



## Organizational Transformations – Enabling And Sustaining Change

### Overview

Guiding organizations through transformational change is a daunting task. Major changes include downsizing, mergers, or adopting new enterprise software systems. Such changes typically generate workforce uncertainty, fear, and resistance, which reduce overall morale, focus, and performance.

Businesses and government agencies alike report high failure rates in navigating transformations, even after spending considerable sums on change management consultants. Diagnostic surveys reveal disturbingly low levels of employee trust in management, and chronic dissatisfaction with working conditions. Unless these underlying root causes are addressed directly, management interventions to anticipate and mitigate the disruptive effects of transformational change will continue to fail.

This paper describes an innovative methodology for enabling and sustaining change called CALM™ (for Change, Adaptation, and Learning Model). CALM was developed by Dr. David Koehn, an expert in leadership, change management, organizational development and psychology. Dr. Koehn collaborated with DecisionPath to embody CALM in software using their ForeTell® decision support platform.

CALM provides a low risk method for validating and refining change strategies. In essence, CALM enables you to “test drive” change strategies before rolling them out, allowing organizations to practice and learn from virtual rather than actual mistakes. Equally important, CALM allows organizations to monitor the execution of change strategies, and perform mid-course corrections as necessary. CALM thereby reduces risk and improves confidence and consistency in transformational strategies.

### Why Change is so difficult: Old Habits Die Hard

Transformational change disrupts the status quo, forcing managers and workers out of their comfort zones and conflicting with established behavior patterns, processes, and cultural norms. Typical reactions amount to a body’s immune responses, as organizations and individuals resist change and act to maintain prior “equilibrium” conditions. Even if desired changes are instituted successfully, challenges remain in sustaining them: absent constant vigilance, organizations tend to revert back to older, familiar behaviors and attitudes. In short, change, once effected, must be institutionalized to endure.

Dr. John Kotter proposed the following eight step process model for guiding organizations successfully through major changes:<sup>1</sup>

- Initiate change (by defining the business case for change)
- Build a coalition of change agents

<sup>1</sup> John. P. Kotter, “Leading Change: Eight Ways Organizational Transformations Fail,” Harvard Business Review, March-April, 1995, pp. 59-67.



- Formulate vision
- Communication and educate
- Empower others to act
- Create short-term wins
- Consolidate and further change
- Institutionalize change

Kotter derived this model by analyzing a multitude of change management efforts, with particular attention to failed ones. He argues compellingly that these eight activities are jointly necessary (but individually insufficient) to bring about and sustain change.

### CALM's Contribution: "Test Driving" Change Strategies

Our CALM methodology extends Kotter's seminal work by adding a dynamic decision support methodology. The dynamics derive from ForeTell's situational modeling and "what-if" simulation capabilities: rather than simply developing plans that encompass Kotter's eight phases, CALM adds the following elements to the mix:

- A rich set of metrics designed to measure an organization's readiness to change<sup>2</sup>
- A model of the dominant internal and external forces influencing organizations while they attempt to change
- A model of prospective strategies – or *transformation plans* – comprised of initiatives that contribute to Kotter's eight phases, complete with estimated schedules and costs
- Causal models that estimate the (qualitative) effects of situational forces and change initiatives on CALM's organizational readiness metrics

CALM leverages these data and knowledge elements to drive the following process, based on facilitated meetings with teams of leaders, managers, and key employees:

- (1) Model organizational structures, situational forces, and pending (or ongoing) changes.
- (2) Apply Delphi techniques to estimate organizations' current readiness, and define target readiness states, which, if achieved, would likely ensure successful change.
- (3) Develop plausible scenarios of how current environmental forces, trends, and possible events might play out in the future
- (4) Develop candidate transformation plans, leveraging pre-defined change initiatives from CALM's library to improve organizational readiness to deal with major change

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<sup>2</sup> CALM's readiness metrics are organized into three categories or "dimensions of change. These dimension measure organizational mindset, personal (or workforce) mindset, and infrastructure (business mechanics). Transformation plans that fail to address all of these "organic" psychological, social, and cultural factors are likely to fail. CALM also tracks conventional performance metrics such as cost effectiveness and customer satisfaction. Analysts can extend CALM's baseline metrics with custom ones.



- (5) Project the likely outcomes of prospective transformation plans – in terms of changing readiness metrics across alternate scenarios
- (6) Analyze and compare projected outcomes across scenarios and change plans to identify a robust change strategy

We define a “robust” strategy to be one that produces attractive results across alternate futures. No one can predict the future. The next best thing is to devise a strategy that carries a high likelihood of success regardless of which future obtains.

CALM accomplishes this by providing a methodology for systematically anticipating outcomes of prospective strategies. Organizations can assess the relative strengths and weaknesses of competing strategies, and combine attractive features from those plans to make stronger ones. In short, CALM allows you to validate and iteratively refine change strategies to increase robustness.

Put another way, CALM enables organizations to practice prospective change strategies in a low risk virtual environment. Organizations can then learn from simulated mistakes at minimal cost, rather from real “blood on the tracks” errors that result in problems such as worker mistrust or alienated customers.

CALM can also be applied after strategies have been adopted, to monitor their execution. In this mode, users periodically update scenarios to reflect current situational status. CALM then re-projects the chosen strategy against these updated scenarios. If outcomes continue to be positive (i.e., readiness metrics reach their target levels), the chosen strategy is re-validated. If not, CALM acts as an Early Warning System, helping to uncover emerging problems promptly; diagnose them; and define and validate mid-course corrections. In this post-decision “sense and respond” mode, CALM helps organizations carry out and sustain change strategies across their extended “lifecycles.”

### **Why CALM Works: Rocket Science (well, almost!)**

Enabling and sustaining transformational change is an extended and fluid process. As organizations carry out change initiatives, internal and external stakeholders invariably respond, adapting their behaviors to advance their personal and group interests. Attitudes and behaviors of individuals and groups tend to evolve in complex, often non-linear patterns. For example, trust, morale, and acceptance typically don’t build or decay continuously and smoothly; rather, they tend to jerk, stick, and accelerate or decelerate. Finally, environments continue to evolve, driven by situational forces and events. In short, the target audience and the “ground” under the organization’s “feet” shift continually and in ways that are difficult to anticipate.

CALM improves how transformational plans are developed, validated, and executed because it recognizes and embraces these complex dynamics of change. It applies “new science” theories such as system dynamics and complex adaptive systems, which were designed expressly to model phenomena such as personal and social behavior patterns.



Finally, it provides an iterative and interactive process for modeling and analyzing change and change strategies using these “organic” dynamic modeling techniques.

A simple analogy will help to explain Kotter’s and CALM’s contributions. Enabling and sustaining transformation change is similar to launching a rocket and propelling it into a stable orbit. Launching a rocket into orbit involves a process of generating sufficient impulse (or propulsive forces exerted over time) to achieve two objectives:

1. Develop sufficient thrust to lift the rocket’s mass
2. Accelerate the rocket to “escape” velocity for insertion into orbit

Launching a rocket requires generating thrust to overcome the rocket’s inertia and gravity, which acts as a constant drag on the rocket as it climbs. Analogously, sustainable transformational change can only be achieved by overcoming persistent conservative forces such as personal and group inertia and old behavior patterns.

At any point in the launch process, if insufficient thrust is generated and maintained, gravity will take over and the rocket will fall back to earth. In multi-stage rockets, the ignition of and firing durations of successive booster sections must be timed precisely to produce sufficient thrust and acceleration.

Analogously, change strategies that stall or simply lose momentum run risks of unraveling or outright failure. As in launch profiles, the sequencing and durations of change activities must be carefully coordinated to prevent the loss of momentum and perceptions of stalled progress.

This analogy is admittedly imperfect. Designing rocket engines and launch trajectories is a well-established engineering discipline. Newtonian laws of motion strictly determine the mechanical interactions of a handful of key parameters and forces. Solutions can be computed from widely available textbooks or software programs. The same equations apply uniformly to all launch situations and they never change over time.

Organizational change clearly represents a more complex and open-ended phenomenon. It is not obvious what parameters to measure, much less what, if any “universal laws” govern situational dynamics. As a result, models such as CALM are qualitative rather than quantitative, and more exploratory than deterministic and predictive.

Dr. Kotter’s model prescribes a process for bringing about transformational change. As such, it provides valuable guidance. However, that guidance is largely static, passive, and broadly defined. The model offers no framework for thinking through the dynamics of change processes, or help in designing or selecting and assembling initiatives to implement the eight stages tailored to specific change challenges.

Most organizations need more detailed guidance. Enabling change is a complex undertaking. Mistakes are inevitable. They may also be irreversible. Initiatives that fail tend to undermine stakeholder trust and confidence: management cannot simply switch



strategies and try again from the same initial state. Something must be added to help organizations design and test change strategies in advance.

Our rocket analogy, however, imperfect, provides this critical missing ingredient, namely, a model for anticipating how transformational change is likely to play out in terms of empirical metrics. CALM equates Kotter's eight step model to a multi-stage rocket engine. CALM also defines an explicit causal model of how change initiatives (and situational forces) impact measurable organizational readiness factors. This causal model allows CALM to project how organizations, their employees, forces, and change initiatives will interact with one another and evolve over time.

Transformation plans can thereby be validated dynamically, much as a rocket design can be simulated to see if it generates the required launch and thrust profiles. For CALM, sufficient "thrust" over time equates to improvements in the key readiness metrics. Reaching escape velocity corresponds to achieving target readiness values. Failure to achieve those values means that the transformation plan is unlikely to succeed. This can be determined in advance (or, in sense and respond mode, on the fly, at execution time).

CALM's dynamic model is admittedly qualitative and inexact. However, it offers a unique, systematic and repeatable basis for projecting (and comparing) the likely consequences of change strategies under diverse plausible scenarios. Such methods and tools are critical to increasing the likelihood of designing and implementing strategies to create and sustain transformational change. They are also indispensable for continuous improvement, and learning how to plan and execute change better in the future.