Planning, Managing & Implementing Change Handout

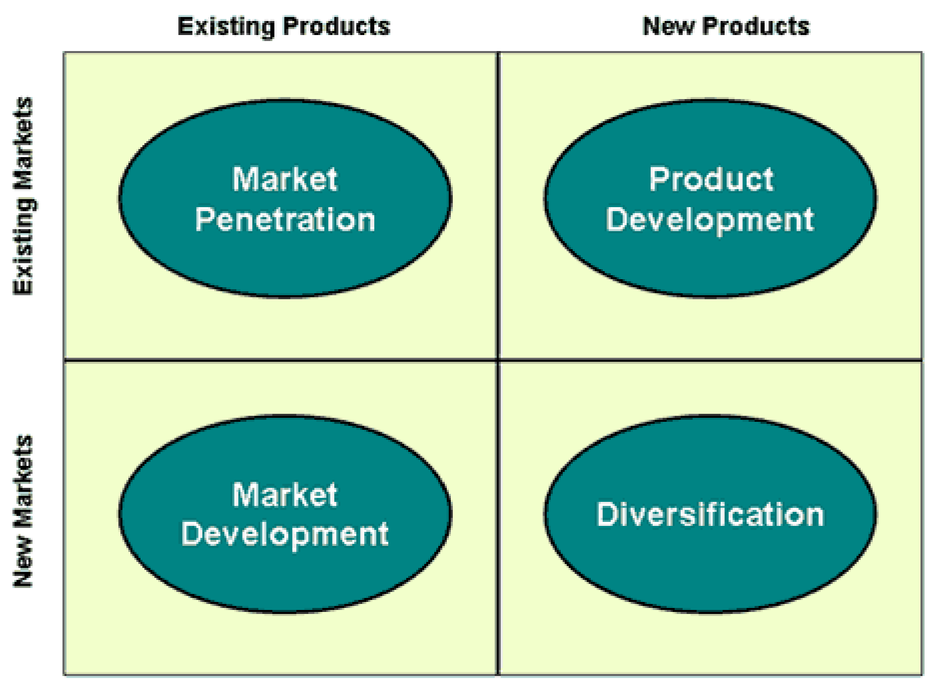
Contents

Some Growth Models

Ansoff's Matrix

The Ansoff Growth matrix is a tool that can be useful to understand where growth potential is going to come from.

Diagram Ansoff's product/market model



The output from the Ansoff product/market matrix is a series of suggested growth strategies that set the direction for the business strategy. These are described below:

Market penetration

Market penetration is the name given to a growth strategy where the business focuses on selling existing products into existing markets.

Market penetration seeks to achieve four main objectives:

• Maintain or increase the market share of current products – this can be achieved by a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling

• Secure dominance of growth markets

• Restructure a mature market by driving out competitors; this would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors

• Increase usage by existing customers – for example by introducing loyalty schemes
A market penetration marketing strategy is very much about "business as usual". The business is focusing on markets and products it knows well. It is likely to have good information on competitors and on customer needs. It is unlikely, therefore, that this strategy will require much investment in new market research.

Market development

Market development is the name given to a growth strategy where the business seeks to sell its existing products into new markets.

There are many possible ways of approaching this strategy, including:

• New geographical markets; for example exporting the product to a new country

• New product dimensions or packaging: for example

• New distribution channels

• Different pricing policies to attract different customers or create new market segments

Product development

Product development is the name given to a growth strategy where a business aims to introduce new products into existing markets. This strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

Diversification

Diversification is the name given to the growth strategy where a business markets new products in new markets. This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience. For a business to adopt a diversification strategy, therefore, it must have a clear idea about what it expects to gain from the strategy and an honest assessment of the risks.

Ansoff, I., Strategies for Diversification, *Harvard Business Review*, Vol. 35 Issue 5, Sep-Oct 1957, pp.113-124

The Greiner Curve Model

As workloads increase exponentially, approaches which have worked well in the past start failing. Teams and people get overwhelmed with work. Previously effective managers start making mistakes as their span of control expands. And systems start to buckle under increased load.

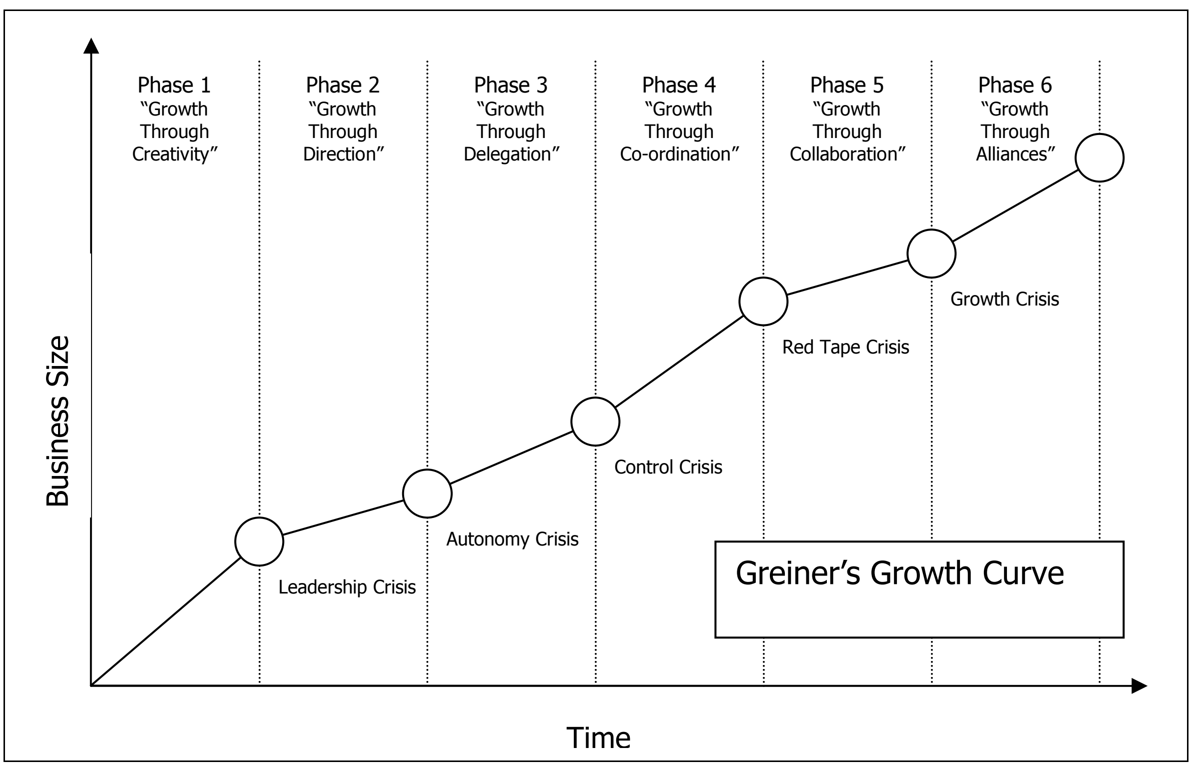
The "Greiner Curve" is a useful way of thinking about the issues that the business can experience as it grows. By understanding it, you can quickly understand the root cause of many of the problems that are likely to be experienced in a fast growing business. Often, the concept can be used to anticipate problems before they occur, so that issues can be met them with pre-prepared solutions.

Small businesses making the transition to medium size will most likely be concerned with issues in the early phases, whilst those moving from medium to large will probably be concerned with the issues in later phases.

Understanding the Theory

Greiner's Growth Model originally described five phases that businesses go through as they grow (and later added a sixth).

Each growth phase is made up of a period of relatively stable growth, followed by a "crisis" when major change is needed if the company is to carry on growing. Whilst this is a useful model, not all businesses will go through these crises in this order and coaches will have to use their judgment. It is a useful starting point for thinking about business growth, and adapting the approach accordingly



Larry E. Greiner originally proposed this model in 1972 with five phases of growth. Later, he added a sixth phase (Harvard Business Review, May 1998). The six growth phases are described below:

Phase 1: Growth Through Creativity

Here, the entrepreneur(s) who founded the firm are busy creating products and opening up markets. There aren't many staff, so informal communication works fine, and rewards for long hours are probably through profitability. However, as more staff join, production expands and capital is injected, there's a need for more formal communication.

This phase ends with a Leadership Crisis, where professional management is needed. The founders may change their style and take on this role, but often this change is facilitated from outside. This can be seen as the role of the High Growth Coach for a short period and may lead to the bringing in of new expertise on a more permanent basis.

Issues in this area often affect the small to medium size situation.

Phase 2: Growth Through Direction

Growth continues in an environment of more formal communications, budgets and focus on separate activities - like marketing and production.

However, there comes a point when the products or services and processes become so numerous that there are not enough hours in the day for one person to manage them all. Those lower down the structure have far more knowledge about the individual aspects of the business.

This phase ends with an Autonomy Crisis: New structures based on delegation are called for.

Issues in this area often affect the small to medium growth situation but may also surface in the medium to large scenario.

Phase 3: Growth Through Delegation

With middle management freed up to react fast to opportunities for new products or in new markets, the business continues to grow. Senior management are just monitoring and dealing with the big issues (perhaps starting to look at merger or acquisition opportunities). Many businesses flounder at this stage, as the manager whose directive approach solved the problems at the end of Phase 1 finds it hard to let go, yet the middle management struggle with their new roles as leaders.

This phase ends with a Control Crisis: Much more sophisticated information systems are required, and the separate parts of the business need to work together.

Issues in this area often affect the medium to large growth situation but may also surface in the small to medium scenario.

Phase 4: Growth Through Coordination and Monitoring

Growth continues with the previously isolated business units re-organised into product groups or service practices. Investment finance is allocated centrally and managed according to Return on Investment (ROI) and not just profits. Incentives are shared through company-wide profit share schemes aligned to corporate goals. Eventually, though, work becomes submerged under increasing amounts of bureaucracy, and growth may become stifled.

This phase ends on a Red-Tape Crisis: A new culture and structure must be introduced.

The issues in this phase may not be experienced by businesses on the high growth programme but it is worth considering whether solutions proposed to bring more control and to manage the uncertainty are appropriate and not too constraining. The very qualities that brought about the growth opportunities in the first place can easily be lost.

Phase 5: Growth Through Collaboration

The formal controls of phases 2-4 are replaced by professional good sense as staff group and re-group flexibly in teams to deliver projects in a matrix structure supported by sophisticated information systems and team-based financial rewards.

This phase ends with a crisis of Internal Growth: Further growth can only come by developing partnerships with complementary organisations.

Phase 6: Growth Through Extra-Organizational Solutions

Greiner's recently added sixth phase suggests that growth may continue through merger, outsourcing, networks and other solutions involving other companies.

Growth rates will vary between and even within phases. The duration of each phase depends almost totally on the rate of growth of the market in which the business operates. The longer a phase lasts, though, the harder it will be to implement a transition.

Mckinsey growth pyramid

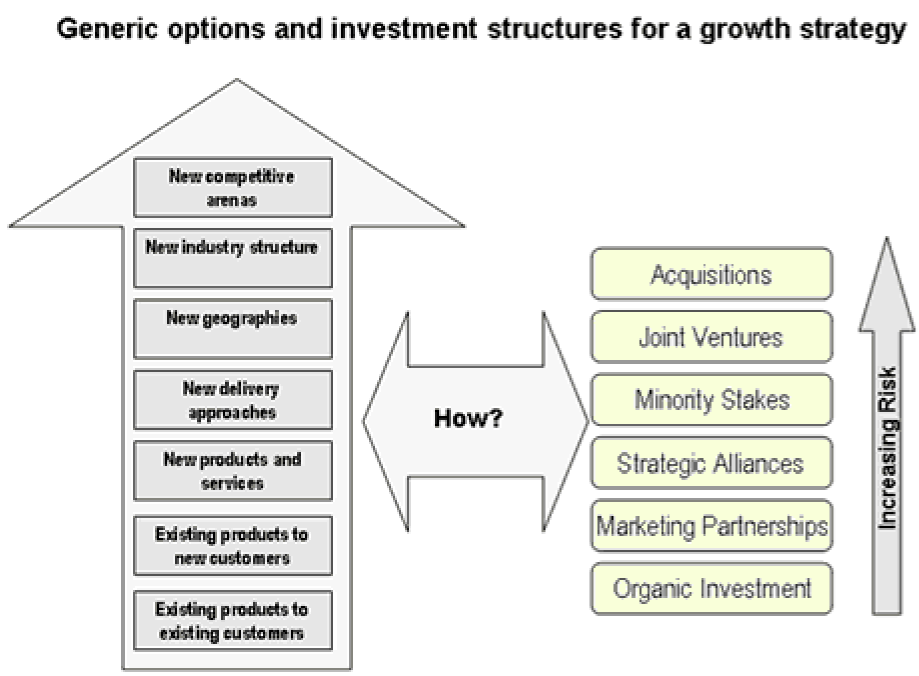
Introduction

This model is similar in some respects to the well-established Ansoff Model. However, it looks at growth strategy from a slightly different perspective.

The McKinsey model argues that businesses should develop their growth strategies based on:

- Operational skills
- Privileged assets
- Growth skills
- Special relationships

Growth can be achieved by looking at business opportunities along several dimensions, summarised in the diagram below:



- Operational skills are the "core competences" that a business has which can provide the foundation for a growth strategy. For example, the business may have strong competencies in customer service; distribution, technology.

- Privileged assets are those assets held by the business that are hard to replicate by competitors. For example, in a direct marketing-based business these assets might include a particularly large customer database, or a well-established brand.

• Growth skills are the skills that businesses need if they are to successfully “manage” a growth strategy. These include the skills of new product development, or negotiating and integrating acquisitions.

• Special relationships are those that can open up new options. For example, the business may have specially string relationships with trade bodies in the industry that can make the process of growing in export markets easier than for the competition.

The model outlines seven ways of achieving growth, which are summarised below:

Existing products to existing customers

The lowest-risk option; try to increase sales to the existing customer base; this is about increasing the frequency of purchase and maintaining customer loyalty

Existing products to new customers

Taking the existing customer base, the objective is to find entirely new products that these customers might buy, or start to provide products that existing customers currently buy from competitors

New products and services

A combination of Ansoff’s market development & diversification strategy – taking a risk by developing and marketing new products. Some of these can be sold to existing customers – who may trust the business (and its brands) to deliver; entirely new customers may need more persuasion

New delivery approaches

This option focuses on the use of distribution channels as a possible source of growth. Are there ways in which existing products and services can be sold via new or emerging channels which might boost sales?

New geographies

With this method, businesses are encouraged to consider new geographic areas into which to sell their products. Geographical expansion is one of the most powerful options for growth – but also one of the most difficult.

New industry structure

This option considers the possibility of acquiring troubled competitors or consolidating the industry through a general acquisition programme

New competitive arenas

This option requires a business to think about opportunities to integrate vertically or consider whether the skills of the business could be used in other industries.

An Introduction to The Main Challenges when growing

A survey of fast-growth companies performed by the Ivey Institute for Entrepreneurship, Canada asked business leaders to rank tasks and practices by difficulty and importance.

These were the five most important tasks identified by firms with the fastest growth rates:

- Attracting qualified people for key positions.
- Retaining key employees. One particular challenge for growth companies: compensating the founding staff. When rapid growth demands new employees and new skills there are often serious tensions between the new employees, who start out at competitive wages with defined jobs, and the veterans, who have brought the company to its lofty heights.
- Developing financial monitoring systems.
- Providing product support and customer service.
- Developing internal control systems.

Assessing the Here and Now

In order to identify and prioritise the key issues facing a company, it is essential to understand the start point and assess the 'health' of the business. An understanding and positioning of the business against established growth models is also useful

Two methods of establishing the current position are described, the Balanced Scorecard approach and the long established SWOT analysis.

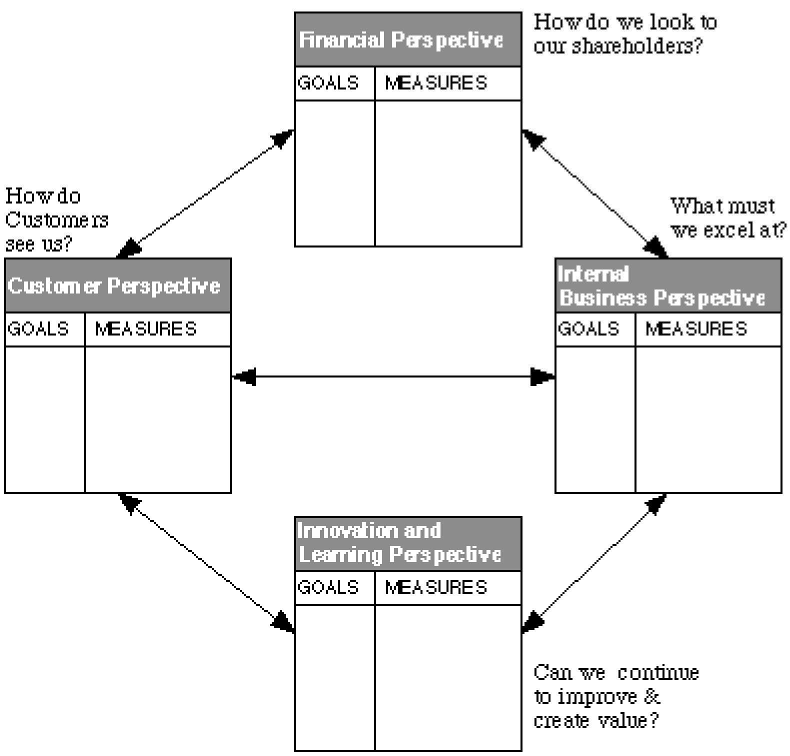
Kaplan & Norton's Balanced Scorecard

The background

- No single measures can give a broad picture of the health of the business.
- So instead of a single measure why not a use a composite scorecard involving a number of different measures.
- Kaplan and Norton devised a framework based on four perspectives – financial, customer, internal and learning and growth.
- The business should select critical measures for each of these perspectives.

R.S. Kaplan and D.P. Norton. "The Balanced Scorecard - measures that drive performance". Harvard Business Review, January 1992

Diagram 1 Kaplan & Norton's Balanced Scorecard



What is the balanced scorecard?

- A system of business appraisal which looks at financial and non-financial elements from a variety of perspectives.
- An approach to the provision of information to management to assist strategic policy formation and achievement.
- It provides the user with a set of information which addresses all relevant areas of performance in an objective and unbiased fashion.
- A set of measures that gives top managers and coaches a fast but comprehensive view of the business.

The balanced scorecard…

- Allows managers and coaches to look at the business from four important perspectives.
- Provides a balanced picture of overall performance highlighting activities that need to be improved.
- Combines both qualitative and quantitative measures.
- Relates assessment of performance to the choice of strategy.
- Includes measures of efficiency and effectiveness.
- Assists business in clarifying vision and strategies and provides a means to translate these into action.

In what way is the scorecard a balance?

The scorecard produces a balance between:

- Four key business perspectives: financial, customer, internal processes and innovation.
- How the business sees itself and how others see it.
- The short run and the long run
- The situation at a moment in time and change over time

Main benefits of using the balanced scorecard

- Helps businesses focus on what has to be done in order to create a breakthrough performance
- Acts as an integrating device for a variety of corporate programmes
- Makes strategy operational by translating it into performance measures and targets
- Helps break down corporate level measures so that local managers and employees can see what they need to do well if they want to improve organisational effectiveness
- Provides a comprehensive view that overturns the traditional idea of the business as a collection of isolated, independent functions and departments

The four perspectives are:

- **Financial perspective** - how does the business look to shareholders?
- **Customer perspective** - how do customers see the business?
- **Internal perspective** - how well does it manage its operational processes?
- **Innovation and learning perspective** – can the business continue to improve and create value? This perspective also examines how a business learns and grows.

Each of four perspectives can be used to identify growth control issues and to plan strategies to remove uncertainty.

The financial perspective

This is concerned with the shareholders view of performance.
Shareholders are concerned with many aspects of financial performance: Amongst the measures are:

• Market share	• Increased return on assets
• Revenue growth	• Profit growth
• Profit ratio	• Measures
• Return on investment	• Cash flow
• Economic value added	• Net profitability ratio
• Return on capital employed	• Sales revenue
• Operating cost management	• Growth in sales revenue
• Operating ratios and loss ratios	• Cost reduction
• Corporate goals	• ROCE
• Survival	• Share price
• Profitability	• Return on shareholder funds
• Growth	• Process cost savings

The Customer Perspective

How do customers perceive the business?
This focuses on the analysis of different types of customers, their degree of satisfaction and the processes used to deliver products and services to customers.
Particular areas of focus would include:

- Customer service
- New products
- New markets
- Customer retention
- Customer satisfaction
- What does the organisation need to do to remain that customer's valued supplier?

Potential goals for the customer perspective could include:

- Customer satisfaction

- New customer acquisition
- Customer retention
- Customer loyalty
- Fast response
- Responsiveness
- Efficiency
- Reliability
- Image

The following metrics could be used to measure success in relation to the customer perspective:

- Customer satisfaction index
- Repeat purchases
- Market share
- On time deliveries
- Number of complaints
- Average time to process orders
- Returned orders
- Response time
- Reliability
- New customer acquisitions
- Perceived value for money

The Internal perspective

This seeks to identify:

- How well the business is performing.
- Whether the products and services offered meet customer expectations.
- The critical processes for satisfying both customers and shareholders.
- Activities in which the business excels?
- What must it excel in the future?
- The internal processes that the business must improve if it is to achieve its objectives.

This perspective is concerned with assessing the quality of people and processes.

Potential goals for the internal perspective include:

- Improve core competencies
- Improvements in technology
- Streamline processes
- Manufacturing excellence
- Quality performance
- Inventory management
- Quality
- Motivated workforce

The following metrics could be used to measure success in relation to the internal perspective:

- Efficiency improvements
- Reduction in unit costs
- Reduced waste
- Improvements in morale
- Increase in capacity utilisation
- Increased productivity
- % defective output
- Amount of recycled waste
- Amount of reworking

The Innovation and Learning perspective

This perspective is concerned with issues such as:

- Can we continue to improve and create value?
- In which areas must the organisation improve?
- How can the company continue to improve and create value in the future?
- What should it be doing to make this happen?

Potential goals for the **innovation and learning** ***perspective include:***

- New product development
- Continuous improvement
- Technological leadership
- HR development
- Product diversification

The following metrics could be used to measure success in relation to the **innovation and learning** ***perspective:***

- Number of new products
- % sales from new products
- Amount of training
- Number of strategic skills learned.
- Value of new product in sales
- R&D as % of sales
- Number of employee suggestions.
- Extent of employee empowerment

An appropriate depth of audit against the four perspectives of the Balanced Scorecard can provide the coach and the business with a list of control issues that can be prioritised for action. This information can also be used as the basis of a risk assessment and management process.

Measure What?

"How's it going?"

How many times have you been asked that question about your business? How do you answer that question fully and completely ?

Most of us can answer the question in terms of our current financial results, BUT ... is that a complete answer? Or just a partial or superficial response? And does our answer support the future plans for our business?

Just being able to answer the question is important. It means that you, in fact, do know how well you're doing, and where your company is headed. Businesses that succeed and make money constantly assess themselves and improve in all dimensions of their business; metrics are the cornerstone of their assessment, and the foundation for any business improvement.

On the converse, if you can't answer the question, that may be a precursor to dark times ahead for you and your business. This article uncovers the secrets behind SMART metrics that will produce results for your business.

What is a Metric?

A metric is nothing more than a standard measure to assess your performance in a particular area. Metrics are at the heart of a good, customer-focused process management system and any program directed at continuous improvement. The focus on customers and performance standards show up in the form of metrics that assess your ability to meet your customers' needs and business objectives.

Secret 1 - Measure the right things

Clearly, you need to measure your financial performance. However, today, most aggressively successful businesses find that they also need to assess other aspects of their business. Your measurement system should cover the following areas at a minimum:

CUSTOMERS

1. Performance against customer requirements
2. Customer Satisfaction

PERFORMANCE OF INTERNAL WORK PROCESSES

1. Cycle times
2. Product and service quality
3. Cost performance (could be productivity measures, inventory, etc.)

SUPPLIERS

1. Performance of suppliers against your requirements

FINANCIAL

1. Profitability (could be at the company, product line, or individual level)
2. Market share growth and other standard financial measures

EMPLOYEE

1. Associate satisfaction

Given a complete, or at least an adequate set, of current measures (remember, only you can judge the completeness of the measures), you need to ask yourself if these measures are driving you and your people to do the right thing. And right may be viewed as what will achieve the best results, both for today and for tomorrow. That leads to the second secret of effective measures.

Secret 2 - Create metrics that are SMART

Developing effective metrics may appear easy at first glance, but many have fallen into common traps that you can avoid. Examples of common pitfalls are:

1. Developing metrics for which you cannot collect accurate or complete data.
2. Developing metrics that measure the right thing, but cause people to act in a way contrary to the best interest of the business to simply "make their numbers."
3. Developing so many metrics that you create excessive overhead and red tape.
4. Developing metrics that are complex and difficult to explain to others.

What you need are metrics that are Specific, Measurable, Actionable, Relevant, and Timely or SMART objectives.

1. "Specific" in that your metrics are specific and targeted to the area you are measuring. For example, if you are measuring customer satisfaction, a good metric would be direct feedback from customers on how they feel about your service or product. A poorer metric would be the number of returned products or number customer complaints. While direct "internal"

measure, they are indirect measures of customer satisfaction and, as such, can be misleading and produce unwanted surprises later on.

"Measurable" in that you can collect data that is accurate and complete.

"Actionable" in that the metrics are easy-to-understand, and it is clear when you chart your performance over time which direction is "good" and which direction is "bad", so that you know when to take action.

"Relevant" simply means don't measure things that are not important. A common downfall of process professionals or standards groups is to measure everything, which produces many meaningless measures.

"Timely" metrics are those for which you can get the data when you need it.

Metrics should be simple. If they require a lot of explanation and definition, then collecting data, and translating that data into actions becomes more difficult. Easy-to-understand metrics are easier to sell, and have a stronger impact on the process and the people who us it.

A few more tips on SMART metrics. Metrics generally fall into two categories:

1. performance metrics, and
2. diagnostic metrics

Performance Metrics are high-level measures what you are doing; that is, they assess your overall performance in the areas you are measuring. They are external in nature and are most closely tied to outputs, customer requirements, and business needs for the process.

Diagnostic Metrics are measures that ascertain why a process is not performing up to expectations. They tend to be internally focused and are usually associated with internal process steps and inputs received from suppliers.

A common mistake is to start first with your diagnostic measures - measuring yourself internally, rather than beginning with an external focus, namely your customer. That leads us to the third secret, follow a process for developing your measures.

Secret 3 - Follow a proven process for developing metrics

One tried and true approach follows five simple steps.

1. First, identify your customers and outputs of your process. Customers may include end-users of products and/or services, process managers of downstream processes, and process users. Process Block Diagrams or Flowcharts may help at this point.

Second, determine your customer needs/requirements. Useful techniques include reviewing outputs with customers to gain their buy-in, establishing their needs and requirements, and asking them how to measure how well you are meeting their needs. You may want to use Interviews or Surveys. Use the same process with your suppliers as a way to measure the quality of their input to you and as a way to establish clear partnerships.

Third, ensure you understand the key goals of the business. See Wesner, Chapter 9, for a discussion of the process of setting goals.

Fourth, determine effective measures, including both performance and diagnostic metrics. Here, we've found brainstorming and affinity diagrams to be particularly effective tools.

Finally, compare/filter/align your metrics for this process with those for the higher level processes of which they are a part. During this process you should be creating a table, where the rows of the table are labeled with the key measurement areas identified at the beginning of this article. The column headings would include items such as: metric description, current performance level, short-term objective, long-term objective, and competitive benchmark.

How Good Are Your Metrics?

When you have completed determining what you want to measure, you should step back for a sanity check. Ask yourself:

1. Do the metrics make sense?
2. How do they compare with your existing metrics?
3. Do they form a complete set (e.g., have you adequately covered the areas of time, quality, cost, and customer satisfaction)? and
4. Do they reinforce the desired behavior? For the long haul -- as well as for today?

Do not underestimate the last point. Your people will take action to achieve what you, by the metric, have told them is important. In some cases, the action they take may surprise you it may be very shortsighted and not at all what you had intended.

The question to ask yourself is "Will this metric drive the desired behavior?" "What type of behavior might this metric drive?" And "Will it help you move your business to where it needs to be in the months and years ahead?"

An Example

The metric areas of time, quality, cost, and customer satisfaction seem to be generic across industries. A product development organization maps to the first three of these areas include time-to-market, product reliability, and full-stream costs. In the area of customer satisfaction, they concern themselves with both end-users satisfaction, and downstream customers like Manufacturing and Services. Compare that to the key objectives of Lands End, a well-known direct-order clothing company. Their key objectives are:

1. Make your merchandise as good as you can.
2. Always, always price it fairly.
3. Make it a snap to shop, 24 hours a day.
4. Guarantee it. Period.

You can clearly see the elements of time (item 3), quality (item 1), cost (item 2) and customer satisfaction (item 4) are evident in their objectives as well.

Summary

We've covered a lot of ground at a relatively high level. Specifically, we've defined what we mean by a metric, looked at what we need to measure, given a short overview on some things that may help you establish your own metrics to help you determine what you should measure, and then given you some ways to help evaluate how good your resulting metrics are. And we've concluded with a short example.

Next Steps

Once you're satisfied with the evaluation of your metrics, have them in place, and are gathering data, you can begin tracking your progress; typically, you'll use run charts (performance over time) to show how you're doing. A run chart is a graph with time along the "x" axis and your performance measure on the "y" axis. As you gather data over time, you update the charts and you will begin to see a trend over time. When you see how you are doing, you're likely to ask, "Am I making progress fast enough?" and "Am I concentrating on the right objectives?" You will probably want to know how other are doing in the same area.

References

J. W. Wesner et al, Winning with Quality, Addison-Wesley, Reading, MA, 1995

SWOT Analysis (Strengths, weaknesses, opportunities & threats

One of the simplest tools available is the traditional SWOT analysis format and this can be used to develop strategies in the area of control and management of uncertainty. The technique is credited to Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s.

SWOT analysis can be an important tool for auditing the overall strategic position of a business and its environment but can also be used to look at control issues in specific areas of a business.

Internal and External Issues

Strengths and weaknesses are Internal factors. For example, a strength could be specialist manufacturing expertise. A weakness could be the lack of information on reject rates.

Opportunities and threats are external factors. For example, an opportunity could be a developing distribution channel such as the Internet, or changing consumer lifestyles that potentially increase demand for a company's products. A threat could be a new competitor in an important existing market or a technological change that makes existing products potentially obsolete.

SWOT analysis can be very subjective - people rarely come-up with the same version of a SWOT analysis even when given the same information about the same business and its environment. Accordingly, SWOT analysis is best used as a guide and not a prescription. Adding and weighting criteria to each factor increases the validity of the analysis as well as getting input to the process from a number of different sources.

A template containing some of the main headings in each of the four areas is provided on the next page.

Typical SWOT Analysis areas for consideration

Strengths	**Weaknesses**
Advantages of proposition? Capabilities? Competitive advantages? USP's (unique selling points)? Resources, Assets, People? Experience, knowledge, data? Financial reserves, likely returns? Marketing - reach, distribution, awareness? Innovative aspects? Location and geographical? Price, value, quality? Accreditations, qualifications, certifications? Processes, systems, IT, communications? Cultural, attitudinal, behavioural? Management cover, succession?	Disadvantages of proposition? Gaps in capabilities? Lack of competitive strength? Reputation, presence and reach? Financials? Own known vulnerabilities? Timescales, deadlines and pressures? Cash-flow, start-up cash-drain? Continuity, supply chain robustness? Effects on core activities, distraction? Reliability of data, plan predictability? Morale, commitment, leadership? Accreditations, etc? Processes and systems, etc? Management cover, succession?
Opportunities	**Threats**
Market developments? Competitors' vulnerabilities? Industry or lifestyle trends? Technology development and innovation? Global influences? New markets, vertical, horizontal? Niche target markets? Geographical, export, import? New USP's? Tactics - surprise, major contracts, etc? Business and product development? Information and research? Partnerships, agencies, distribution? Volumes, production, economies? Seasonal, weather, fashion influences?	Political effects? Legislative effects? Environmental effects? IT developments? Competitor intentions - various? Market demand? New technologies, services, ideas? Vital contracts and partners? Sustaining internal capabilities? Obstacles faced? Insurmountable weaknesses? Loss of key staff? Sustainable financial backing? Economy - home, abroad? Seasonality, weather effects?

The Planning Cycle

The Planning Cycle brings together all aspects of planning into a coherent, unified process.

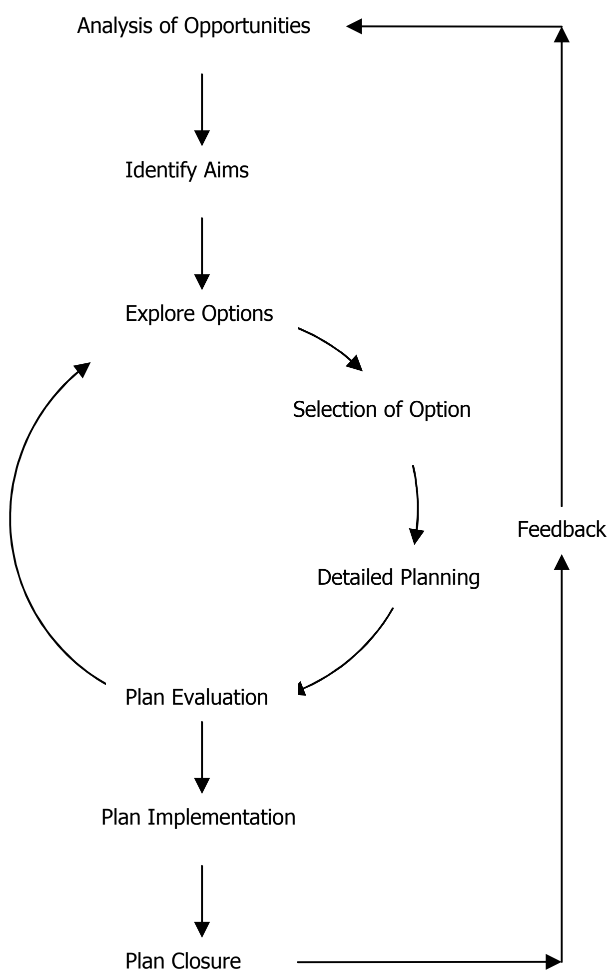
It is best to think of planning as a cycle, not a straight-through process.

Once you have devised a plan you should evaluate whether it is likely to succeed. This evaluation may be cost or number based, or may use other analytical tools. This analysis may show that your plan may cause unwanted consequences, may cost too much, or may simply not work.

In this case you should cycle back to an earlier stage. Alternatively you may have to abandon the plan altogether - the outcome of the planning process may be that it is best to do nothing.

Finally, you should feed back what you have learned with one plan into the next.

The Planning Cycle



The stages in this planning process are explained below:

1. Analysis of Opportunities:
The first thing to do is to do is to spot what needs to be done. You will crystallize this into a formal aim at the next stage in the process.

One approach to this is to examine your current position, and decide how you can improve it. There are a number of techniques that will help you to do this:

- SWOT Analysis:

  This is a formal analysis of your strengths and weaknesses, and of the opportunities and threats that you face.

- Risk Analysis:

  This helps you to spot project risks, weaknesses in your organization or operation, and identify the risks to which you are exposed. From this you can plan to neutralize some risks.

- Understanding pressures for change:

  Alternatively, other people (e.g. clients) may be pressing you to change the way you do things. Alternatively your environment may be changing, and you may need to anticipate or respond to this. Pressures may arise from changes in the economy, new legislation, competition, changes in people's attitudes, new technologies, or changes in government.

A different approach is to use any of a whole range of creativity tools to work out where you can make improvements. These creativity tools culminate in the powerful Simplex process.

2. Identifying the Aim of Your Plan
Once you have completed a realistic analysis of the opportunities for change, the next step is to decide precisely what the aim of your plan is. Deciding and defining an aim sharpens the focus of your plan, and helps you to avoid wasting effort on irrelevant side issues.

The aim is best expressed in a simple single sentence. This ensures that it is clear and sharp in your mind.

If you are having difficulty in formulating the aim of your plan, ask yourself:

- What do I want the future to be?
- What benefit do I want to give to my customers?
- What returns do I seek?
- What standards am I aiming at?
- What values do I and my organization believe in?

You can present this aim as a 'Vision Statement' or 'Mission Statement'. Vision Statements express the benefit that an organization will provide to its customers. For example, the vision statement for Mind Tools™ is: 'To enrich the quality of our customers lives by providing the tools to help them to think in the most productive and effective way possible'. While this is wordy, it explains what this site aims to do.

Mission statements give concrete expression to the Vision statement, explaining how it is to be achieved. The mission statement for this site is: 'To provide a well structured, accessible, concise survey of the best and most appropriate mind tools available'.

3. Exploring Options
By this stage you should know where you are and what you want to do. The next thing to do is to work out how to do it. The Creativity Tools section of this site explains a wide range of powerful creativity tools that will help you to generate options.

At this stage it is best to spend a little time generating as many options as possible, even though it is tempting just to grasp the first idea that comes to mind. By taking a little time to generate as many ideas as possible you may come up with less obvious but better solutions. Just as likely, you may improve your best ideas with parts of other ideas.

4. Selecting the Best Option
Once you have explored the options available to you, it is time to decide which one to use. If you have the time and resources available, then you might decide to evaluate all options, carrying out detailed planning, costing, risk assessment, etc. for each. Normally you will not have this luxury.

Two useful tools for selecting the best option are *Grid Analysis and Decision Trees*. Grid Analysis helps you to decide between different options where you need to consider a number of different factors. Decision Trees help you to think through the likely outcomes of following different courses of action.

5. Detailed Planning
By the time you start detailed planning, you should have a good picture of where you are, what you want to achieve and the range of options available to you. You may well have selected one of the options as the most likely to yield the best results.

Detailed planning is the process of working out the most efficient and effective way of achieving the aim that you have defined. It is the process of determining who will do what, when, where, how and why, and at what cost.

When drawing up the plan, techniques such as use of *Gantt Charts and Critical Path Analysis* can be immensely helpful in working out priorities, deadlines and the allocation of resources.

While you are concentrating on the actions that need to be performed, ensure that you also think about the control mechanisms that you will need to monitor performance.

These will include the activities such as reporting, quality assurance, cost control, etc. that are needed to spot and correct any deviations from the plan.

A good plan will:

- State the current situation
- Have a clear aim
- Use the resources available
- Detail the tasks to be carried out, whose responsibility they are, and their priorities and deadlines.
- Detail control mechanisms that will alert you to difficulties in achieving the plan.
- Identify risks, and plan for contingencies. This allows you to make a rapid and effective response to crises, perhaps at a time when you are at low ebb or are confused following a setback.
- Consider transitional arrangements - how will you keep things going while you implement the plan?

6. Evaluation of the Plan and its Impact
Once you have worked out the details of your plan, the next stage is to review it to decide whether it is worth implementing. Here you must be objective - however much work you have carried out to reach this stage, the plan may still not be worth implementing.

This is frustrating after the hard work of detailed planning. It is, however, much better to find this out now than when you have invested time, resources and personal standing in the success of the plan. Evaluating the plan now gives you the opportunity to either investigate other options that might be more successful, or to accept that no plan is needed or should be carried out.

Depending on the circumstances, the following techniques can be helpful in evaluating a plan:

- PMI (Plus/Minus/Interesting):This is a good, simple technique for 'weighing the pros and cons' of a decision. It involves listing the plus points in the plan in one column, the minus points in a second column, and the implications and points of uncertainty of the plan in a third column. Each point can be allocated a positive or negative score.
- Cost/Benefit Analysis:
  This is useful for confirming that the plan makes financial sense. This involves adding up all the costs involved with the plan, and comparing them with the expected benefits.
- Force Field Analysis:
  Similar to PMI, Force Field Analysis helps you to get a good overall view of all the forces for and against your plan. This allows you to see where you can make adjustments that will make the plan more likely to succeed.
- Cash Flow Forecasts:
  Where a decision is has mainly financial implications, such as in business and marketing planning, preparation of a Cash Flow Forecast can be extremely useful. It allows you to assess the effect of time on costs and revenue. It also helps in assessing the size of the greatest negative and positive cash flows

associated with a plan. When it is set up on a spreadsheet package, a good Cash Flow Forecast also functions as an extremely effective model of the plan. It gives you an easy basis for investigating the effect of varying your assumptions.

- "6 Thinking Hats":
  6 Thinking Hats is a very good technique to use to get a rounded view of your plan and its implications. It provides a context within which you can examine a plan rationally, emotionally, optimistically, pessimistically and creatively.

Any analysis of your plan must be tempered by common sense.

If your analysis shows that the plan either will not give sufficient benefit, then either return to an earlier stage in the planning cycle or abandon the process altogether.

7. Implementing Change
Once you have completed your plan and decided that it will work satisfactorily, it is time to implement it. Your plan will explain how! It should also detail the controls that you will use to monitor the execution of the plan.

8. Closing the Plan
Once you have achieved a plan, you can close the project. At this point is often worth carrying out an evaluation of the project to see whether there are any lessons that you can learn. This should include an evaluation of your project planning to see if this could be improved.

If you are going to be carrying out many similar projects, it may be worth developing and improving an Aide Memoire. This is a list of headings and points to consider during planning. Using it helps you to ensure that you do not forget lessons learned in the past.

Key points:

The Planning Cycle is a process that helps you to make good, well-considered, robust plans.

The first step, the analysis of opportunities, helps you to base the plan firmly in reality. The second, definition of the aim, gives your plan focus.

The third stage is to generate as many different ways for achieving this aim as possible. By spending time looking for these you may find a better solution than the obvious one, or may be able to improve the obvious solution with parts of other ones.

Next select the best approach, and make a detailed plan showing how to implement it. Evaluate this plan to make sure that it will be worth implementing. If it is not, return to an earlier stage and either improve the plan or make a different one. If no plan looks like producing enough benefit to justify the cost, make no changes at all.

Once you have selected a course of action, and have proved that it is viable, carry it out. Once it is finished, examine it and draw whatever lessons you can from it. Feed this back into future planning.

Change management - implementation

Managing the change
Preparation for change

- Environmental analysis.
- Set out the strengths and weaknesses of the organisation

– Current provisions
– Resources
– Roles and responsibilities

- Identify the change required
- Determine the major issues
- Identify and assess the key stakeholders
- Win the support of key individuals
- Identify the obstacles
- Determine the degree of risk and the cost of change
- Understand why change is resisted
- Recognize the need for change, identify current position, devise a suitable method

Building the vision

- Develop a clear vision
- Make it people clear about what a change involves and how they are involved in it

- What is involved
- What is the proposed change
- Why should we do it
- What the major effects will be
- How we can manage the change

Plan the change

- Devise appropriate strategies to introduce change
- Design the change
- Identify the significant steps in the change process
- Discuss the need for change and the full details of what is involved
- Allow people to participate in planning change
- Communicate the plan to all concerned
- Produce a policy statement
- Devise a sensible time scale
- Produce action plans for monitoring the change
- Allow people to participate in planning change
- Get all parties involved in and committed to the change
- Inspire confidence by forestalling problems and communicating regularly
- Devise a sensible time scale for implementation of change

- Anticipate the problems of implementation
- Understand why change is resisted

Implementing the change

- Check on and record progress
- Make sure that change is permanent
- Evaluate the change
- Improve on any weak areas
- Overcome resistance
- Involve all personnel affected
- Keep everyone informed
- Devise an appropriate reward system
- Be willing to compromise on detail
- Ensure that strategies are adaptable
- Select people to champion change
- Provide support and training
- Monitor and review

Two types of change

(1) Step change

- Dramatic or radical change in one fell swoop
- Radical alternation in the organisation
- Gets it over with quickly
- May require some coercion

(2) Incremental change

- Ongoing piecemeal change which takes place as part of an organisation's evolution and development
- Tends to more inclusive

Techniques to help implement change

Teams building across units
Internal communication
Negotiation
Action planning
Change agents or champions of change
And a certain amount of compulsion manipulation and coercion

Change agents

Managers should be able to act as change agents:

- To identify need for change
- Be open to goods ideas for change
- To able to successfully implement change

Advantages of using a change agent:

- Forces trough change
- Becomes the personification of the process
- Responsibility for change is delegated thus freeing up senior managers to focus on future strategy

Helping people to accept change

- Consider how they will be affected
- Involve them in the change
- Consult and inform frequently
- Be firm but flexible
- Make controversial change as gradually as possible
- Monitor the change
- Develop a change philosophy

Six ways of overcoming resistance to change

- (1) Education and communication - if people understand the needs for change and what is involved they are more likely to co-operate.
- (2) Participation and involvement - to encourage people to feel ownership of the change.
- (3) Facilitation and support - listening to the real concerns of people affected.
- (4) Negotiation and agreement - agreement and compromise if necessary.
- (5) Manipulation - e.g. "buying off" leaders of resistance.
- (6) Explicit and implicit coercion - threats where necessary but this is a high risk strategy.

(source: Kotter and Schlesinger In HBR 1979)

Monitor and review

- Adapt as necessary
- Recording and monitor the changes
- Measure progress against targets
- Have the desired results been achieved?
- Has the process been successful?
- How do those affected feel about the new situation?
- What might have been done differently?
- How can those not responding well to the change be helped?

- Sustain the change.- prevent any back sliding

Kotter's change phases model

- Establish a sense of urgency
- Create a coalition
- Develop a clear vision
- Share the vision
- Empower people to clear obstacles
- Secure short term wins
- Consolidate and keep moving
- Anchor the change

What not to do
Ways to increase resistance to change:

Managers can increase resistance by:

- Failing to specific about a change
- Failing to explain why change is needed
- Not consulting
- Keeping people in the dark
- Creating excess work pressure
- Expecting immediate results
- Not dealing with fears and anxieties
- Ignoring resistance

Reasons why change can fail

- Employees do not understand the purpose or even the need for change
- Lack of planning and preparation
- Poor communication
- Employees lack the necessary skills and/ or there is insufficient training and development offered
- Lack of necessary resources
- Inadequate/inappropriate rewards

Eight common reasons for failure of change management:

- Allowing too much complexity
- Failing to build a substantial coalition
- Failing to understand the need for a clear vision
- Failure to clearly communicate that vision
- Permitting roadblocks against that vision
- Not planning for short term results and not realising them
- Declaring victory too soon
- Failure to anchor changes in corporate culture

(John Kotter)

Twelve Leadership Roles for Managing Change

Create an Inspiring Vision & Lead by Example

1. Create an inspiring vision, establish shared values, give direction and set stretch goals
2. Create change, lead change, manage resistance to change
3. Lead by example; practice what you preach; set an example, and share risks or hardship
4. Demonstrate confidence; win respect and trust without courting popularity

Empower, Inspire, and Energize People

5. Be enthusiastic; inspire and energize people, create a positive work environment
6. Empower people; delegate authority; be open to ideas; have faith in the creativity of others
7. Communicate openly and honestly; give clear guidelines; set clear expectations
8. Be willing to discuss and solve problems; listen with understanding; support and help

Build and Lead a Team

9. Use team approach; facilitate cooperation; involve everyone; trust your group; rely on their judgment
10. Bring out the best in your people; have common touch with them; coach and provide feedback
11. Permit group decision; help your team reach better decisions
12. Monitor progress, but don't micromanage; avoid close supervision; do not overboss; do not dictate

Leadership and Management Models

Four Frameworks for Leadership: The Bolman/Deal Model

It may be useful to approach leadership from the point of view of four different "frameworks". Circumstances determine which approach (s) is appropriate. Effective leaders may use a number of these approaches at the same time.

1. The Structural Framework

The "structural" manager tries to design and implement a process or structure appropriate to the problem and the circumstances. This includes:

- ☐ to clarify organizational goals
- ☐ manage the external environment
- ☐ develop a clear structure appropriate to task, and environment
- ☐ clarify lines of authority
- ☐ focus on task, facts, logic, not personality and emotions

This approach is useful when goals and information are clear, when cause-effect relations are well understood, when technologies are strong and there is little conflict, low ambiguity, low uncertainty, and a stable legitimate authority.

2. The Human Resource Framework

The human resource manager views people as the heart of any organization and attempts to be responsive to needs and goals to gain commitment and loyalty. The emphasis is on support and empowerment. The HR manager listens well and communicates personal warmth and openness. This leader empower people through participation and attempts to gain the resources people need to do a job well. HR managers confront when appropriate but try to do so in a supportive climate

This approach is appropriate when employee is high or increasing or when employee morale is low or declining. In this approach resources should be relatively abundant; there should be relatively low conflict and low diversity.

3. The Political Framework

The political leader understands the political reality of organizations and can deal with it. He or she understands how important interest groups are, each with a separate agenda. This leader understands conflict and limited resources. This leader recognizes major constituencies and develops ties to their leadership. Conflict is managed as this leader builds power bases and uses power carefully. The leader creates arenas for negotiating differences and coming up with reasonable compromises. This leader also works at articulating what different groups have in common and helps to identify external "enemies" for groups to fight together.

This approach is appropriate where resources are scarce or declining, where there is goal and value conflict and where diversity is high.

4. The Symbolic Framework

This leader views vision and inspiration as critical; people need something to believe in. People will give loyalty to an organization that has a unique identity and makes them feel that what they do is really important. Symbolism is important as is ceremony and ritual to communicate a sense of organizational mission. These leaders tend to be very visible and energetic and manage by walking around. Often these leaders rely heavily on organizational traditions and values as a base for building a common vision and culture that provides cohesiveness and meaning.

This approach seems to work best when goals and information are unclear and ambiguous, where cause-effect relations are poorly understood and where there is high cultural diversity.

Comparing the Four Frameworks

Each of the four frameworks approaches management tasks differently as can be seen in the following list.

Planning

Structural:	set objectives and coordinate resources
Human relations:	promote participation
Political:	arenas to air conflict and realign power
Symbolic:	ritual to signal responsibility

Decision Making

Structural:	rational
Human relations:	open process to produce commitment
Political:	opportunity to gain or exercise power
Symbolic:	ritual to provide comfort and support until decisions made

Reorganizing

Structural:	realign roles and responsibilities to fit tasks
Human relations:	maintain a balance between human needs and formal roles
Political:	redistribute power and for new coalitions
Symbolic:	maintain an image of accountability and responsiveness

Evaluating

Structural:	formal control system for distributing rewards
Human relations:	process for helping people grow and improve
Political:	opportunity to exercise power
Symbolic:	occasion to play roles in shared rituals

Conflict resolution

Structural:	authorities resolve conflict
Human relations:	develop relationships
Political:	develop power by bargaining, forcing, or manipulating others
Symbolic:	develop shared values

Goal Setting

Structural:	keep organisation headed in right direction
Human relations:	keep people involved and communications open
Political:	provide opportunities for people and groups to make interests known
Symbolic:	develop symbols and shared values

Communication

Structural:	transmit facts and information
Human relations:	exchange information, needs, and feelings
Political:	vehicles for influencing or manipulating others
Symbolic:	telling stories

Meetings

Structural:	formal occasions for making decisions
Human relations:	informal occasions for involvement, sharing feelings
Political:	competitive occasions to win points
Symbolic:	sacred occasion to celebrate and transform the culture

Effective leadership

Structural:	social architect
Human relations:	catalyst and servant
Political:	advocate
Symbolic:	prophet and poet

Effective Leadership Process

Structural:	analysis and design
Human relations:	support and empowerment
Political:	advocacy, coalition building
Symbolic:	inspiration, framing experience

Ineffective leadership

Structural:	petty tyrant
Human relations:	pushover
Political:	hustler
Symbolic:	fanatic, fool

Ineffective leadership process

Structural:	management by detail and fiat
Human relations:	management by abdication

Political:	manipulation
Symbolic:	smoke and mirrors

Organizational Change

Structural:	change causing confusion; need to realign and renegotiate formal policies
Human relations:	change can cause people to feel incompetent, powerless; need to develop new skills, involvement, support
Political:	change creates winners and losers; need to create arenas where issues can be negotiated
Symbolic:	change creates loss of meaning and purpose; people form attachments to symbols need symbolic healing

Motivation

Structural:	economic incentives
Human relations:	growth and self-actualization
Political:	coercion, manipulation, and seduction
Symbolic:	symbols and celebrations

Choosing a Frame

There are times when any of the four frames is appropriate. The list below suggests some ways of determining when each is appropriate

Structural, Human Resource, Political or Symbolic?

- If commitment and motivation are important: *human resources and symbolic*
- If there is ambiguity and uncertainty: *Structural*
- If resources are scarce: *structural, political, symbolic*
- If there is conflict and diversity*: political and symbolic*
- If there is a top down approach: structural *and human resources*

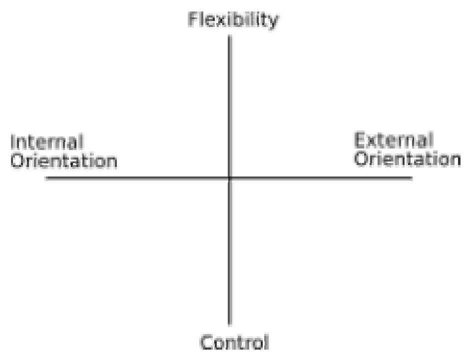
Reference:

Bolman, Lee G., and Terrence E. Deal, Reframing Organizations, Jossey-Bass, 1991.

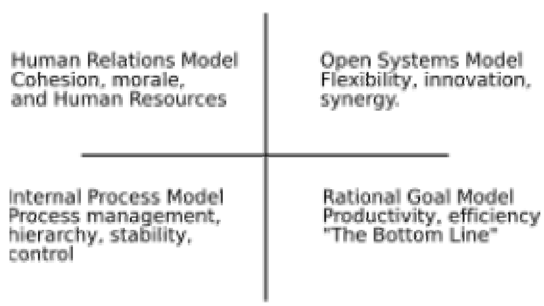
The Quinn model

Quinn and Rohrbaugh (1983) conducted a study of what perceived qualities are possessed by effective organizations.

Quinn and Rohrbaugh created a comprehensive list of indicators and then asked a large group of people to fill in a questionnaire based on that list. After the results were analyzed, two dimensions emerged that seemed to influence a company's success. The first dimension was related to focus: internal vs. external. The second dimension illustrates the preference for structure: flexibility vs. control. When placed together, these two dimensions created a grid:



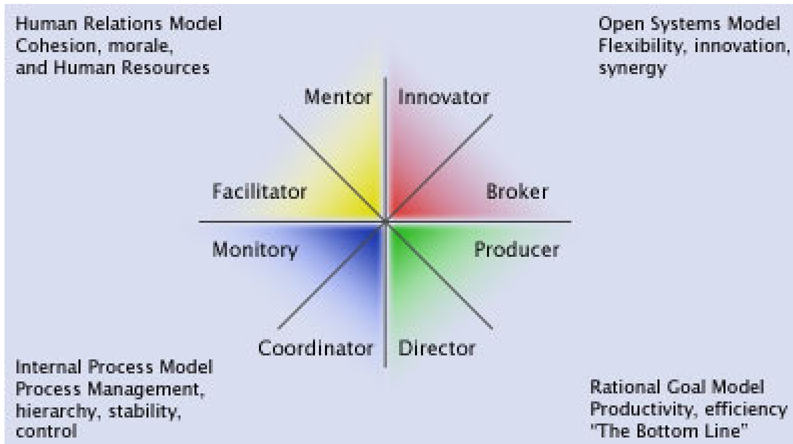
Quinn later went on to define each of the quadrants created by this model and called it the Competing Values Framework.



You can see from the orientation on the graphic that these values pull in different directions. It is difficult to Innovate and be open to new ideas (Open Systems) while at the same time trying to maintain stability and control (Internal Process). It is difficult to focus on the bottom line and drive productivity (Rational Goals) while at the same time keeping your workforce happy and fulfilled (Human Relations). The Competing Values Framework illustrates how these drives and goals conflict with one another. The most difficult part of being a manager is recognizing that **all** of these values are important for an organization and must be balanced.

Quinn later expanded this model by dividing each quadrant into two roles. In his book *Beyond Rational Management: Mastering the Paradoxes and Competing Demands of*

High Performance. (San Francisco: Jossey-Bass Quinn, 1988) he describes each of these roles and how they interact in the workplace. His theory is that an effective manager must be able to perform well in all 8 roles.



- In the human relations model: The "facilitator" encourages teamwork and cohesiveness, and manages interpersonal conflict. The "mentor" is helpful and approachable, and engages in the development of people through a caring, empathetic orientation.
- In the open systems model: The "innovator" is creative and facilitates adaptation and change. The "broker" is politically astute, persuasive, influential, and powerful, and is particularly concerned with maintaining the organization's external legitimacy and obtaining external resources.
- In the rational goal model: The "producer" is task-oriented and work-focused, and motivates members to increase production and to accomplish stated goals. The "director" engages in planning and goal setting, sets objectives and establishes clear expectations.
- In the internal process model: The "coordinator" maintains structure, schedules, organizes and coordinates staff efforts, and attends to logistical and housekeeping issues. The "monitor" checks on performance and handles paperwork (Quinn, 1988).

The Bain Model: Five Alternative Approaches to Leadership

A study done by Bain and Co. of 161 top executives. The study found that executives use just five distinct leadership styles. None guarantees success but at various times any of these have been successful.

Strategic Approach:

The leader acts as the company's top strategist, systematically envisioning the future and specifically mapping out how to get there.

The Human Assets Approach

The leader manages for success through people policies, programs, and principles.

The Expertise Approach:

The leader champions a specific proprietary expertise, using it to focus the organization.

The Box Approach

The leader builds a set of rules, systems, procedures, and values that essentially control behavior and outcomes within well-defined boundaries.

The Change Approach:

The leader acts as an agent of radical change, transforming bureaucracies into organizations that embrace the new and different.