Avoiding change management failure using business narrative

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INTRODUCTION

Managing change is tough. It's tough because it's about people who are complex, unpredictable, dynamic and resist engineering. Many change initiatives fail, most of them because of the people part. One recent study of 40 companies found that 58 percent of change initiatives failed to reach their goals.[1] That's a lot of missed opportunities. The need for effective change will not subside and in fact is rapidly increasing as leaders look for ways to push their organisations to the next level of performance.

Here are a few reasons that change initiatives fail:

• not establishing a great enough sense of urgency;
• not creating a powerful enough guiding coalition;
• not empowering the people to deliver change;
• inadequately engaging the affected stakeholders in the design, implementation and monitoring of the change;
• having inappropriate objectives or failing to communicate them effectively; and
• not identifying and removing obstacles to the new vision.[2]

This paper describes how business narrative approaches can dramatically improve your chances of achieving successful change. Avoiding the pitfalls listed above requires clarity about why things are the way they are, what realistic objectives might be and engaging people in figuring out what to do about achieving it.

Business narrative helps create a more appropriate description of the vision, better understanding of the current situation and the barriers to achieving the vision, better ways of engaging stakeholders and making them champions for the change, and through identifying the things that will make the biggest difference in achieving the change.

Business narrative is designed to help organisations deal with the complexities inherent in people-based issues such as change management. This paper describes the essential features of a business narrative approach to change management and outlines each major step in the process.

A BUSINESS NARRATIVE APPROACH TO CHANGE

There are two business narrative traditions: one which is commonly called *storytelling* which emphasises the creation of persuasive stories to be told by business leaders; the other is *storylistening* which is based on capturing and listening to work *stories*. These stories are simply retellings of what happens in the workplace. Here's an example:

> It's interesting you mentioned the town hall day. [Name] was told half an hour before an OH & S presentation that she was giving it, so she stood up there, read what was on the presentation, let everybody know that she wasn't happy and it wasn't her job and she shouldn't have been doing it and read word-for-word what was up there. She pissed everybody off no end and then said, "Any problems, don't tell me about it".

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The beauty of collecting stories is that they invariably reveal much more about what is really happening in your organisation. It's the natural way we keep ourselves up to date. But the business narrative technique is not just about collecting stories, it also a process for those involved in change to make sense of what is going on—in their gut—and then provides the information to design interventions that make the change happen.

DEFINING THE FUTURE STATE

Here is the first challenge. Change management is unpredictable. In fact anything involving people is unpredictable. The idea that a company can accurately describe a clear end point resulting from their change program in 3–5 years time is nonsense. Even 12 months is a stretch. Yet change takes time.

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Dealing with unpredictability requires letting go of some control without letting go completely. Boundaries are required and a description of a future state is needed but it should be defined in broad business terms. When Christopher Columbus set out to discover a new trade route to the Indies there are a couple of ways success could have been defined. If success was specifically to discover a new trade route, then Columbus failed. He never made it to the Indies. But if his objectives were more broadly defined to discover *new trade sources* then bumping into an unexpected and resource rich land mass half way though his journey was a welcomed and successful surprise. Change management requires leaders to define success broadly and be prepared to be surprised.

The red arrow hitting its designated target in Figure 1 depicts the traditional conception of change management. Define the target accurately and aim your resources at hitting that target. The meandering dotted line, however, represents what actually happens—much like navigating a rough sea, tacking back and forth, taking action to see what happens, nurturing what works and disrupting what doesn't. Change management follows a crooked path.

Helping senior managers describe a future state in business terms which is broad enough to accommodate surprises is imperative. For example, when implementing a new document management system, rather than describing a future state where everyone uses the new system according to a set of predefined rules, describe the future state where the principles of information management are supported by the document management system.

UNDERSTANDING THE CURRENT SYSTEM

It's important to start the change program with a shared understanding of the current situation, once understood a change process can be formulated, enacted and progress assessed.

A useful way to think about the current situation is to consider what people know (knowledge), what people do (practice) and who they know (relationships) then examine the role of key players in the system: staff, influencers, sponsors and support (see Figure 2).

The *staff* are the people who will be primarily affected by the change. Among these staff are people who are highly connected, highly knowledgeable and persuasive and as a result are *influencers*. It's important to identify and engage influencers at the outset of the change initiative. The *sponsors* provide the resources to enable the change process and are senior managers and decision makers. The *support* group facilitates the change process. The support team can be a mixture of volunteers and project members. Together these four roles constitute the *change agents* each with their part to play.
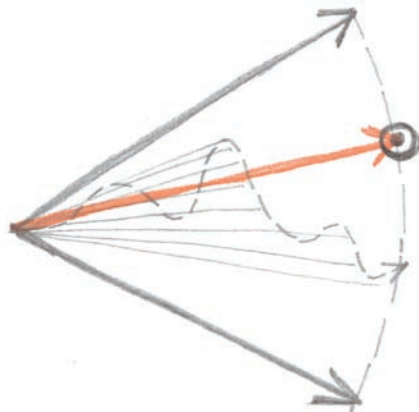
Figure 1: Defining a future state

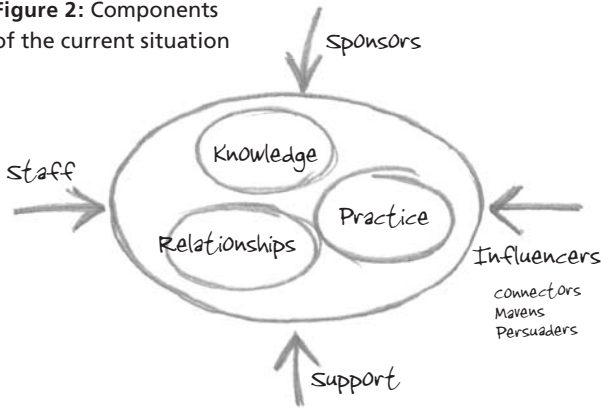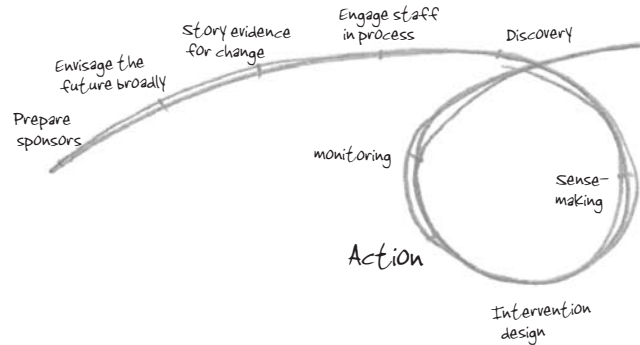**Figure 2:** Components of the current situation

Figure 3: getting ready for the change program

These core areas of knowledge, practice and relationships described in Figure 2 form the raw materials from which interventions are designed. For example, new knowledge is created, practices modified and relationships reconfigured.

GETTING THINGS STARTED

In getting started change programs face two challenges: assisting senior management to empower the change agents; and helping reluctant staff change their minds to believe there is a real need to change.

In both cases participatory approaches are used in combination with stories which illustrate the urgency and extent of the need to change. Figure 3 illustrates the core process.

PREPARE SPONSORS

There is a place for control and another for distributed leadership. In a workshop environment senior managers are helped to develop their own understanding of where control works and fails based on their own stories and the stories of other companies. Combined with research and reasoning the group is facilitated to discover for themselves that change management is a complex pursuit where cause and effect relationships impossible to discern. In these cases mechanistic approaches are inappropriate. If, however, after this session

the senior management team believes they can command the change into existence then this participatory technique will fail and the change management effort will be fraught. This is the essential first step.

### STAFF ENGAGEMENT AND COLLECTING STORY EVIDENCE FOR CHANGE

Successful change programs require committed, engaged and involved staff. Staff energy, however, is rarely expended on a project unless there is a belief there is a real need for change, that the need is urgent, and they are working on something that really matters.

Business narrative is a powerful way to explore the need for change. For example, if you are looking to implement a document management system, stories which illustrate, for example, "the mishandling of documents leading to the company being successfully sued for negligence" or "how a patient was given the wrong drugs and died because the wrong version of a medical chart was printed" provide potent data for engaging staff while building awareness for the need for the change.

The next step is in identifying the influencers among staff. Many of these people are well known while others remain hidden from senior management view. Conducting a simple social network

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Figure 4: an iterative change management approach
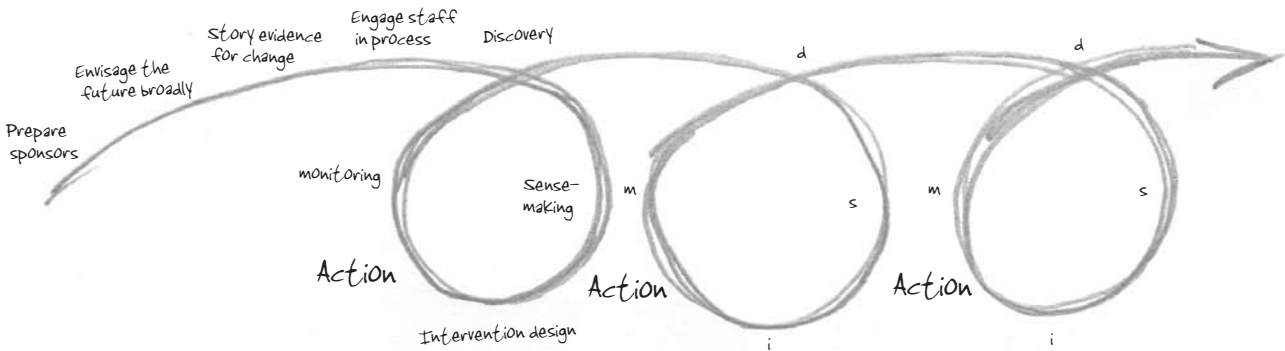
analysis and asking staff to participate in the interpretation of this information is one approach. It is important to be up front and transparent giving everyone an opportunity to have input into the process.

This phase inevitably creates discomfort as staff realise that the change is necessary. At the same time there must be a feeling that they will be supported in the change helping them to attain the essential knowledge, practices and relationships.

These early steps can be summarised as:
• envisage the future broadly
• prepare sponsors
• collect story evidence for change
• engage staff in process

ITERATIONS ENABLE YOU TO LEARN WHILE DOING

Complex and unpredictable environments require learning by doing. Deep analysis is simply expensive procrastination. The best way to achieve change is to undertake tasks in iterations. Each cycle should be done quickly (less than 8 weeks) and result in actions from which more learning is gained during formal progress reviews.[3] The basic cycle in the Anecdote approach has four steps:

• discovery
• sensemaking
• intervention design
• monitoring

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DISCOVERY

The first discovery phase is designed to understand the current environment. The aim is to understand the knowledge, practices and relationships in operation (see Figure 2). Here are some of the approaches and techniques that might be employed:

• What do staff think?
 —collect anecdotes
• What do sponsors think?
 —collect anecdotes
• What knowledge is important?
 —knowledge mapping
• What are the important relationships?
 —social network analysis
• Who are the influencers?
 —social network analysis

The collection of anecdotes forms the basis of much of the work because stories encapsulate the grey areas, they contain the values and assumptions in operation and they are the natural way humans make meaning of what happens around them. As a result, people are often more open when exchanging stories with colleagues and a greater understanding of the current situation emerges. But the stories still require interpretation and should not be analysed by an external 'expert' who reveals what's really contained in the stories. The interpretation process is called sensemaking and it's the next step in the process

MAKING SENSE AND MAKING CHANGES

Once the discovery activities have been conducted it is now time for the team to design ways to act and progress the system towards the envisioned future state. As Figure 4 illustrates, the key activities are sensemaking, intervention design and monitoring.

SENSEMAKING

Sensemaking is a group activity designed to detect patterns in an otherwise confusing jumble of perspectives, concepts and assumptions. Sensemaking aims to foster a common understanding and form the basis for decisive action. Brian Arthur helps us understand the mindset underlying sensemaking with this imaginary encounter.

> Imagine "the top figures in high tech—the Gateses and Gerstners and Groves of their industries—as milling in a large casino. Over at this table, a game is starting called multimedia. Over at that one, a game called Web services. In the corner is electronic banking. There are many such tables. You sit at one. How much to play? you ask. Three billion, the croupier replies. Who'll be playing? We won't know until they show up. What are the rules? Those'll emerge as the game unfolds. What are my odds of winning? We can't say. Do you still want to play?" [4]

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These high rollers can only perceive the rules of the game by playing it. The same is true for change management. The discovery process provides a snap shot of what's happening, then the change agents make sense of this information and combine it with what they know. They discover the rules of the game.

It's important that stakeholders understand the nature of the game, the issues, they are facing. Some issues can be readily decomposed, analysed and understood. These types of issues are amenable to the application of best practices and process solutions where A plus B always equals C. This is the 'known' and 'knowable' domains in Figure 5.

Many issues, however, are complex. They are characterised by vague problem definitions, where each 'improvement' creates new problems, where there are no right of wrong answers and where there is a group of highly interconnected people involved. During the sensemaking process stakeholders develop a common understanding of the nature of the issues involved by discussing them in relation to the framework depicted in Figure 5.

For those issues which are chaotic the only choice is to take some action in an attempt to stabilise the situation.
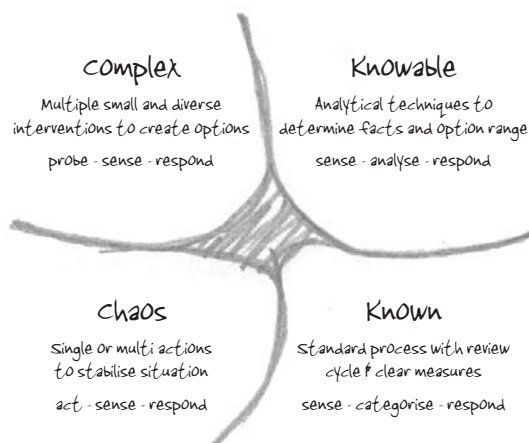
With an understanding of the nature of the issues the next step is to design some actions to both make progress toward the desired future state, learn more about the environment, and perhaps change the rules or even the game.

INTERVENTION DESIGN

Intervention design involves the group working together to design what actions they can make, based on the evidence and patterns brought to light through the discovery and sensemaking processes. During intervention design people work in small groups and examine the current situation and ask questions such as:

- What can we create that has never existed before?
- What can we totally eliminate?
- What can we significantly reduce so that it's remarkably different?
- What can we markedly increase?

Figure 5: Understanding the nature of the issue at hand[5]

Complex
Multiple small and diverse interventions to create options
probe - sense - respond

Knowable
Analytical techniques to determine facts and option range
sense - analyse - respond

Chaos
Single or multi actions to stabilise situation
act - sense - respond

Known
Standard process with review cycle & clear measures
sense - categorise - respond

Such questions spark people's imaginations and novel and unique designs arise. **The objective is to design many small interventions rather than planning a single mammoth programme. The motto of 'small and many' encourages a portfolio approach enabling the team to rapidly implement interventions and see the results quickly.**

When dealing with complex issues its vital that people don't attempt to solve the problem. While sounding paradoxical, any attempt at developing definitive solutions results in standard project management thinking rather than designing small interventions designed to make incremental headway and provide additional option for learning and progress.

MONITORING

Finally, once interventions have been designed and actioned, it is important that the system is monitored to compare how it responds to those interventions and how the efforts are progressing toward the desired future state. The results of the monitoring help prepare the group for a subsequent iteration through the discovery, sensemaking, intervention design and monitoring cycle.

CONCLUSION

In September 2005 the staff morale indicator of the Australian arm of one of the world's largest IT &T companies dropped 20 points. Previous surveys showed a slight downward trend over the previous year but the September results were an unexpected and significant shock. The reverberations were felt in Tokyo, the Asia Pacific headquarters. The message from headquarters was clear: fix it and fix it fast.

The culture change team had been working on these types of seemingly intractable problems for the last three years and with each passing quarter their effectiveness seemed to be waning. The traditional approach of conducting surveys, defining the ideal outcome, designing programmes and embarking on extensive communication efforts failed to gain traction and create any

sustained change. The culture change team was experienced in dealing with complexity yet their efforts' impact appeared to be diminishing.

The team leader sensed it was time for a new approach and this need serendipitously coincided with their team's learning business narrative techniques. With help from Anecdote the culture team set about collecting stories from their major business lines. A workshop was convened where senior managers and participants in the story collection activity worked together to make sense of the anecdotes. The workshop participants completed their work by designing a set of interventions which could be put into practice immediately.

Twenty interventions were designed that day. Senior management and other participants were involved in the process and therefore additional explanation was unnecessary to get approval for implementation. The first round of implementations is under way and the response has been positive. While it's still early days the staff survey results are improving. The success and positive outcomes of the staff morale project has garnered the executive support and confidence enabling a new business narrative project to start looking into client satisfaction.

More adaptable approach to change management are emerging with the development of business narrative techniques. While it seems obvious to say that organisations are not machines people are still talking about them in terms of 'greasing the cogs', 'turbo charging the processes' and 'hitting the target'. Change management challenges are rarely solved by this type of traditional linear thinking. Avoiding the failures of the past require a new approach. Business narrative provides a better alternative which harnesses the real potential which exists in an organisation, the people.

Business narrative helps create a more appropriate description of the vision, better understanding the current situation and the barriers to achieving the vision, better ways of engaging stakeholders and making them champions for the change.

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Shawn, Andrew and Mark are Directors of Anecdote, a company which helps organisations harness their tacit knowledge. In particular, we guide people in becoming better intuitive decision-makers, help to create the conditions for innovation, and provide new approaches for initiatives in culture change. We use narrative techniques, concepts from complexity science, and tools and techniques drawn from the wide discipline of knowledge management.