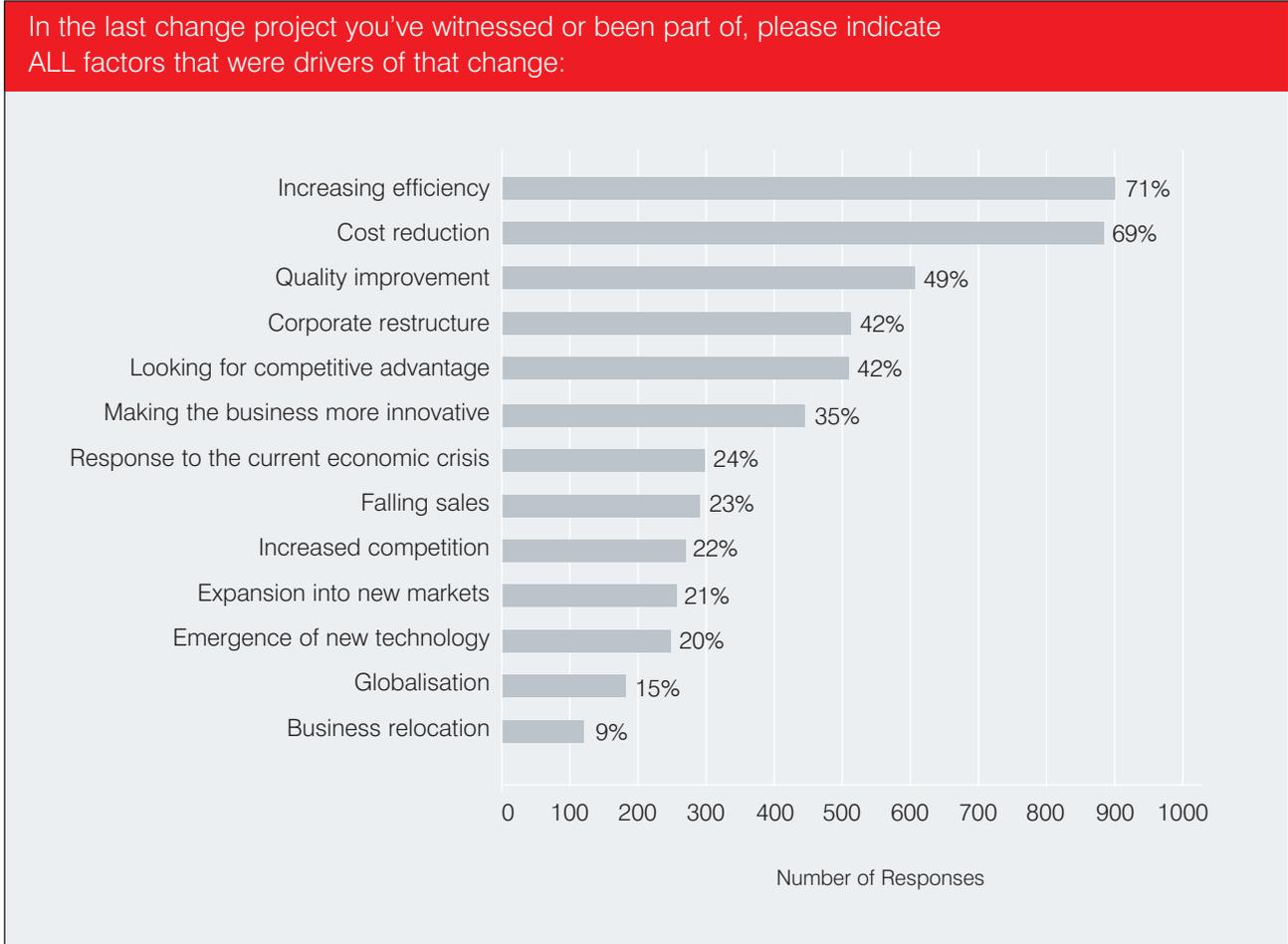
There was remarkable consistency in response around “drivers of change” in our survey today vs. our most recent survey in 2008. The top four “primary drivers of change” indicated were “increasing efficiency” (24% today vs. 20% in 2008); “cost reduction” (20% today vs. 17% in 2008); “corporate restructure” (15% today vs. 14% in 2008); and “looking for competitive advantage” (10% today vs. 9% in 2008).

In the last change project you've witnessed or been part of, please indicate the primary driver of that change:



When the question was expanded and respondents were asked to indicate ALL drivers of change, some elements moved up the in emphasis, namely “quality improvement” (cited by 49% of respondents) and “making the business more innovative” (cited by 35% of respondents).

This would be consistent with the nature of the many ongoing corporate initiatives around quality and innovation. While neither might be the primary driver of change, they are generally taken into account as part of any process.



Fear or Ambition?

In our 2008 survey, 45% of respondents said they believed that most business change is driven by ambition vs. just 21% by fear. In a significant contrast, almost 60% of respondents in our recent survey indicated “fear or defensive reasons” as the driver of business change.

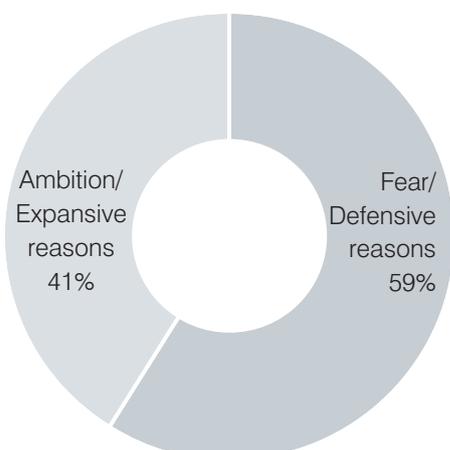
One respondent saw the drivers of change as external forces, driving at once either defensive or expansive motivations:

Successful change only occurs where EXTERNAL forces either create a NEED to change in order to survive (defensive) or create an OPPORTUNITY that key stakeholders wish to exploit (expansive).

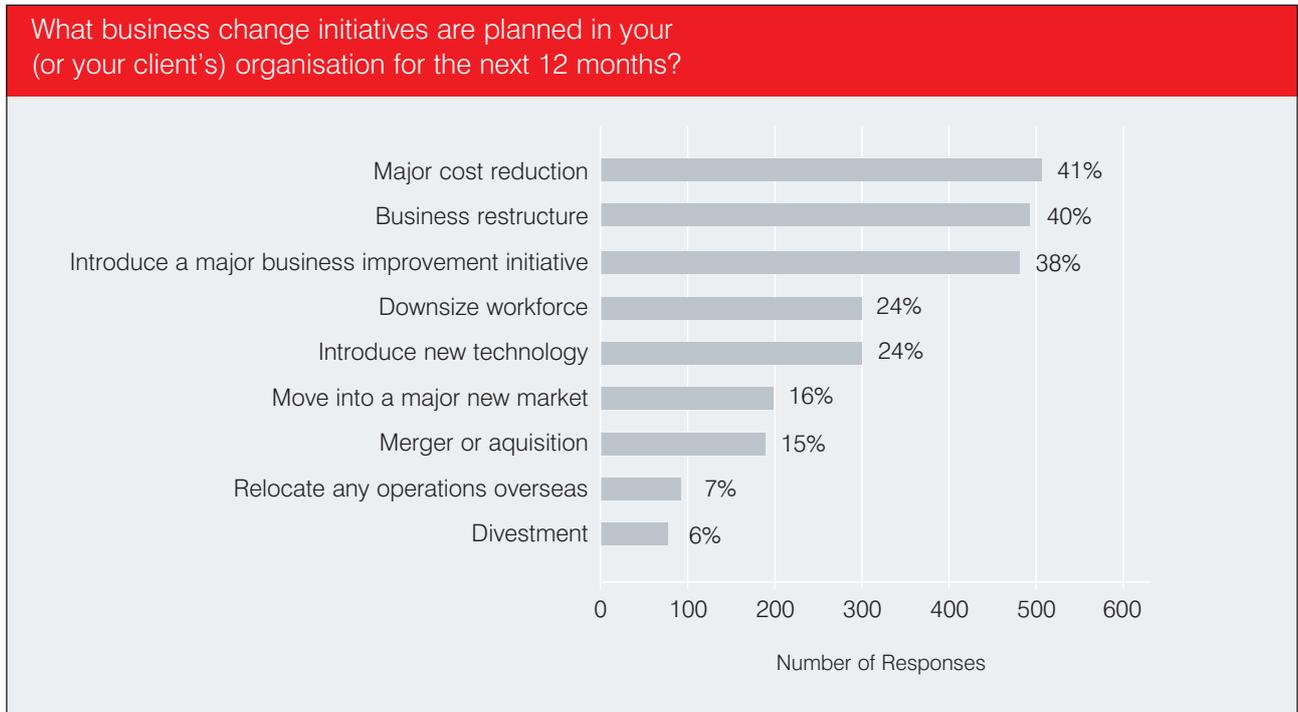
Overall, however, respondents pointed to the global recession as likely the underpinning for this shift in sentiment, as companies are facing more serious economic pressures now than during the time of the last survey.

...because of the current economic climate, change is being driven by fear, whereas before the current economic crisis, change was being driven by ambition / expansive reasons.

Do you think most business change is driven by fear, or ambition? That is, for defensive or expansive reasons, respectively?

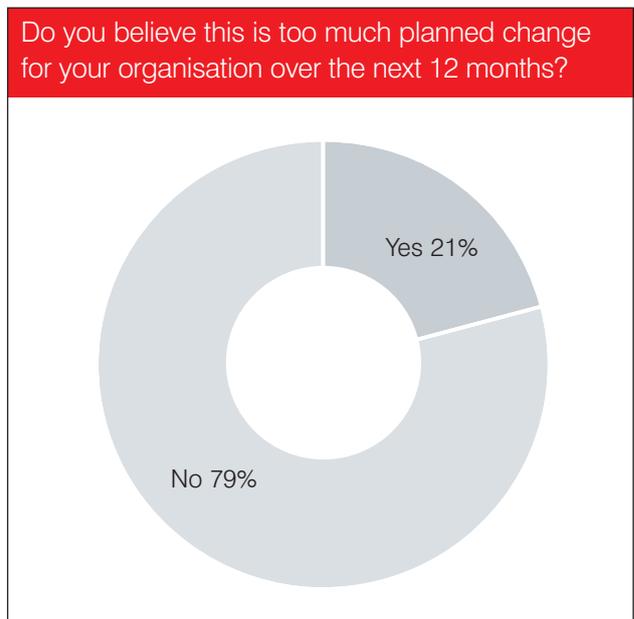


PLANNED CHANGE INITIATIVES



There was a sharp increase in the number of planned change initiatives from our survey in 2008; nearly across the board, respondents indicated greater likelihood to be undertaking new projects. Initiatives in the realm of cost reduction, business restructuring, and business improvement garnered the most responses. Downsizing of the workforce was also indicated – consistent with the current economic pressures. More surprisingly, introduction of new technology also scored relatively highly. It seems the “need to act” driven by global recession conditions has stimulated a range of project directions.

For most respondents, the planned changes seemed manageable; nearly 80% did not feel it would be “too much” for their organisations. These figures are relatively consistent with the data from the 2008 survey, in which 70% felt that the changes were “not too much,” although the planned changes at that time were lesser, indicating that the appetite for change may have increased out of necessity.



MANAGING CHANGE



Overall, respondents are not impressed with how well companies manage change. Only 2% indicated that companies manage change “quite well,” and only another 13% indicated “fairly well.” Less than a third said “average,” and over half said either “fairly poorly” or “quite poorly.”

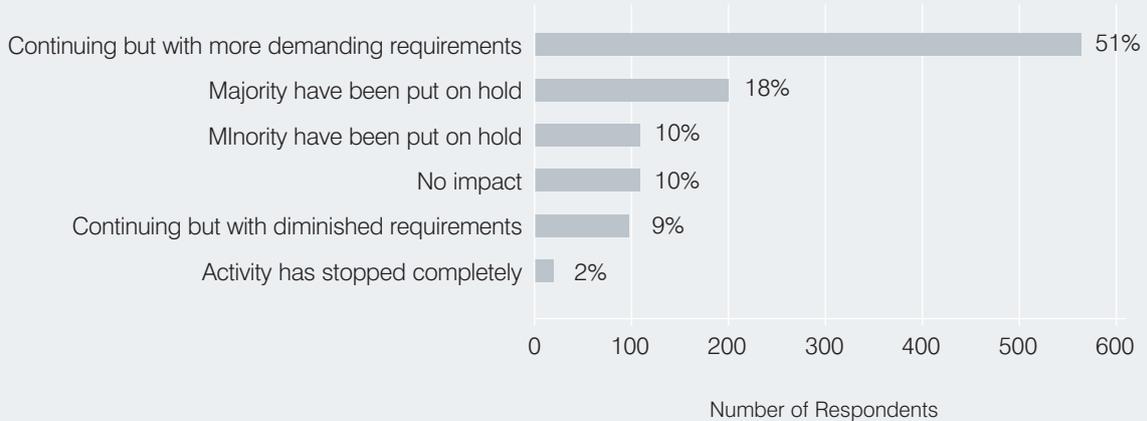
Compared to our survey in 2008, companies are faring less well in this realm; in that survey over half rated companies as “average” and only 39% rated them as poorly/quite poorly/very poorly.



RECESSION IMPACT

As previous survey data has shown, the global recession has had an impact on companies across the board. When asked specifically about its effects on change programmes already underway, more than half said the programmes were “continuing but with more demanding requirements.” Eighteen percent said that “the majority” had been put on hold; another 10% said that “a minority” had been put on hold. Nine percent were continuing with diminished requirements, and for 2%, activity had stopped completely. Only 10% indicated that there had been no impact from the recession.

What is the main impact the recession has had on change programmes already underway in your or your client’s organisation?



When asked specifically about its effects on change programmes already underway, more than half said the programmes were “continuing but with more demanding requirements.”

WHEN CHANGE GOES WRONG

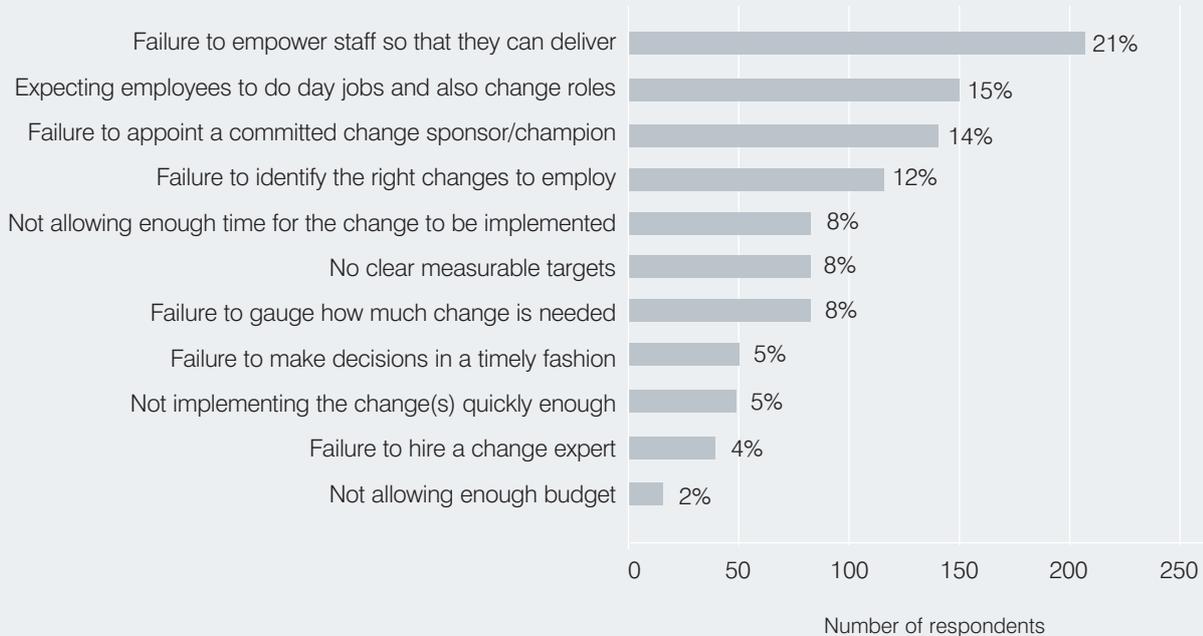
Given respondents' feelings on how poorly companies manage change, it is clear that much goes wrong. In terms of diagnosing specific issues, the most significant issues seemed to be staffing-related: "failure to empower staff so they can deliver" (21%, up from 13% during the last survey in 2008); "expecting employees to do day jobs and also change roles" (15%); and "failure to appoint a committed change sponsor/champion" (14%, up from 8% in 2008).

When asked for additional comment, many respondents placed the blame on senior management, on their "failure to lead," and around issues such as "lack of commitment to the change," "insufficient planning prior to implementation," and "poor communication" overall.

Extremely poor communication to the workforce for WHY the change is necessary; although key staff were in the loop, they became territorial for reasons of job security and did not communicate to peers.

One respondent spoke of "energizing the workforce" and getting "the commitment of all involved so they feel part of the change rather than as if something is being done to them." Another problem was too much focus on the outcome and not enough on what had to be done to get there. From a tactical perspective, some talked about the separation between the "change team" and the operational businesses, which hampered the change efforts. Finally, one respondent mentioned a more pointed reason for possible failure: "failure to deal with the fundamental causes of the presenting problem."

Where change goes wrong, what have you seen as the main cause?

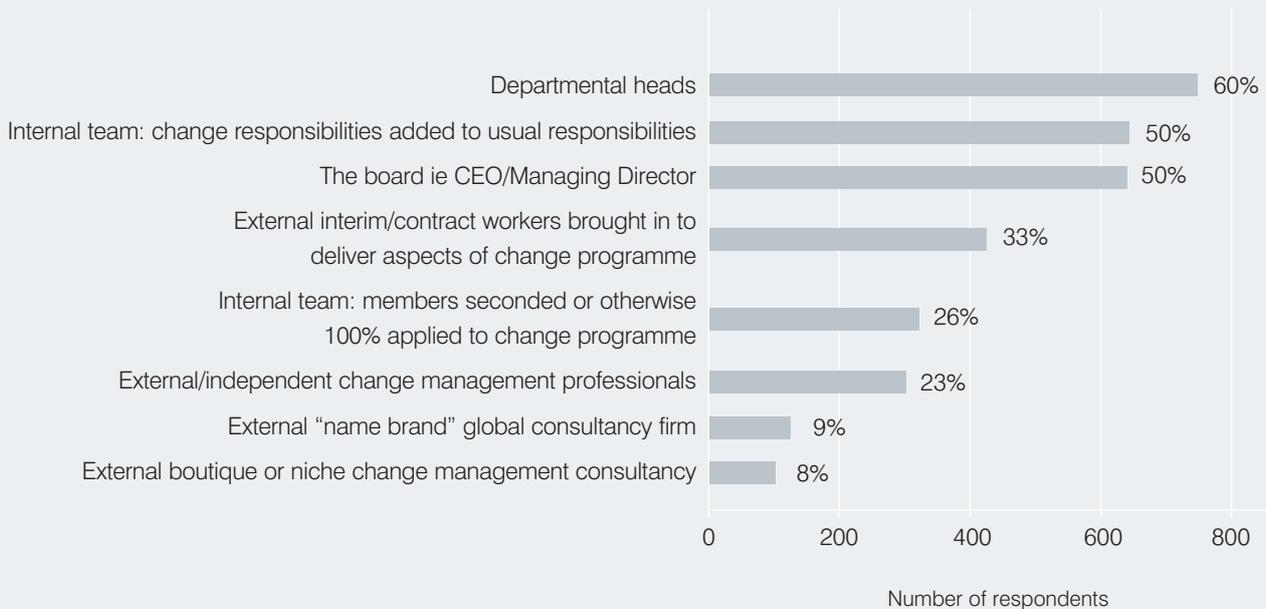


DELIVERING CHANGE

Actually *delivering* on the planned change programme is the key challenge. A variety of different resources may be involved in a single change programme, depending on the company and the magnitude of the change sought. Department heads were often involved (60%) as were internal teams (those for whom change responsibilities were added to their usual responsibilities; 50%) and the board (i.e., CEO/Manager Director; 50%).

Management consulting firms – either “name brand” or boutique/niche firms – were not used often, and this was consistent with the 2008 survey. There was significant growth in usage of external interim/contract workers (from 15% in 2008 to 33% today) and external/independent management change professionals (from 9% in 2008 to 23% today).

In the last change project you have been part of, what resources have been used to lead and deliver change? (tick as many as apply)



Primary Resource vs. Effective Resource

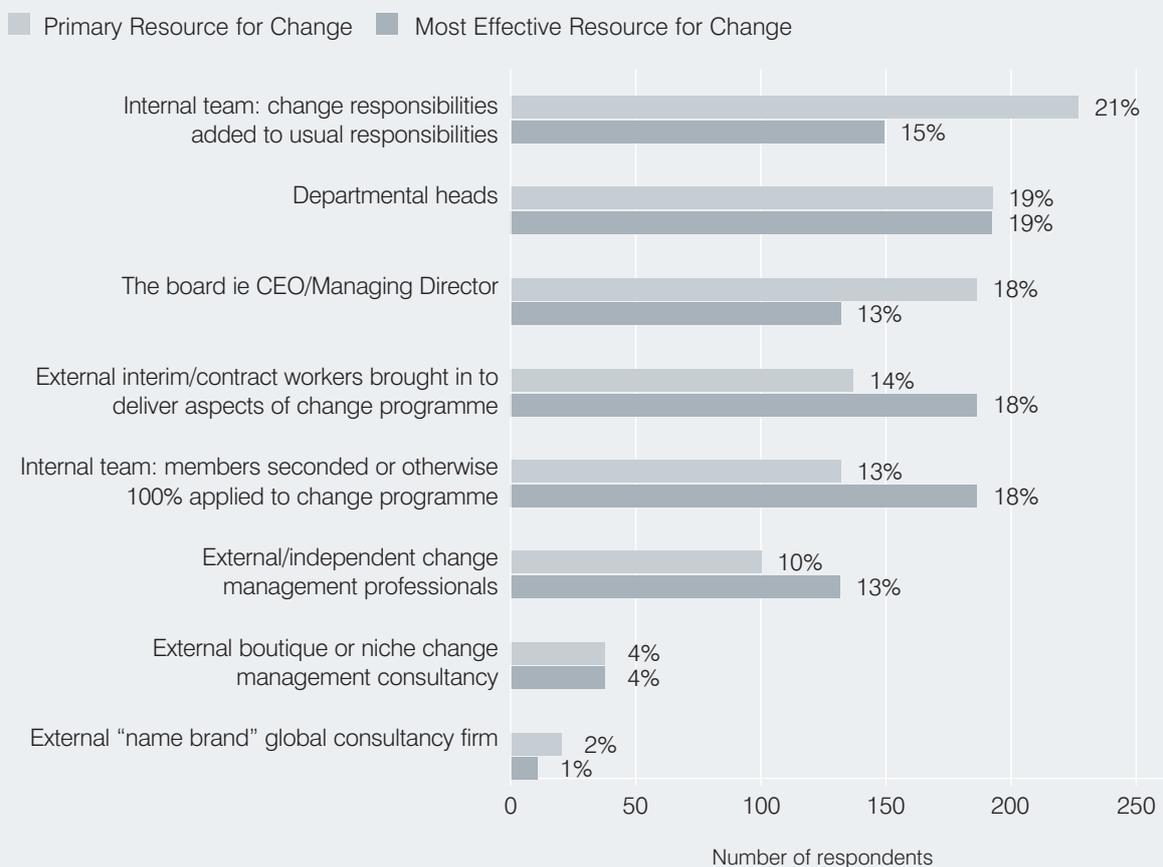
Survey respondents were then asked to indicate which resources had been the PRIMARY resource for change, and then which resource had been the MOST EFFECTIVE resource for the change. It was interesting to see how these two sets of answers compared. Around internal teams, views differed based on whether the team was dedicated fully to the change initiative (“members seconded or otherwise 100% committed to change programme”) or if change responsibilities had been “added to usual responsibilities.”

In the case of the latter, where internal team members were juggling multiple responsibilities, respondents found that while they might be the primary resource for change (21%),

they were not necessarily the most effective resource (15%). In contrast, the “dedicated” internal team members were the primary resource in just 13% of the cases, but were viewed as the most effective resource 18% of the time. A similar disparity was seen around the board (i.e., CEO/Manager Director) role: the primary resource in 18% of cases, but the most effective resource just 13% of the time.

For external interim managers and independent change management professionals, the disparity was a positive one. Though seen as the primary resource 14% (“interim/contract workers brought in to deliver aspects of change programme”) and 10% (“independent change management professionals”) of the time, they were viewed as being most effective 18% and 13% of the time, respectively.

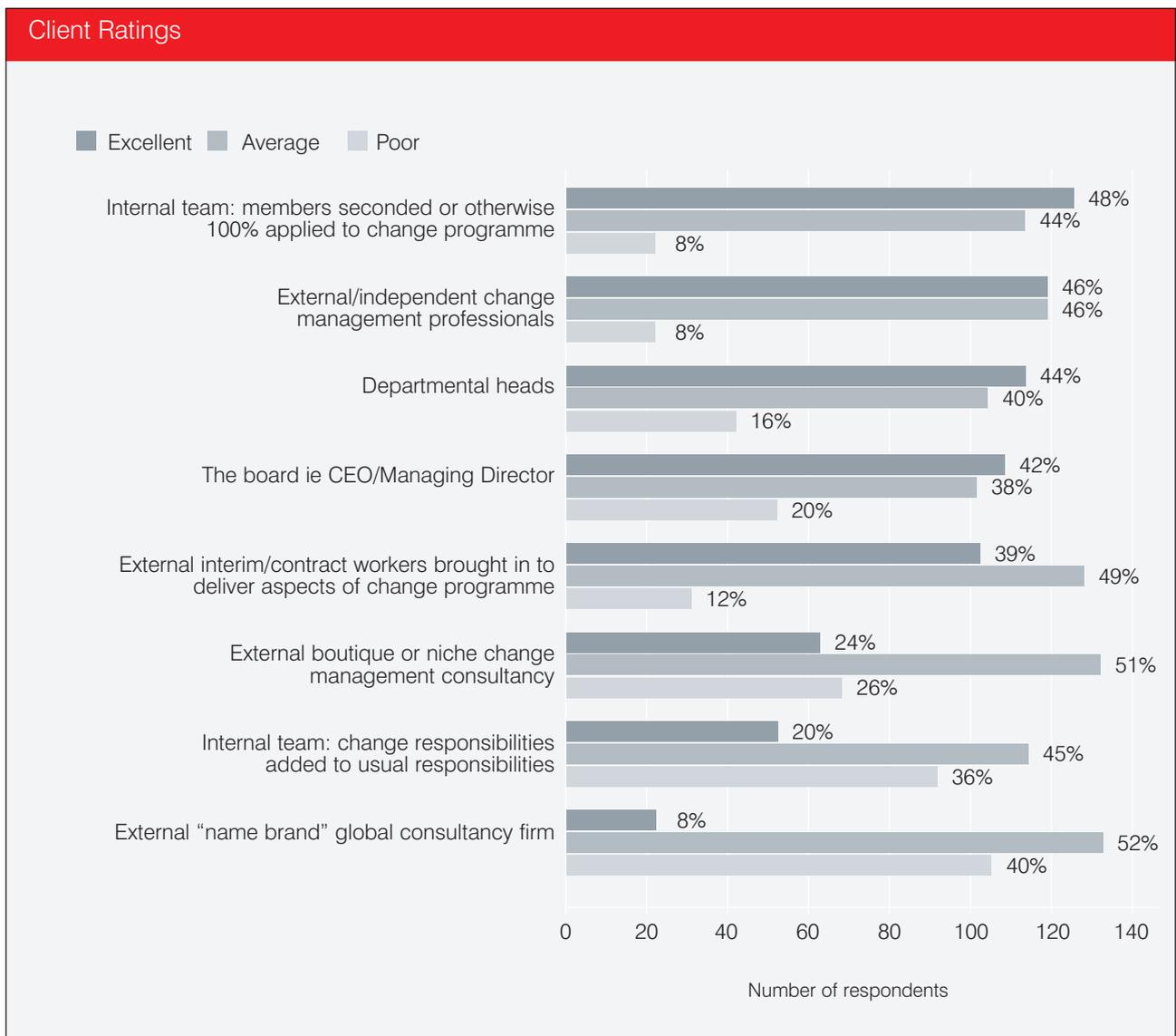
In the last change project you have been part of, which resource was the PRIMARY one used to deliver change? Which was the MOST EFFECTIVE one used to deliver change?



Suitability Ratings

When asked to rate each role as to its “suitability for leading change management,” respondents were consistent in favoring internal team members dedicated to the change management initiative; external independent change management professionals, and interim/contract workers brought in to deliver aspects of the change programme. There was some difference between the client and the candidate perspective. Clients tended to favor the internal

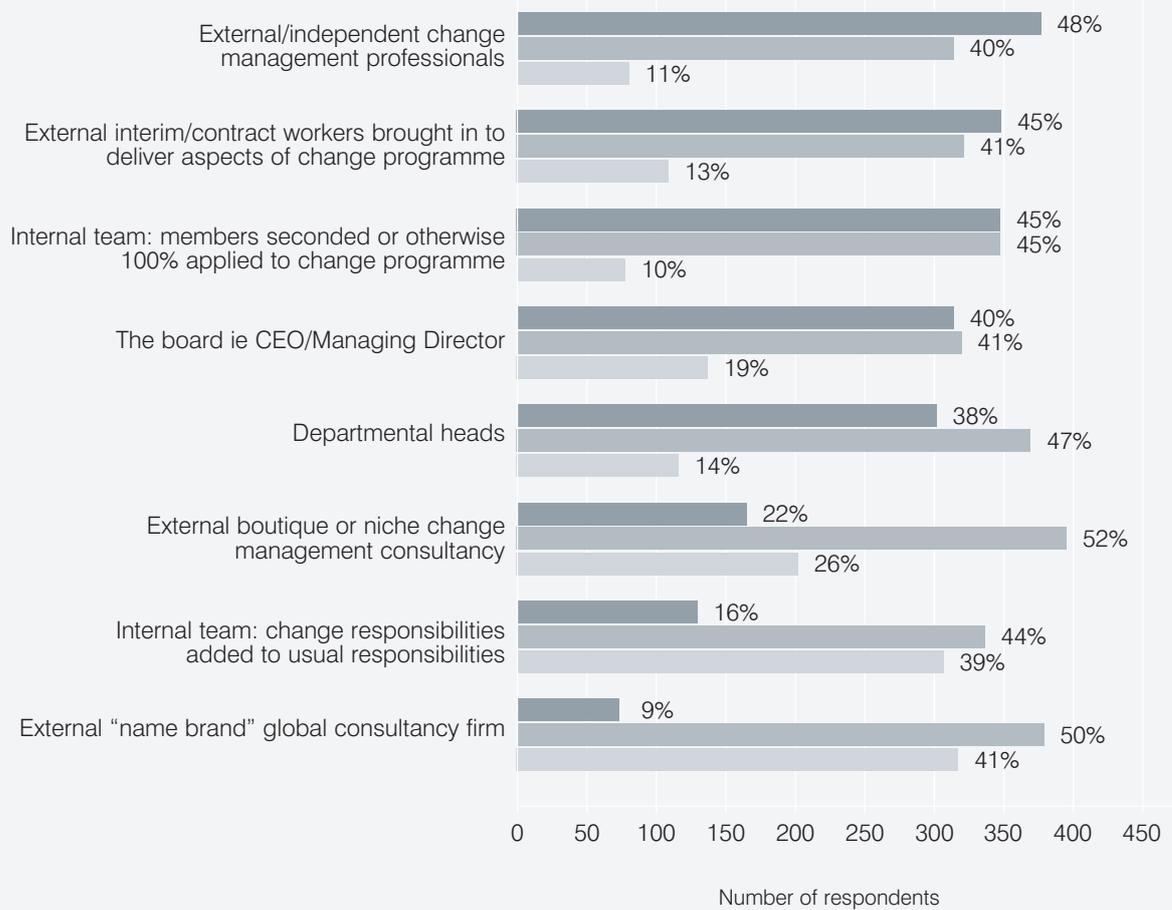
teams, followed closely by independent change management professionals, department heads, and the board. Not surprisingly, candidates favored external independent change management professionals and interim/contract workers, as well as dedicated internal team members. Neither group rated “name brand” or boutique consultancies highly.





Candidate Ratings

■ Excellent ■ Average ■ Poor



Change Management Skillset

Finally, survey respondents were asked to rank a list of skills in terms of their importance to a person responsible for delivering change. There was remarkable consistency in ranking between clients and candidates, with each ranking

the same four skills at the top: “successful leadership skills,” “successful track record in similar change management programme(s),” “excellent communication skills,” and “personal charisma/persuasiveness.”

Please rank the following skills in terms of their importance to a person responsible for delivering change	Clients' Rank	Candidates' Rank
Successful leadership skills	1	1
Successful track record in similar change management programme(s)	2	3
Excellent communication skills	3	2
Personal charisma / persuasiveness	4	4
Experience in the function in which the majority of the change is concentrated	5	7
Experience in the organisation's industry	6	6
Being goal-oriented	7	5
Patience	8	9
Sense of urgency	9	8
Marketing and sales capabilities	10	11
Technical acumen (modelling, analysis, mastery of formal analytical tools)	11	10

“Soft” Skills

Respondents were prolific in their comments about the skills required for successful change managers. Many felt the need to add to the list of skills in the survey, and a common theme was around the “soft skills” demanded by the interpersonal nature of change, such as empathy, integrity, discretion, tact, intuition, flexibility, and a sense of humor. “Listening” was mentioned repeatedly, as well as the “ability to calm fears and overcome management reluctance to back their own decisions.”

Change is about moving people out of their comfort zone to take a risk in the change. You therefore need to first tackle their anxieties and worries by listening and addressing them.

Personal charisma was also seen as important to drive and motivate others and also to gain their trust. “Envisioning a compelling future that gives others confidence” was at the core of the exercise.

The key skills are the ability to understand the changes required and translate these into a workable action plan that is well communicated and the relevance of which is understood by all affected by the change. This is more easily achieved if time is taken to identify and promote the benefits of any planned change to the relevant audience(s).

The complexity of the change management task was also recognised and thus the ability to deal with complexity was seen as critical. “Financial acumen” and “organisational design skills” were mentioned. Good change managers must also have the “ability to pull together complex information;” to “make sense of large amounts of rich information about people, systems, and relationships;” and “to see the interrelationship of issues in the area where the change is being undertaken.” An effective change manager must “create simple solutions with complex outcomes.”

From a political perspective, some respondents highlighted the importance of the change manager having senior level support within the organisation: “must have a thick skin and the support of the board at all times.” Or in the words of one respondent: “sponsorship, sponsorship, sponsorship.” For many, the best skills in the world wouldn’t help a change manager if he or she didn’t have the right political support:

The person has to have the backing of someone with clout. If that person is not accessible or has a hidden agenda or is too weak to carry his/her senior reports along then no matter how good the interim/change consultant is nothing meaningful will happen.

While most respondents believed that “having done it before” was a strong predictor of success in change management, many did not feel that experience in the specific industry was critical.

Understanding and driving a process is more effective than understanding the actual business.

Experience is not a must have . . . [it] is a bonus but people with no industry or change experience can still be fantastic deliverers of change.

Some went as far as to say that actual experience in the specific industry or function in which the majority of the change is concentrated “can work against change.” Being too close

to the industry or function can lead managers to “take too much for granted and thus miss key indicators of progress.”

I have been involved in a number of successful restructuring exercises, often in businesses where I had no experience. All have, to date, been successful based on common sense, customer service and a review of the underlying business economics.

Successful change management would sometimes require some less pleasant tasks, so the ability to “confront reality and denial” was helpful, as was the willingness to “express a point of view and support it with data, even if it’s not what the company wants to hear.” Creativity did not go unmentioned; one respondent quipped that change management involved “working outside the box, not just thinking outside it.” Then there was the zen-like sentiment, “being the change is more effective than talking about it.” But perhaps the most “comprehensive” definition

An effective change manager must have the the patience of Job, the wisdom of Solomon; the drive of Gen George Patton. Plus a very thick hide. Marriage guidance counseling skills are helpful.

An effective change manager must have the patience of Job, the wisdom of Solomon; the drive of Gen George Patton. Plus a very thick hide. Marriage guidance counseling skills are helpful.

CONCLUSION

The “challenge of change” continues to stymie the majority of companies. Consistent with previous survey results, our September 2009 respondents were not impressed with how well companies manage change: just 15% said “quite well” or “fairly well”. Well over half indicated either “fairly poorly” or “very poorly.”

Corporate restructure, cost reduction and increasing efficiency were all viewed as significant drivers of change and were also among the most common planned initiatives, which is not surprising amidst a global recession. Of the companies surveyed, only 10% said the recession had not impacted their change programmes; over half were continuing but with more demanding requirements and other programmes had either been put on hold, scaled back, or stopped completely.

Change tended to “go wrong” when the “right” changes were not identified. There were also issues around failing to empower staff and failing to allow enough time for the changes to be implemented, which was consistent with past surveys. Another factor added by numerous respondents was the lack of senior management commitment and engagement in the changes planned – another aspect that had come up repeatedly in past research.

The board, department heads, and internal teams were all commonly tapped to employ change, though internal teams – if 100% applied to the change programme – were perceived to be among the most effective resources. External/independent change managers also received a vote of confidence from many respondents, and given the lack of success continually seen across the change programmes cited, perhaps employing more individuals with change management expertise might make sense.

Interestingly, the top-ranked skills for an effective change manager tended to be more generic qualities vs. more specific or technical skills. Successful leadership and excellent communication skills as well as personal charisma/persuasiveness all ranked highly. Many survey

respondents commented on the critical importance of the “human side” of the change process, adding further credence to the need for strong leadership, communication and persuasiveness.

The recession has necessitated change across most companies and industries, and the ability of a company to successfully navigate the tides of change will be a factor in determining who survives. Finding the right formula for effective change management: what to change; who should effect that change; and how to execute on the chosen programme . All of these elements require careful attention for success.

Executives Online has a strong track record in finding change management expertise; feel free to call us **+44 (0) 1962 893 300** if you think we might be able to help.

Corporate restructure, cost reduction and increasing efficiency were all viewed as significant drivers of change and were also among the most common planned initiatives

ABOUT EXECUTIVES ONLINE

We offer a unique, full-service process with is a balanced blend of technology and personal service.

Executives Online delivers fast-track executive resourcing – interim management, project management, and permanent recruitment – leveraging our 80,000-strong Talent Bank of senior executives. We source talent globally, via the Talent Bank which is build and drawn upon by each of our growing network of offices around the world.

We offer a unique, full-service process which is a balanced blend of technology and personal service. Our approach attracts both the best candidates and the most challenging opportunities, and enables us to rapidly and effectively match then together in successful placements.



**South of England**

Staple House, 3rd Floor
Staple Gardens, Winchester
Hampshire, SO23 8SR
T: +44 (0) 1962 893 300

London

Capital Tower, 91 Waterloo Road
London, SE1 8RT
T: +44 (0) 845 053 1188

North of England

2 Victoria Street, Wetherby
West Yorkshire, LS22 6RE
T: +44 (0) 1937 581900

North East of England

Rotterdam House
Quayside
Newcastle upon Tyne, NE1 3DY
T: +44 (0) 191 2064113

North West of England

82 King Street
Manchester, M2 4WQ
T: +44 (0) 161 935 8246

Scotland

Dalgety Bay Business Centre
Ridgeway, Dalgety Bay, KY11 9JN
T: +44 (0) 1383 828920

Midlands

West Walk Building
110 Regent Road
Leicester, LE1 7LT
T: +44 (0) 845 328 2370

East of England

Suite 283, 17 Holywell Hill
St Albans, AL1 1DT
T: +44 (0) 845 326 8145

South West and Wales

1 Friary, Temple Quay
Bristol, BS1 6EA
T: +44 (0) 117 344 5128

Ireland

1st Floor, 43 Main Street
Rathfarnham, Dublin, D14
T: +353 (1) 492 5000

Belgium

Gentsesteenweg 1050, bus 12
1082 Brussels
T: +32 (0) 475 580 333

Italy

Via Senigallia 18/2 Torre A
20161 Milan
T: +39 (0) 2 6467 2632

The Netherlands

Atrium gebouw
Strawinskylaan 3051
1077 ZX Amsterdam
T: +31 (0)20 3012159

Germany

Dillenburg Strasse
51105 Cologne
T: +49 (0) 221-460 234 17

Australia

Suite 238, 117 Old Pittwater Road
Brookvale, NSW 2100
T: +61 (02) 9907 1222

France

17 rue du Maréchal Lyautey
95620 Parmain
T: +33 (0)1 34 73 10 72

South Africa

West Block, Dunkeld Crescent
Corner Jan Smuts and Albury Rd
Dunkeld West 2196
T: +27 (0)11 2432801