Implementing Strategic Change for Your Business
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The process of change can be complicated. It can be slow and painful. It can be fast and painful. Depending on the particular change catalyst that is encountered, the process will move at it's own pace and the management team will be pulled in an uncomfortable direction. Human beings by nature do not like change. Businesses, by nature, don't like change. The driving question then becomes if we want to implement a strategic change in our business, how much pain are we willing to incur to enact the change catalyst?

We first have to ask what causes change in the business environment? There are four modes of change that can be encountered in every business and be viewed as root causes. They are 1) forced, 2) telling, 3) participatory, or 4) transformational changes. By identifying the root cause, you can determine which mode of change you are actually dealing with in your business. Situations that require a mode of change can be financial, technological, economic, environmental or human focused. The change may be driven from internal or external circumstances such as a new competitive advantage or threat, economic considerations, advancing technology, management restructuring or ownership change, customer dissatisfaction, vendor disruption, or loss of key personnel just to name a few.

Today's business environment is constantly in flux or upheaval so the normality that we seek is illusive. Nothing remains constant and predictability uncertain. The rate of change is increasing faster than we are willing to admit due to the tremendous information flow that has been created by access to technology and increased communication availability. Market growth and product life cycles are creating new consumer demands and distribution frenzy. Manufacturers are changing their inventory valuations and schedules from Just-In-Time (JIT) to Just-In-Case (JIC). Our business practices of the past decade have changed which means we have to adjust and adapt today's business practices accordingly.

Family operations or businesses tend to have to deal with change inhibitors or those things that keep a business from changing. The owner may want and require change, but the internal obstacles may be too great to overcome. Issues that should be taken into consideration by family business owners would include such issues as long-term loyalty to their key managers, acceptable levels of risk by the owner, company culture and values, the inertia of the company's success, ownership unwillingness to look outside to view change catalysts, or even a paternalistic management style by family members. Though size can create inertia for a company, the pace has to be regulated by the management team by being aware and planning for change, either internally induced or externally pushed.

Larger corporations are more directed by financial responsibilities to their shareholders and increasing shareholder value. Change can again be directed from both internal and external sources. However, the tendency to react to external change is much greater than to respond to internal change catalysts. Competition, for example, will force increased emphasis on product development, which in turn forces financial and human resources to be redirected to answer. This is a forced change that pushes toward crisis and reactionary management rather than planned, proactive management which is considered participatory. Larger businesses need to create a voluntary sense of internal ambition and a culture to break existing paradigms. The answer "we've always done it that way" can no longer be the rallying cry for businesses implementing strategic change. The new answer to difficult questions must be "why not give it a try" while focusing on performance drivers like costs, quality, service and speed.

Business Processes – Change can be defined by the fundamental business processes a business has implemented. Small changes can in many cases make huge differences in the performance drivers of a company. The process under consideration can be as simple as answering a phone call to as complicated as developing a new product launch. In each case, the process is defined by specific sets of steps that follow sequentially to conclusion. What happens when these processes are reshuffled or step eliminated to complete the process? Possibly better efficiencies, reduced costs, or increased inventory turns? The process under consideration will define the ability of the company or manager to promote change to improve process.

It is the constant reevaluation of your basic business processes that will define your ability to accept, create and implement change. Managers that wait for the change to happen around them will be the crisis managers within the company. Those who are willing to examine alternative modes of defining process implementation will be the ones that create value and assure that tomorrow's business successes will not be in question.

Job and Departmental Structuring – It is great to have the right person for the job in place. Understanding the ambitions and skill sets that employees possess are critical to implementing change within the organization. So it is also with departments within an organization. By having skill sets that coordinate with job functions, the employee acceptance level and task completion rate increases substantially. Managers also find that employees who are reassigned have an increased sense of accomplishment for tasks that are required and measured.

Employee job descriptions provide not only specified task and performance measures, but also the opportunity to reexamine skill sets which can be used to multitask with other employees and departments. For example, some of the best customer service personal come from production backgrounds. The ability to understand and apply production issues to basic customer needs can improve customer relationships and provide a strong fundamental understanding of production processes as they relate to external customer support.

The aspect of working in teams should also be touched upon. By taking individuals from multiple departments, a new level of participation and effectiveness can be achieved in providing solutions to problems as well as planning for critical company initiatives. Each have their own perspective to new situations creating excitement as well as being change catalysts.

Management Mindset - The mindset of the management team is fundamental in change implementation. Without management buy-in, the opportunity to implement strategic change is simply unrealistic. Another fundamental issue for the management team is their ability to actually "lead" as opposed to "do". Leadership will provide the direction necessary to produce a change catalyst and secure new directional changes that will drive the company forward.

Top management today must be focused on providing overall customer value by working closely within their organization with key company associates. It is the associates that will provide the implementation of the directed managerial change. This is easier to accomplish in businesses that do not have multi-tiered management levels. Success of the change implementation is far more critical on worker attitudes and work ethic than on actions of task-oriented managers.

The process is driven by the management mindset that company associates will be far more likely to succeed if they are empowered to make the necessary changes. They will be driven by a sense of accomplishment as well as individual performance drivers that directly impact their compensation. A management team that fails to recognize this tie between compensation and performance has become a change inhibitor and not a change catalyst. Being out front when change presents itself is leadership and company associates recognize quickly.

Performance Drivers and Measurement Systems – As part of the process, managers need to recognize that keeping score is only a portion of driving the required change. New web-enabled diagnostic tools are available to drive quantitative results at all levels within an organization. For many years, managers were considered to be scorekeepers. Today, the change drivers demand that top managers provide leadership as well. Systems that measure performance, such as compensation models, provide employees in your business with measurements to demonstrate performance.

The systems that your business has in place provide you with a basis to manage acceptable changes and implement others as needed. These systems provide a level of comfort to the individuals that are driving the change at the task level. If the systems are change inhibitors, it becomes your responsibility to question what is working and what isn't. Institute only quantifiable measurements. It is a given that most levels of performance improve when measured. You will instinctively know what to do if the performance levels decrease.

Beliefs, Values, and Culture – The values that are set forth with your business will drive strategic change. These values are created from your beliefs and provide the cornerstone for your business or organizational culture. For instance, if your shipping department does not believe that customer orders can be processed quickly and efficiently, chances are that your on-time shipping promise to your customers is not happening. Beliefs and values should address human concerns that employees feel, whether communicated directly or expressed through poor performance.

Changes that require culture shifts are difficult to implement. The values that are adhered to within the organization must be reflected in the performance drivers or compensation model thus rewarding behavioral changes that support the new value structure or internal culture. Without this support, management will not be able to demonstrate their willingness to change.

Minor shifts in culture can produce major changes. Be empathetic to the buttons that are pushed today because they could be the explosions you hear tomorrow.

By nature, all these parts are linked within an organization. Change implementation can weigh in at any of the levels described above. Participatory change can drive your business forward internally and externally. It provides forward thinking to plan for forced change when it occurs. Strategic change for your business should be well thought out and harnessed as a driver for your organization. Accepting the fact that change will indeed occur is half the battle won.