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HUMAN RESOURCES AND MANAGING STRATEGIC CHANGE

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HUMAN RESOURCES AND MANAGING STRATEGIC CHANGE*

8.1 WHAT IS THE CHANGE AGENT ROLE?*

The label “change agent” carries with it much misunderstanding, cynicism and stereotyping. Organizational managers have often described this role as impractical and peripheral to the business. Employees have a healthy skepticism about change agents as the promised change efforts often fail to materialize. Human resource professionals, too, have been wary of identifying with organizational development (OD) types, seeing them as competitors who have greater access to senior managers and resources without the accountability of producing results on the bottom line.

However, as organizations of all kinds face unrelenting changes in their environment, the need for individuals who can turn strategy into reality has created a new legitimacy for the change agent role. One of the most significant changes in this role is that it is increasingly being identified as part of the human resource function. We believe several reasons lie behind this trend:

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- HR professionals have made significant strides over the past decade in becoming business partners and demonstrating the value that they can add, not just to implementing business decisions, but to the actual strategy-making process.
- The change process takes time and focused concentration; executives don't have the time and are looking at where the change process can best be managed.
- A significant number of any organization's business strategies requires major changes in people-related issues; the HR function and individual HR professionals develop and manage the key "people" systems needed to support organizational change. (Schuler article)

Dave Ulrich, in his book *Human Resource Champions* (1997), goes even further, advocating that creating a renewed organization is the deliverable that executives and HR professionals must expect of the change agent role in HR. Virginia Murray, an executive search consultant, comments that almost all searches for the senior HR role now include "change leadership" in the job specifications. Moreover, she states, the history of "failed" change efforts that so many organizations have experienced with mergers, restructuring, reengineering, etc., has emphasized clearly the HR executive's ability to execute change successfully.

But what, exactly, is the change agent role? Is it to represent management with employees as change is implemented? Is it to introduce and champion new initiatives intended to improve organizational performance? Is it to contract with and manage external consultants to effect change initiatives? Is it to monitor and influence climate and morale? Or is it to make teams in the organization feel positive about themselves and their efforts? In fact, none of these goes far enough in describing the role that today's change agent must be prepared to play. The most important contributions to be made through the change agent role are these:

- To enable people to work effectively as they plan, implement and experience change
- To increase people's ability to manage future change

Ulrich identifies three basic types of change for which HR executives, as change agents, have responsibility. The first type is initiatives — programs, projects and procedures that upgrade the way in which the business is managed. The second type is process — changes in the way that work is done. The final type is culture change — the deliberate and sweeping reconceptualizing of the business an organization is in: its identity. The change agent role is somewhat different with each of these types.

8.2 COMPETENCIES REQUIRED FOR EFFECTIVENESS

Despite the multi-faceted and ever changing demands on HR professionals as change agents, there are definable competencies that can be understood and learned. With the growing recognition and use of competency frameworks, models, etc., there is no excuse for working from a "seat of the pants" approach (although some can't be avoided).

The Hay/McBer group, an international consulting firm specializing in the competency field, have identified change management as becoming increasingly important for organizations of the future. Change management, according to their research, comprises a number of specific competencies including

- creating feasible and desirable adaptive strategies for achieving a new vision

- allocating resources and building capability to implement ongoing change
- communication, training and facilitation skills for working with groups

Dave Ulrich has completed extensive research in this area as well. His research, validated by HR professionals and their line-manager “clients”, showed that successful change agents had the ability to

- **Diagnose Problems** — This involves understanding both the business drivers and the organization well enough to identify performance issues and analyze their impact on short- and long-term business results.
- **Build Relationships with Clients** — These will be qualitatively different relationships from those traditionally existing between HR and managers; the goal is to form a partnership with mutual responsibility for the outcomes of the change effort. Because the risk is higher than with most other HR roles, the level of trust required is much higher. Management consultant Ric Reichard uses a simple formula to describe the issues that are usually at play.

$$\text{TRUST} = \frac{\text{Perceived Competence} + \text{Relationship}}{\text{RISK}}$$

Often the client and the change agent overemphasize one or the other (competency or relationship), especially when the risk increases while the challenge is to balance both to achieve the necessary level of trust.

- **Ensure That the Vision Is Articulated** — This is perhaps the most debatable ability, as many would see it as the responsibility of the organization’s CEO or most senior leader. However, the primary purpose served by the vision is to clarify direction, thus enabling employees to strive for something truly important. Therefore, it is understandable that the HR executive will be called upon to interpret the hopes and motivations of the workforce through the vision statement.
- **Set a Leadership Agenda** — This activity involves defining the specific *leadership* priorities and actions required in the specific change context. Too often, once the vision has been communicated the activity moves to the operating level of the organization and the leadership team moves on to its next challenge. The leadership agenda defines the ongoing role for leaders, such as communications, role modeling, reinforcement of desired behaviours, etc. It is critical that the agenda reflect the unique qualities (positive and negative) of the leadership team as these are the areas upon which success or failure will depend. This is frequently overlooked in leading change and requires the HR executive to understand intimately the dynamics, history and competencies of the leadership team and to have the tenacity to insist on its accomplishment.
- **Solve Problems** — Recommending solutions, a common expectation of HR professionals, is not the same as solving problems. When it comes to the change agent role, the problems encountered are often loaded with emotional and political dynamics. Resistance, conflict and power are frequently, if not always, present and to make things more complicated they are frequently disguised. For example, comments that a change is “unaffordable” often masks concern that the money will come out of some other part of the organization’s budget — such as the commentor’s! The change agent must possess the insight to recognize

the problem, the sensitivity to see its importance to those involved, the courage to take honest and often difficult measures to resolve it and the credibility to be heard.

- **Implement Plans To Achieve Change Goals** — Successful organizational change on any significant scale can be attributed to two things: the right strategy and appropriate change in organization culture. Culture change, in turn, relies heavily on aligned and supportive people policies, systems and processes. This is the reason for CEOs' increasingly looking to their HR executives to take the leadership role in implementing strategic change. In short, the implementation plan is an HR plan for both the HR function and for management. As with a number of the other abilities rational management skills such as planning and project management are essential but not sufficient. In addition, HR professionals must be superb communicators (in all directions), focused on the priorities and rigorous in their ability to determine how changes in HR processes will add value and how this will be measured.

Complementing the competencies identified above, we would add the following as essential for effectiveness as a change agent:

- knowledge of the business; the products/services and core work processes of the organization
- keeping a business perspective — both macro (mission/vision) and micro (what line managers cope with)
- ability to tolerate ambiguity
- managing resistance
- risk taking
- managing conflict

It is apparent that these blend personal attributes and developed skill sets. A change agent working at the strategic level cannot be effective without them. Consider the following real situation: the VP of HR had been successful working with a divisional VP in developing a new vision, strategy and organization structure for the business — one that was clearly needed given changing business conditions. The vision was compelling, the strategy was geared to the market and the structure reflected both the work and the organization's values. They were stunned when it failed to get the approval of the corporate group. In retrospect, they had failed to anticipate and account for the reaction of this senior group who had founded the business and watched it grow and thrive.

Having a clearly articulated competency model for the change agent role is one thing; acquiring the knowledge and skills to function effectively in this role is another. Consultant Ric Reichard points out that effectiveness in any role is a combination of *competence* and *confidence*. It is important for the HR professional to assess himself or herself honestly in both areas because the strategies for overcoming deficiency are different. Simplistically, a lack of competence can be addressed by formal training, while a lack of confidence can better be addressed by practice. Following are four essential elements in developing competence as a change agent:

Education and Training

Formal education and training that is comprehensive enough to equip an HR professional for the change agent role is limited in this country — certainly in comparison to the Masters and PhD level programs available in the United States. However, several universities, such as the University of Toronto and Queen's University, are now offering change management programs within their

executive development divisions. These range from 3 days to 15 days of professional development, sometimes with a field project element. The amount of conceptual and behavioural learning required by the competencies identified above requires a real investment of time, both initially and ongoing.

Practice Opportunities

Five years ago we would have encouraged HR professionals to find neutral territory to practice their new skills. Today this is clearly impractical as organizations demand that the skills be used immediately. Learning and doing in parallel today is so much the experience of most people as they learn new roles. The change agent is not exempt from this reality but the “practicing” is often more visible and the risk higher than in other aspects of the HR role. This is where the next two elements come into play.

Feedback and Reflection

Think about the following quote: *Good judgement comes from experience; experience comes from bad judgement.* The simple (however painful) truth in that expression is familiar to everyone. But a step seems to be missing — the step that helps us to learn from *bad judgement*. The most important thing you can experience as a change agent is not success. Nor is it failure. It is honest feedback about your performance and impact and the time to reflect on and learn from it. The complexity and ambiguity of the situations faced, the mixture of rational, emotional and political elements and the requirement for high-level diagnosis, planning and execution skills often make it difficult to determine the reasons for either success or failure in any specific change effort. Despite the pressure to move on to the next problem, it is essential to know how your client views you and to use that information for active improvement and development.

Support System

For HR executives functioning as change agents, an additional dilemma is having no one inside the organization to talk to. The issues are often too strategic or too sensitive to discuss openly. The professional risks are sometimes too immediate — mergers and acquisitions, for examples. On the other hand, the impact on other staff, such as in a restructuring, may limit the support the change agent can expect to get internally. A support system should include people who know the nature of your work and the satisfactions, stresses and risks associated with it. Although family and friends may love us, be proud of us, express loyalty, etc., that is not a sufficient support system. One of the most important people in your support system will be the colleague upon whom you can count to challenge you, help you see your shortcomings and follow up on what *specifically* you are doing about them.

Managing the Dual Role: HR Executive and Change Agent

In a 1997 issue of the *Human Resource Planning Journal*, Gregory Kesler wrote: “Many HR organizations are discovering how difficult it is to implement breakthrough change in the role of the function...The irony is difficult to miss, given the pressing need for change-management expertise to support...radical change in the business.” Most HR executives and professionals would agree that credibility as a strategic change agent comes *only* after demonstrating the ability to lead and implement change within HR to ensure that the function is effective and, more important, truly valuable to the business. The dual role then begins with the change process inside HR. Jim Grossett, senior vice-president of HR for Molson’s was faced with just such a challenge when he took the role of HR vice-president for Coca Cola Beverages. “We were faced with a turnaround and I knew that it couldn’t be accomplished with the existing HR organization — that had to be

my first priority — not fighting the fires associated with getting other parts of the business to change.” Jim commented that it is critical for the HR executive to understand the role and contribution he or she needs to make because line managers either don’t or underestimate what you can do for the business. He relied on three things to bring about radical change in HR:

1. singular focus on what had to be done; don’t let anything — especially the day-to-day “crises” — distract you
2. conviction of your beliefs and the courage to stand up for what you believe; you are fully accountable for what happens with HR
3. a strategy and the roadmap to get you there; the route you ultimately take may change but the roadmap ensures that you keep moving

Another aspect of the dual role that deserves attention is operating as both HR executive and change agent in the executive committee (or other top management team structure). The dynamics of an organization’s top management team, especially during periods of major change, are complex and powerful. The HR executive needs to understand these dynamics in order to successfully balance the change agent role with that of executive team member. In particular, he or she needs to remain (and be seen by his or her colleagues) as accountable in the executive role while also functioning consultatively around the change process. The VP of HR at a large hospital recalls being asked by the president if I was “a VP in this meeting or a consultant”. At the heart of this kind of challenge is the concern your peers have that you are removing yourself from full ownership of the organization’s problems and perhaps even positioning other executives to take the blame. If you aren’t managing this your “help” runs the risk of being either ignored or rejected and your “executive authority” forgotten. You lose the ability to influence from either role. The following tips come from HR executives who have found them to be essential in maintaining their effectiveness in the dual role at the executive committee table:

- learn to recognize team dynamics and develop the skills to help others understand and manage them
- know when and how to use external change agents
- declare which “hat” you are wearing
- be honest about how you may be a part of the problem in your HR role
- work with the CEO to ensure understanding of and support for your dual role

But, wait a minute, you say, “not all change agents are also at the executive level in HR.” What are some of the issues for HR professionals in general in effecting change — up, sideways and down in the organization?

Change Up

For the HR change agent this often involves new HR initiatives that have a strategic impact on the business — for example, fundamental change to the reward system. Effecting change of this kind requires the HR professional to create a strong business case, understand in detail the implications for the business in implementing the change and ensuring that champions in key line management roles are in place ready to support the change with their superiors. Another type of “upward” change can be the need adopt a new leadership style. This frequently arises out of mechanisms such as employee climate surveys and often points to problems in only parts of the organization. HR business “partners” in line organizations are frequently faced with this difficult type

of change. Success with change of this kind requires extreme sensitivity to the real and possible political agendas all around the “object” of the change initiative. In addition the change agent needs to understand what is maintaining the current leadership style and to identify practical steps that the leader can make to begin the change. Finally, none of this is possible if we are not able to “speak the unspeakable”, which requires a level of existing trust and the courage to take what may be a significant risk.

Change Sideways

There are similarities between effecting change up as described in the previous section. These include the issues of understanding the business and political sensitivity. However, this particular kind of change presents unique challenges, particularly when it does not carry sponsorship from a higher organizational level. Increasingly, HR professionals are expected to partner with their peers to achieve certain objectives that, although important, are not “executive committee” material — for example, sub-unit restructuring, local training and compensation initiatives. To effect change sideways, a collaborative partnership with clear contracting around roles and responsibilities is essential — more so because it is frequently overlooked or short-circuited due to time pressures and the existing relationship between the change agent and the client manager. Line managers accustomed to working with HR as experts are often inclined to pass over responsibility for the change to the change agent. Likewise HR professionals who are more comfortable in the expert than the change agent role may be tempted to accept responsibility especially for HR system changes. This problem can be avoided if the change agent insists on a contracting meeting before the work begins. In such a meeting, the change agent should pose a number of questions that both parties need to have to form the basis of a mutually agreed upon contract. Be assured, however, that very few client partners will initiate this critical activity; the change agent must realize its importance for the change effort, the organization and the relationship!

Change Down

Of all three directions for effecting change, the most risky is change down. This may appear unlikely as a number of the tricky issues of managing in the other two directions are admittedly not as much in play, namely managing political agendas and personal sensitivities. However, as Daryl Conner points out in his book, *Managing at the Speed of Change*, the biggest risk of failure — both for the change project and for the change agent — is when there is inadequate sponsorship to both initiate and to sustain the change that those lower down in the organization are expected to carry out. Internal change agents are particularly vulnerable to a request or expectation that once the change is announced by leadership they will “take it from here”. Change agents in HR roles simply are not authorized or viewed by those “down” in the organization as having the power to effect change. To be effective as a change agent in these situations, they can work with the sponsor to

- ensure that he or she has personally endorsed the change project with the affected employees
- ensure that resources from the organization — time, \$'s, and visible leadership — are available to sustain the early messages and the change efforts

Affecting change down requires other competencies as well, namely being able to help people define “what’s in it for me?”, creating change structures that offer meaningful involvement and supporting the emotional and psychological stress of constant and often overwhelming spin associated with change.

8.3 BUILDING SUCCESSFUL PARTNERSHIPS

Rarely in today's organizations does the change agent find himself or herself working alone. Large or strategic change initiatives often involve external consultants, specialized projects — for example, IT usually involves other staff specialists. Finally, clients frequently have more than one change project “on the go” at any one time — each with its own change agent. The HR executive must recognize the importance of building strong, collaborative relationships with other change agents. The benefits to doing so are numerous:

- synergy in thinking
- coordinated action
- efficient use of scarce resources
- appropriate sequencing of projects
- access to expanded skills and perspectives

In terms of strategic change and the HR executive as change agent, the most frequent partner is likely the external consultant. An external consultant identified the following five issues as key in successful partnerships he or she has had:

1. Both parties must be guided by what work is *best done by the other in the situation*. Turf orientation must be avoided even when it means handing a preferred role or activity to the other person.
2. Selecting an external consultant should be done with as much rigour as any other staffing selection. Knowing and trusting the individual is important but it is not enough. The external must possess the competencies and abilities around the particular task. Consultants cannot usually be “jack of all trades”, even when they say they are.
3. External consultants need to have a genuine appreciation of the multiple demands on managers in the client system as well as of the conflicting situations they often find themselves in. The internal change agent should not have to continually defend changes in schedules, agendas and priorities. Together they need to find ways to make the necessary adjustments and keep a course.
4. When working with the HR executive it is critical that the external change agent makes sure that the HR executive remains a part of the executive team. This entails knowing when to take the lead and coaching the HR executive for playing what is often a complex and conflicting role.
5. Most successful change efforts come about when planning and developing the change strategy is done collaboratively by the internal and the external. They can then take appropriate roles knowing and understanding what is intended from the change initiative.

Anne Berend, Director of Human Resources with CIBC, has extensive experience with consultants and attributes her success to the following issues:

1. Ensure a fit between the external consultant and the organization, principally in terms of understanding the culture, how decisions really get made “under the water line” as she says, and the business imperatives.
2. Look for someone who can build trust and credibility rapidly with both the executive team and with yourself. This happens when the external doesn't come in with his or her own

agenda or solutions and takes the time to listen and understand what the change initiative is all about from the organization's point of view. He or she looks for someone who will not make value judgements but will appreciate the complex issues and dynamics of the organization. He or she is also watchful of consultants who try to usurp management's role, which can occur when the pressure is heavy to bring a large project to completion.

3. Perhaps of greatest importance in assessing an external consultant is to determine what *value* they are bringing to the organization. Anne defined value not in terms of the individual's expertise as much as
 - what insights and perspective he or she can bring to the issue
 - how effective he or she is at helping organization members to think outside the box
 - the ability to engage employees and equip them to better manage their own world in the future
4. Although it is natural — and usually desirable — for the consultant to want a primary relationship with the CEO there are times when the external shouldn't be in the room. At these times the quality of relationship with the internal change agent is critical. They are completely interdependent and the change process cannot be successful unless the partnership is effective.
5. A particularly awkward situation occurs when a new HR executive perceives that an external consultant already in the organization is not "right for the job". In this case, Anne emphasizes the importance in her role of being focused on the organization's needs. Her approach is to find out from the consultants what they are trying to accomplish and what they have been doing, then to listen to what people in the organization are saying and feeling and, finally, to confront the problem openly and directly with the external and his or her sponsor.

8.4 THE ORGANIZATIONAL CHANGE PROCESS

(1) Theories, Principles and Models for Change — Why Bother?

"There is nothing so practical as a good theory." Kurt Lewin, the father of modern change theory.

Given the pace of change in today's organizations, however, who has time for testing theories, articulating principles and developing models? What happens more frequently is that the change agent grabs the latest "model" off the shelf, adopts a set of principles he or she has seen somewhere and relegates consideration of theories to professional conferences and formal training activities.

But these are essential tools for the change agent that, when used appropriately, will increase the chance for successful change and at the same time equip the organization to manage further adaptation and change on its own. What follows will, by necessity, provide only a broad outline concerning the use of these conceptual tools.

Beginning with the most abstract, theory, it is important for the HR change agent to be familiar with recognized theories of organizational change and also with the more fundamental theories of organizational behaviour, group dynamics, individual personality and motivation which underpin

all change theory. In addition, a basic understanding of systems theory focusing on organizations as open systems is essential. It is also important, however, for the change agent to be aware of the “theories” that he or she carries around in his or her own head as a result of his or her own perspectives, beliefs and experiences. We all have these theories and they are not necessarily less valid than the published theories — only less tested. We often use them not so much consciously as implicitly, which is why it is important to understand and account for them. The same, of course, is also true for the change agent’s client in the change process. Although their theories may be much less visible or articulated, they are there!

Theories are particularly helpful in choosing an appropriate course of action. Consider the following example. Angela is the HR manager for a regional business unit in a large, rapidly growing national consumer products company. A recent change in corporate strategy necessitates restructuring the marketing and sales organizations across the company. Angela has been charged with assisting the regional management team in implementing the change. Two months into the project they are encountering resistance at all levels to the new structure and roles. Senior market analysts are disgruntled about a new compensation plan and the advertising section has not communicated the changes to their primary ad agency and promotion design firm. The management team is frustrated and impatient with this resistance and has asked Angela to come up with a communications plan that will result in the necessary “buy-in”. Without an understanding of the nature of resistance and its theoretical basis, communications as an intervention may seem like a positive step, especially if it has been lacking. However, theory tells us that most resistance is not to the change itself but rather to how it is being implemented or how it will affect individuals. Human beings, in fact, are driven to growth and change, despite all that has been written about resistance as a cause of failure in change efforts. With an understanding of the theory, Angela is in a better position to identify the real cause of the resistance rather than simply tackling the symptoms. Most change agents will agree that it is difficult to overcome the emotional pull to overcome resistance “now” without a sound basis for a more useful intervention.

Another example of the use of theory comes from an internal consultant working with a number of divisions of a large financial services company as they reengineered their work processes. It was not uncommon with this client to hear expressions of concern about project “scope creep” which is the redesign work going beyond the actual core processes that was the focus of the change effort. Past experience in this organization made the client extremely cautious about expanding the scope of the redesign work, fearing large cost overruns and lengthy delays, not to mention much more complex approval processes as more parts of the organization had to be involved. However, it was neither clear to the consultant that the core process did not exist independently of the supporting processes nor of other divisions. A systems perspective made these interdependencies obvious and it was the consultant’s challenge to engage the client in an analysis that would bring out the critical issues.

Principles are another valuable but underutilized tool available to change agents. What is meant here is guiding principles for the change effort, compared with principles in the ethical or moral sense. Guiding principles serve the following purposes:

- ensure that the change is *carried out* in a way that is consistent with the end objectives of the change
- ensure that the change process is congruent with the organization’s values
- draw attention to the needs of key stakeholders that must be met

- articulate linkages with other initiatives that must be developed or maintained
- clarify roles — especially ownership

The biggest mistake that change agents make in using guiding principles is to develop them without the client and then seek approval for them. Approval, of course, is almost always a fait accompli but the client has no real understanding of what the guiding principles imply and what it will mean to manage the change using them.

Once established and agreed the guiding principles really do need to be used to guide decisions, actions, communications, etc. They should be a formal element in any progress report or evaluation process, which are often in the hands of the change agent to manage.

Finally, guiding principles provide an excellent framework for organizational reflection and learning — one of the implicit goals of any change effort.

Change models are probably viewed by most HR change agents as more useful than theories and principles. Nevertheless, selecting an appropriate model and using it successfully is dependent on the foundations that the theory and principles provide.

8.5 MODELS FOR ORGANIZATIONAL CHANGE

Most organizational change models consist of the identification and sequencing of the key steps that must be taken to carry out a change initiative successfully. For many years the models used to effect change were focused strictly on the content or action steps. They were linear and highly rational. Increasingly, however, models that I come across focus on both the substance and the process of the change effort. Although linear in the sense of providing a roadmap they also recognize the need for feedback loops resulting in the sometimes necessary detours that characterize the non-rational elements of change. John Kotter's change model as shown in Exhibit 1, focuses almost exclusively on the process steps that build understanding and commitment of the people who will be affected by the change.

Exhibit 1 Eight-Stage Process of Creating Major Change

1. Establishing a Sense of Urgency
2. Creating the Guiding Coalition
3. Developing a Vision and Strategy
4. Communicating the Change Vision
5. Empowering Broad-based Action
6. Generating Short-term Wins
7. Consolidating Gains and Producing More Change
8. Anchoring New Approaches in the Culture

Adapted from John H. Kotter, *Leading Change: Transformational Change*, HBR, March-April 1995.

Two additional, simple models of this type are

Lewin's Model: *Unfreezing* → *Change* → *Refreezing*

and the following formula developed by Beckard and Harris, 1987

$$\text{Change} = (A+B+D) > X$$

Where

A= level of dissatisfaction with current state

B= desirability of future state

D= ability to take first steps

X= cost of changing

As the reader can see, models can be very detailed descriptions or very general elements and everything in between!

The change agent usually starts with choosing the right model (or adapting one that is close). This choice is important because a model that does not fit with the type of change, the organization and the change agent can easily steer the change effort off course. Any model chosen by the change agent should be one that he or she understands and agrees with conceptually and also one that he or she has the skills and experience to use effectively.

(1) How Will You Actually Use Your Change Model?

A model for bringing about change can be used in a variety of ways. Many change agents prefer to keep their model as a personal reference while others work hard to have it understood and actively used to guide the change process. The choice depends on a number of factors, including previous experiences in your organization with change, level of sophistication of the client, complexity of the model and the larger context in which the change is occurring. My experience is that using a model openly is preferable to simply having it as a personal reference. It is far better to debate the approach or model and adapt it so that it is widely supported before the change effort begins. If you do not, the risk is that people you are working with will be aware that you are following some kind of plan and not sharing it may lead to unnecessary suspicion and resistance.

Beyond the issue of credibility are situations that necessitate the use of a change model. They include

- Complex change initiatives — for example, lasting more than a few months, involving large numbers of active players, interdependent with other change efforts. These kinds of changes require the kind of planning, project management, problem anticipation and resolution that change models can provide. The model, in fact, operates as a roadmap for the change.
- Team-based change efforts where you are guiding and/or coordinating the effort but are not fully involved at every step. In this situation the change model is not only a roadmap but a teaching tool building the competence of others in the organization for bringing about change.
- The change model can be an invaluable tool for managing the constant tension of moving forward versus fighting fires. Once announced and in place the focus and discipline of the model defines your focus. Jim Grosset described it as a “compass that helped me to stay

the course and in fact to get there faster than I could have otherwise. I just declared that if it wasn't in the plan, I wouldn't be spending time on it; a hard message for my staff but, in the end, worth it for all of us and for the company."

(2) Creating Successful Change Teams

One of the most critical tasks of the change agent is to help individuals come together and operate effectively as change teams. This role should come naturally to the HR professional who understands that successful change, like successful organizations, is much more about people than it is about strategy, technology, information, etc. A senior member of one of the prominent "strategy" consulting firms made the following observation: "We provide our clients with brilliant strategic insights — we have been much less successful helping clients to implement them." With change implementation being increasingly the responsibility of teams we should be proactive about the conditions that need to be established to help them succeed. Peter Senge in his latest book, *The Dance of Change: The Challenge of Sustaining Momentum in Learning Organizations*, identifies several challenges for the change team itself including the following:

- not enough time — people on change teams need enough control over their schedules to give their work the time that it needs
- support with new roles and tasks — change teams need resources, support and most important coaching
- losing confidence — team members, especially those involved in pilot projects are inevitably faced with their own vulnerability and inadequacy, and need reassurance and reinforcement
- change teams as "cults" — even well intentioned, the zeal of teams can lead to arrogance where organizational members are divided into believers and non-believers
- reinventing the wheel — over time change teams do not build on previous successes or learn from others' experiences; they embody the functional silos that are so often an obstacle to organizational change

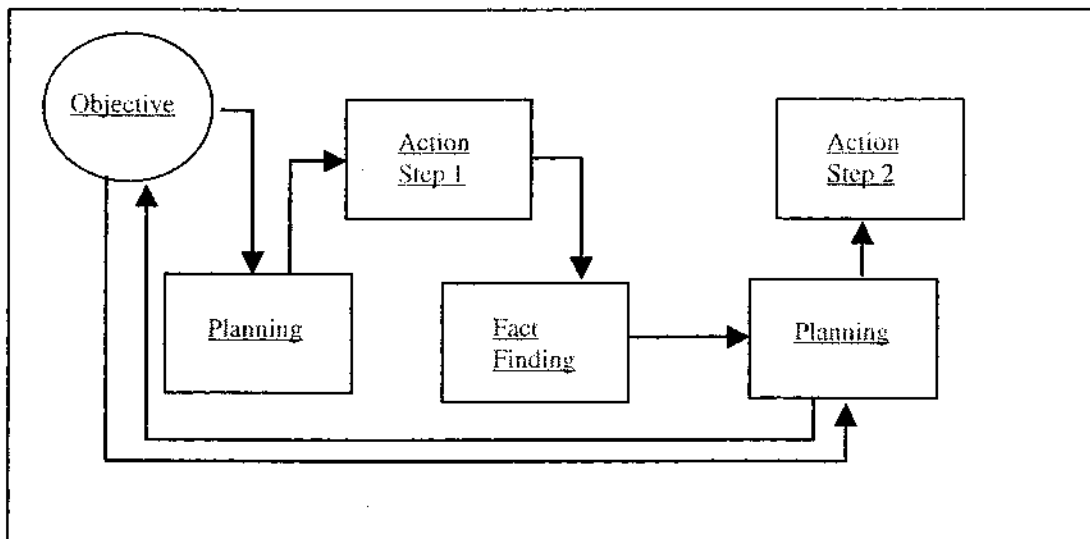
The HR executive as a change agent can help teams to overcome these challenges. Some of the practices that have proved most effective are

1. team development — Change teams need access to facilitators and trainers who can help them develop effective team norms and skills and who can be available to assist them in understanding and managing their own team dynamics. It is best when the facilitator is not also performing as a team member.
2. liaison with rest of organization — In order to prevent the problems of isolation and elitism, change teams need regular access to other parts of the change effort as well as to the rest of the organization. When team members "represent" different functions or work units it is critical that they be assigned clear communication responsibilities back in their home organization and are given the resources for carrying this out. In one successful change effort, members of the change team were invited to all steering committee meetings and actually organized and ran the employee "town hall" meetings (with assistance behind the scenes).
3. temporary reward systems — Because it is always complicated to change the formal financial rewards system, HR as change agents need to help management to formulate meaningful

rewards for change teams that can be dismantled at the end of the project. Celebrating milestones, recognition from senior management, team symbols and opportunities to learn new skills can be very effective.

4. **change model** — Change teams experience empowerment when they have the authority, the information and the tools they need to plan and implement the change. A change model is one of the most valuable tools. It provides a roadmap to guide both activities and progress. Some models, such as the Kolodny model, are particularly useful for teams that are operating in parallel with the rest of the organization because it places great emphasis on the steps required achieving understanding and buying in from the rest of the organization. But almost any of the basic change models can assist the team to perform better and to develop confidence in its process.
5. **action research** — A type of model for the change process, Action Research, as shown in Exhibit 2, also encompasses a philosophy about change in human systems. Kurt Lewin first developed it in the 1940s as a way to get homemakers to willingly adjust family eating habits during wartime food shortages. Simplified, the model ensures that those most affected by a change effort are involved in defining the problem, developing alternative solutions, trying them out and assessing their impact. In short, it does not separate the “research” or analysis from the “action” or implementation but sees them as a continual feedback loop. Half a century later, action research can be one of the most effective approaches to organizational change.

Exhibit 2: Action Research Model



8.6 THE ROLE OF HR IN MANAGING STRATEGIC CHANGE

“Getting the strategy of the business implemented effectively.”

“Getting everybody from the top to the bottom to do things that make the business successful.”

These are just two expressions of what senior management expects from today’s HR function. The challenge, of course, is to take these sweeping statements and determine the kind of HR strategy, roles, structure and programs needed to make them a reality. Much of the focus of this book has been to define and demonstrate how HR functions can contribute to organizational effectiveness and business success. In this section we will look at specific strategies and tools available to HR leaders for managing the strategic change process. Three levers that are recognized as having great impact are the following:

1. Creating an HR team that can drive the change effort
2. Diagnosing and strengthening the organization’s ability to change
3. Enabling organizational learning — growing capability

8.7 CREATING AN HR TEAM THAT CAN DRIVE THE CHANGE EFFORT

Strategic change efforts in today’s organizations require the attention and effort of the full HR function working in synergy as a team. This is especially true and especially challenging when members of HR perform in distinctly different roles such as the business partner, functional expert and transactional specialist “structure”, which an increasing number of large companies have adopted for their HR function.

The role of the HR leader is particularly critical. He or she is responsible for defining the overall HR strategy and ensuring that mechanisms are established within HR for integrating the efforts of all members toward that strategy.

Angelo Pesce, vice-president of Toronto’s Baycrest Centre for Geriatric Care, faced just this type of challenge when he joined the organization. In addition, the HR function was demoralized and had no credibility with anyone. The organization was also facing strategic change from issues such as

- rationalization of the health care system
- dramatically increased needs for geriatric services and expertise
- shortages of professional staff

Angelo identified the following steps that in his words “were needed to get HR in the game and to take it to the next level.”

1. Ensure that you have the right people on the team has more to do with philosophy and style than experiences and technical skills. For example, in an organization as heavily unionized as Baycrest, union– management relations must be viewed as a relationship between parties with legitimate interests — not as a contest.
2. Establish the role of each HR professional as a relationship builder and a strategic partner. This means ensuring first that HR sees its role from the outside in terms of the business as a whole

(as well as each part) and second that HR knows that it has to demonstrate clearly to the business the purpose and value of all its processes.

3. Introduce service contracts as a mechanism for ensuring that work undertaken by HR is well defined with clear accountabilities and quality measures. Angelo emphasizes that service contracts can be either fixed or flexible, but in his experience the greater flexibility the greater scope for creativity in solving unusual problems, which are encountered frequently in a rapidly changing environment.
4. Develop an HR strategic plan that supports the business strategy. The strategic plan “ensures that HR is accountable not just for advice but for execution”. Senior management owns the HR plan while HR professionals are seen as its facilitators.
5. Introduce a change model that will be shared and used throughout the organization to guide the change process.

8.8 DIAGNOSING AND STRENGTHENING THE ORGANIZATION'S ABILITY TO CHANGE

The HR function has a critical role to play in ensuring that an organization's people are an asset, not a liability, in the change process. This entails working on the

1. readiness to change — are people cognitively and psychologically ready for the change? and
2. transition structures and processes — does the transition plan for the change initiative specifically address the needs of people and are HR systems flexible enough to support desired changes in behaviour?

(1) Readiness to Change

As much as change is inevitable and, in fact, an essential component of human life and development it is often also unsettling and painful. Issues that must be satisfactorily addressed in order to create readiness for change include the following:

1. The specific reasons for the change must be communicated and discussed with employees at all levels.
2. Employees need to know how the changes will affect them and what influence or “say” they have in the change process.
3. The organization must be able to answer, “what's in it for me?”

HR's role in addressing the issue of readiness for change is threefold:

1. to advocate for employees' legitimate needs and concerns
2. to ensure that the change process itself is designed to inform and involve people at all levels
3. to find or develop tools that can measure and track readiness throughout the organization.

The HR executive as a member of the leadership team has an additional responsibility for assessing readiness at the most senior levels of the organization and of confronting issues in this

regard in a timely and honest fashion. Perhaps surprisingly, resistance can always be predicted somewhere in the senior team and as long as it is tolerated that will impact the change process throughout the organization. Senior executives have to “be role models for future behaviours” according to Linda Padfield of Hay Associates and many of them need coaching and reinforcement to do this consistently and authentically. The HR executive is best positioned to ensure that this support is in place.

(2) Transition Structures and Processes

It is common today for organizations to develop a very detailed plan for the organization, as it will exist as an outcome of a strategic change. However, not nearly as much thought and detailed planning is done to ensure that the organization’s transition is successful and effective — in financial, operational, market and human terms. Yet there is no guarantee that determining the strategy will make it happen; it is in the transition process that organizations stand to achieve, compromise or lose their strategic objectives.

HR professionals, whether officially identified as change agents or not, can focus their energy and attention on the factors that most influence organizational members to “get on board”. These are communications about the change, involvement in meaningful ways and reinforcement/reward for behaviours required for the transition as well as for the future organization. HR “change agents”, especially those who work as business partners, will need to work proactively with managers at the local level. This involves educating and coaching them in effective communications practices, developing appropriate ways for employees to influence the change process and devising creative, on-the-spot ways of rewarding desired behaviours — even when these are not entirely successful! It is especially important that HR professionals have the authority to be flexible with traditional systems in order to advance the change in the part of the organization where they are working. This authority often comes from the HR executive who must spend considerable time sharing the strategy and goals with others in the HR functioning and then encouraging them to be flexible with how they help their clients meet them. The flexibility to modify existing human resources practices can be supported when field HR and functional specialists have common goals, share information freely, collaborate regularly and when their reward systems are tied to such activities.

8.9 ENABLING ORGANIZATIONAL LEARNING — GROWING CAPABILITY

There are four key concepts in enabling learning to occur in the interests of growing organizational capability. They are:

- Develop competency models for the new organization
- Think differently about training and development
- Become the official organizational “butterfly” between organizational change initiatives
- Leadership development is THE KEY

These concepts are important enough to require separate treatment.

(1) Develop Competency Models for the New Organization

Strategic change almost inevitably requires new organizational competencies and with these come new individual competencies. For example, in the face of “big box” retailing, department store chains in Canada have had to strengthen their capabilities in logistics, distribution, purchasing, etc.

A competency model can be a powerful tool for systematically increasing organizational capability. It typically consists of definitions of the core competencies that individuals in key positions must demonstrate in order to produce the results required by the new strategy. They have been proved effective when

- the definitions are accompanied by robust behavioural descriptions
- they have been validated by analyzing what superior performers actually do
- they clearly signal new behaviours required by the organization
- they encompass core competencies that are needed broadly throughout the organization while allowing for behavioural differences between functions and/or levels

(2) Think Differently about Training and Development

Organizations have traditionally focussed training and development on the individual. This may have worked when the need was for skill development or improvement that the person could transport back into a clear and stable set of job requirements. In conditions of major change, however, and even more so in times of constant change, people need to learn three very different kinds of things:

1. They need to understand enough about the context for the change, its implications for the business and for their own role that they can apply existing and new skills effectively.
2. They need to understand the process of change and develop personal tools for handling the stress and challenge associated with it.
3. They need to learn “how to learn” so that they can continuously adapt their behaviours to changing conditions and demands.

This kind of training cannot by and large be provided through outside training — although some of that can certainly be used to supplement the change effort or meet very tailored technical training requirements. It will be most effective when offered in natural work groups and where the real challenges, problems and opportunities of the organization form the basis of the training material. This process is known as “action learning”. When financial resources for training are limited or when training needs to compete for resources, “action learning” becomes a powerful strategy for selling the training proposal.

(3) Become the Official Organizational “Butterfly”

One of the most significant roles in nature is played by the butterfly, which ensures the survival of countless species of flowering plants by cross-pollinating as it travels in search of nectar. The

HR function should actively take up this role across the multitude of change initiatives that accompany most strategic change efforts. Specifically, HR leaders can

- work to ensure that HR is represented on major change teams and in the communications loop on change wherever it is occurring in the organization
- advance the use of intranet and other technologies for sharing information and, more important, experiences
- advocate and educate change leaders in the value of periodically pausing to reflect on the learning during the change process
- create climate and mechanisms for sharing across levels/functions/regions, etc., throughout the change process
- model open and transparent communications about the change even when there are failures, difficulties and unknowns

(4) Leadership Development is the Key

Without dramatic changes in the way that we develop leaders, most of the other strategies for creating a learning organization cannot be successful. A senior manager, considered by his superiors to have significant potential, was offered the opportunity to attend a prestigious “traditional” executive education program. When he proposed a program offered by another “first class” university but one focussed on the role and nature of leadership in managing the human side of strategic change he encountered solid resistance. In the end he did attend the program of his choosing and found it invaluable in helping him to deal personally and professionally with the work of “change leadership”.

Most Executive MBA curricula continue to under emphasize the human element in the leadership role and in the leader as a person. Leadership development outside of university settings, such as the programs offered by the Center for Creative Leadership, do an excellent job focussing on the person but lack the strategic context in which participants are working. It is critical for senior Human Resource professionals who have accountability for leadership development in their organizations to bridge these gaps. There are a number of steps they can take to ensure that the leadership development process is an investment in both the individual and in the success of the strategic change process.

- Be informed and knowledgeable about external programs — research their focus areas and strengths and follow-up with participants to get their evaluation of the program
- Ensure that internal leadership development efforts have full executive support; all key executives should play a role in the delivery of this critical curriculum
- Use an action research approach to the learning (i.e., use real time organizational issues and have participants learn and advance these agendas simultaneously)
- Recognize and encourage the development of the personal skills which leaders most need in times of change e.g. using dialogue to advance the change agenda with both individuals and groups, seeking and using feedback, role modeling to develop the capability of the next generation of leaders

- Encourage and facilitate the use of executive coaches for those in key positions; they often have no one else to talk to about their limitations and concerns

8.10 CONCLUSION

Human Resource professionals have an outstanding opportunity to influence the organization's direction through understanding how changes occur and using that understanding to effect long-term, successful changes. Few other roles in the organization provide such an opportunity. Assuming that leadership role is the key to success for HR professionals in many change initiatives.

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**BEST
PRACTICES:
STRATEGIC HUMAN
RESOURCES
MANAGEMENT**



David A. Bratton

 **CARSWELL**

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