



Change Management: the Recipe for Success

Change is a threat: this is true of change that occurs in our personal lives as much as in our careers. How do we know that the new situations are not going to lead to unhappiness and lack of fulfilment? Change always involves a sense of loss, and this can be terrifying.

It is not that people are inherently cowardly when it comes to dealing with change in their personal or business lives. Obviously, some types of change are seen as desirable: otherwise people would never get married, move house, go on holiday, have a baby and so on.

Yet it is precisely the life-changing activities mentioned above which are major causes of stress for people, and with good reason. Unfortunately, marriages often don't work out; house-moving sometimes turns out to have been an expensive mistake, holidays are not always as enjoyable as they should be and people may find that the restrictions on their lives caused by having a baby end up depressing them.

The point is: change *is* potentially dangerous, whether to our physical well-being, to our psyche, or to both. It is interesting that many of the world's most dare-devil business people, explorers, politicians are very conservative in their domestic arrangements and avoid untoward change if they possibly can. Even highly ambitious and driven people are frequently cautious when it comes to changing the fundamental conditions of their lives.

Facing up to change

But we cannot avoid change. We cannot bury our heads in the sand and pretend that change either does not happen or does not matter to us. For example, we get older whether we like it or not!

Equally, when we as humans do nothing, we still consume finite personal resources – and this is also true of businesses. When they are not moving forward, they still expend labour, fuel, money and raw materials. (lets face it – a business that *isn't* consuming those things is not going to be trading for very long.)

Having said this, *spontaneous* change is relatively rare both in personal life and business life, and usually to bring about change, you normally have to make a conscious decision and a concerted effort to do so.

It's true that in novels and movies, things tend to happen to people more spontaneously but these are artificial situations and by definition must contain a plot which acts on the protagonists. In real life, doing nothing to change aspects of your life is likely to leave you disappointed and unfulfilled.

You might say: 'This is all very well, but surely organisations are always evolving to meet the needs of their marketplace?' Yes, the best organisations *are* always evolving in this way, but this does not happen spontaneously, any more than a successful individual's rise from poverty and obscurity to wealth and fame happens (usually) through some spontaneous process. The evolution has to be planned, managed, implemented and monitored. Managing change in business is a serious business.

But why bother changing?

How does your organisation decide whether it needs to change at all? Well, the right decision in most unlikely to be reached by an academic committee or board sitting around a table and pondering various theoretical issues as they drink their coffee or sip their port. Change is much more urgent than that. Just as the very process of breathing is essentially a precarious one - if there isn't a ready supply of oxygen available around you, you're in big trouble - the ability of a business to win, maintain and look after customers is also fundamentally a precarious business. Customers are fickle: why should they bother being your customer unless you have a tremendously good proposition to offer them? Nor can an organisation assume that just because it's been brilliant at meeting customer needs in the past it will automatically be able to continue to do so in the future. Sometimes, of course, an organisation puts a change into effect which actually is *harmful* to its market share. Remember *Coca-Cola* and the new type of drink it launched with the new flavour? Once the public had expressed their - literal - distaste for the new beverage, *Coca-Cola* put a new emphasis on its original drink and even gave it the name 'Classic'. Who has seen or tasted the new drink in recent years...?

The mistake *Coca-Cola* made was a classic example of how *not* to manage change. Change must derive not from a personal whim of a company chairman, or from someone on the board having read something in the weekend FT and brooded on it until Monday morning, nor even from the organisation responding to what is clearly a mere passing trend. No, change must come from one thing and one thing only: *customer* needs.

But, customers are all too aware of their power and of their importance to the organisations that try to sell them products and services.

What sort of change?

This feeling of power expresses itself in many ways. For one thing, customers always want a *better deal*. This is why so many organisations strive to offer new products and services even when they already have many successful ones out in the marketplace. This is why organisations will try to add enhancements to already popular products and services, even if the underlying product or service remains fundamentally unchanged. A popular brand of car, for example, might be sold with a better engine or a wider choice of customisable features. A popular make of breakfast cereal might be offered at the same price with ten percent extra cereal in the box. True, there *are* some areas where customers are famously conservative. Well established and well loved food and drink brands, for example, are notoriously dangerous areas: people get used to a particular taste, like it, and feel betrayed if it changes. But this is very much an exception: there are few other areas where customers are innately conservative.

How should we change?

Faced with fickle customers who are able to exercise their power to obtain products and services not only from a wider range of delivery channels (the Web being the most important example), but also from rival sources, organisations must confront the constant need to energise customers. I don't mean energise in the Star Trek sense of blasting the molecules of their body apart and reassembling them on the surface of a planet that looks suspiciously like southern California. I mean blasting customers, instead, with delighted astonishment at the quality of the new deal that is on offer.

What precisely this new deal consists of will vary dramatically from one organisation to another. For some organisations it may simply be a significant price reduction which leaves the competition stuck in the starting-grid. For another organisation, it may mean broadening the range of what is on offer to include completely new areas.

Meeting the customer need

When *Marks & Spencer* went into the retail food business some years ago, many people wondered what exactly they were playing at, but today the food business is a highly profitable area of M&S's activities. And what about traditional electricity suppliers who are now selling gas and vice versa? They have cottoned on to an overtly obvious point: if you are taking the trouble of delivering one utility to a customer, why not exploit your customer mandate and try to sell other utilities too? Ultimately, an organisation's variety of customer offering should only be limited by two factors: the organisation's imagination and the customer's need. But the customer's need is what matters most.

Balanced change

Of course this process of expanding into new areas is terrifying. You have to be prepared to confront the unknown. You can never be certain that the new venture will succeed: all you can do is take steps to carry out as much research as you possibly can.

The question of speed to market is obviously of great importance here. My belief, having led many major Change Management projects, is that success in this respect is not so much about being first off the base – the number of dotcom start-up failures, for example, show that rushing in can be lethal – but about getting the right balance of information. You have to be prepared to go into areas that don't have absolute answers and be ready to confront the unknown. Waiting for one hundred percent certainty may slow the initiative down to the extent that it risks ceasing to offer a significant competitive advantage. It's all a question of balance: balancing the need to get the new offering out in the marketplace with the need for some caution and enough knowledge of what you are doing to be reasonably confident of making it a success.

Changing the organisation

Inevitably, any major initiative designed to increase profits through increased customer appeal will involve changing many aspects of how an organisation works, thinks and behaves. Ultimately too, the behaviours of individual people will need to be changed and re-orientated around the new corporate goals. This is a major strategic task and frequently requires companies to work with external consultancies which provide assistance in managing the move towards a new status quo.

The consultancy needs to inspire what may be thousands of people while also retaining a firm focus on the overall objectives. It also needs to understand that sometimes the short-term results being achieved in a particular department may be less relevant to the overall objective than the head of that department might believe. If this all sounds extremely complex and difficult, it is!

Change management is one of the most demanding areas of management. It requires consultants to have extensive experience of business both as managers and as entrepreneurs, a strategic understanding of the industries in which they are operating and a willingness to spare no effort to understand what their client organisations want to achieve, both now and in the future.

Our experience as consultants shows that working with Administrative Managers increases the chances of successful Change Management. This is because they know, or can access, the detailed information on how things work in reality.

In this case, the **more** cooks the better is a recipe for success!

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