



The Management of Change: The MPA 20th Annual Conference held at Latimer House Conference Centre, Latimer, Buckinghamshire on 19–20 September 2002

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Some points raised in the Discussion Workshop

When working so hard on the day job, how do we manage change as well?

- Change is part of our everyday lives, both at home and at work, so get people to buy into change and the “change journey”. Accustom people to the dynamics of change. The problem nowadays is that we don't get through the whole change curve before the next big change arrives and we have to loop back in constantly.
- Only line managers can implement change and make it work. They must be supported with extra resources.
- Major change should be treated as a major project.

Change is necessary and continuous. The problem for many is that one change project may follow on the heels of another before the previous one has been completed.

No two change projects are the same. There are one-off business change projects and ongoing change projects to achieve continuous improvement. There is organizational and cultural change as public sector industries move into the private sector; change to downsize; and change to deal with growth. There are also mergers and demergers. No organization is immune to change. To accommodate changes in the private and public sectors, trade unions have had to reform to remain relevant to their members.

Drivers for change

Universal drivers for change are: economic globalization, the explosive pace of technological advance and the changing demands of the 24-hour society

There are threats from terrorism to the collapse of major companies.

Crises of many kinds can act as triggers.

Government itself can be a driver for change in its role as paymaster and provider of resources for the public sector.

Moving from the public to the private sector can be an impetus to change.

Society is in continual change, with such visions of the future as shorter working hours and greater leisure time. Some of us live on “thin air” as we do not produce anything tangible or material but rather make a living by thinking, analysing and serving. Tomorrow's economy will be based on intellectual capital, social networks and human interaction—at the heart of which is continuous change. Managing that change will determine the success or failure of an organization.

Feedback and lessons

Cultural resistance to change is widespread. People need continuing motivation to change. It is important to nurture a culture in which change is accepted. In global organizations, there will inevitably be differing cultures but there must be a set of principles that override individual cultures and unite them.

Importance of vision. Leaders of change must ensure that the vision is clearly articulated and professionally communicated.

Top-down and bottom up. There is no single right way to implement change. Top-down a method for merger – small central entity to guide merger and rapid devolution of decisions as soon as the body is formed. Always remember, however, that only 30 per cent of mergers succeed from a monetary point of view. Bottom-up can be used where several layers of management are frustrating change. You can reach around the intervening bureaucracy direct to the front line, and work from the bottom up.

The military hierarchy has a sense of discipline and a willingness to carry out change, whether or not it is useful.

Honesty and trust. Consultation and communication is essential as your workforce have to be brought along. If your workforce take ownership, change will be delivered better and more successfully. It requires vision, boldness and effective leadership.

Adapting LUL's network to the demands of the 21st century

The government wanted to boost the use of public transport but was reluctant to increase national debt and was keen to use the private sector's skills. The new structure therefore agreed by government involved partial transfer of LUL to the private sector. It would continue to operate the trains and interface with the public but three new "infracos" would support the operation, under three performance-related contracts.

Managing the cut-over from public to private sector

Managing the cut-over was a sensitive operation. To ensure everyone understood the "old world", the top 100 managers wrote down what was important about their jobs: how they interrelated to the people with whom they worked, the way they did their jobs and where that information would be needed in the three new organizations. They then had to write down how they would operate in their "new world", taking into account what they had written about the past. The managers were asked to sign, when they were comfortable. Many were reluctant to sign at first but it did make them realize the seriousness of the undertaking.

Launching an infraco: the case of JNP

The vision was simple and immediate, "trusted to deliver". A new business had to be forged, with everyone buying into the new environment, where it became "design to a cost", not "cost the design." Managers were responsible for the whole life of the asset and for the leadership of the company. They had to develop a commercial mindset and set aggressive targets.

JNP is paid a basic infrastructure service charge for delivering a base level of performance. After that the charge varies, depending on output. Performance has been better than expected during the period when the new organization was waiting to be handed over to the successful private sector bidder.

Tube Lines took over responsibility for JNP in early January 2003, with an ambitious target to reduce train delay by 10 per cent in the first year.

Remember that with size comes responsibility. The bigger you are the more deliberate and circumspect you have to be. Change should be founded on rigorous analysis of the change necessary and its scale. Then set clear targets and measure performance, and develop a realistic timetable to win the future.

Performance measurement. Take care to measure only those things that are quantifiable, simply by measuring you may distort the performance.

Before employing external consultants, make sure you use the internal expertise. Salvation can often be found by looking within an the organization.

There are some questions you need to ask: What is the current reality? What would happen if no changes were made? What are the options, what can you do and at what cost? Where are the trade-offs? What resources are needed, in terms of money, skills etc would it take to ensure a more reassuring future?

Merger: fit in terms of scale, products, markets and market share to achieve a specific goal. Create a mechanism for implementation. Decision affects philosophy, organizational structure and performance targets.

Underpin the themes of the management of change: start with strategic analysis, use real leadership; manage continuity and make sure your organization has the capacity to track change; and communicate.

Drivers for change in the military (most are applicable to business, too)

Threats: some emerge over time and are therefore somewhat predictable, others are shock threats, e.g. 9/11, and others still are only short term.

Technology: that the military operate at the frontiers of technology is often false. The numbers of any one item purchased are low, and therefore the cost of technology is high.

Government: Government and ministers change. The repercussions are felt not only by the military but by the whole public sector and the private sector as well.

Societal changes: the military must react in a measured way to social change, as they cannot be alien from the society they are defending or no one will join them.

Resources: lack of resources is the biggest driver for change, as manpower costs and the availability of labour are not independent from the rest of society.

Working with allies: as a consequence some drivers for change are not of the UK's own making or of its own choice.

An academic view of change

Change fell into two categories. The first was encountered in a large business change project, with immediate goals and pressure for radical improvement in the short term. Change management here was characterized by a bias towards rules, order and hierarchy. The second was concerned with the long-term purpose and value of the organization, where change management was characterized by a bias towards entrepreneurship. The leadership team needed to identify the type of change it was dealing with; it was a case of horses for courses.

In the 21st century, old management theories borrowed from hard science, no longer matched the new reality.

One new reality was the complex adaptive system. Four principles underpinned the concept of the complex adaptive system: that equilibrium was a precursor to death (by extension, organizations needed to remain dynamic); that a "self-organizing" organization had much of its intelligence distributed

throughout the organization; that many organizations functioned at the edge of chaos (not necessarily to their detriment—this was a symptom of energy); and that organizations were composed of weak and complex linkages, which needed disturbing, not directing.

Major companies had tackled change in a variety of ways. In the early 1990s, IBM was virtually bankrupt and ready to be broken up. If it was to survive, change was essential. Within four years, the company had been turned round, under the leadership of Lou Gerstner with undoubted contributions of "rebels and revolutionaries" within. IBM's corporate history over 40 years had been a succession of cycles, with a period of growth and entrepreneurialism followed by a period of bureaucracy and stagnation. To induce a new period of growth, the trick was to break out of the sclerotic period. This had been done, and the evolution of IBM was rather like an organism moving forward in its own way and changing.