



# Unit 3

## Planning and Analysis to Manage Change

### Learning Outcomes

**By the end of this unit the learner will be able to:**

- ✓ Complete meaningful SWOT analyses
- ✓ Apply tools and techniques to create a strategic plan that directs the organization from the executive to the front line
- ✓ Implement, evaluate, and review a strategic plan

## Unit 3

# Planning and Analysis to Manage Change Effectively

## Setting Goals

### Fitting into the Plan

### Identifying Outcomes

Before you start thinking about the specific goals you will set, you need to think about the outcomes you are after. These should be founded in the values, vision, and mission of the company.

For example, you might want to set a goal related to customer satisfaction. However, if lowest prices are also a goal, are you certain product quality and service will be such that all customers will also be satisfied? How are your goals influencing one another, and perhaps creating conflict?

Another consideration before moving into goal setting is the length of your sales cycle and the return of your customers. If you own a mortgage brokerage and people renew their mortgages every five years, do you need to ensure that you are getting referrals in order to fill up your sales pipeline? How will you incorporate that in your goals?

### The Four Perspectives

Typically, your strategic plan will focus on four perspectives, similar to strategy maps used in the balanced scorecard process.

#### Financial

What non-tangible investments do we need to make? What results do we want to see?

#### Customers

What does success mean to our customers?

#### Internal Processes

How will we achieve our financial and customer perspectives? Typically you will focus on four major areas:

- Operations management
- Customer management
- Innovation
- Regulatory and social

## Employee Learning and Growth

What non-tangible investments do we need to make? Typically you will focus on three major areas:

- Human capital: What people do we need in place for success? What knowledge resources do we need?
- Information capital: What information sharing and technology resources need to be in place?
- Organizational capital: What cultural and leadership supports should be in place?

## Customizing the Perspectives

These perspectives are only intended as a guideline. Various companies have also chosen to include perspectives on:

- Operational excellence (i.e. improving processes with Six Sigma or Lean methods)
- Cutting edge innovation
- Quality
- Suppliers
- Stakeholders

## Timeline for Your Plan

When it comes to strategic planning, there are different lengths of time to consider. Typically, a strategic plan looks at long term goals. In a flat organization (with few layers of management) the results can vary widely, but these plan lengths are common in many hierarchical organizations.

- 5-10 years: Owner/CEO/board
- 5 years: Vice president(s)
- 2-3 years: Directors
- 2 years: Managers
- 1 year: Supervisor
- 6-12 months: Front-line staff

Let's take a closer look at what's involved at each level. It's up to the company leadership (owner, CEO, and/or board of directors) to first identify objectives that reflect the values, vision, and mission that match the duration of the strategic plan. (Five years is not unusual, and sometimes there are 10 year plans.) The leadership works with senior managers (typically vice presidents or directors, depending on how the company is structured) to set objectives that follow the direction. These objectives have a long term scope of up to three years. Next, the objectives get filtered through to directors and are based on shorter timeframes that fit the strategic plan, before they reach front line staff and their immediate supervisors, who typically work on goals for the upcoming 12 months.

## Goals with SPIRIT

Once you know what the objectives are, and how far ahead you are looking, it's time to create goal statements (also called objectives or targets). We recommend that you use a systematic approach to writing your goals to make them easy to remember, and to make sure they are captured completely. We recommend setting goals with SPIRIT, which means that they have the following elements.

### Specific

Be specific about what you want or don't want to achieve. The result should be tangible and measurable. "Sell more products" is ambiguous, but "Increase market share by 7% per year" is specific.

### Prizes

Motivation is extremely important. There needs to be a system in place so that we take time to recognize, reinforce, and reward people who are participating in meeting benchmarks and overall objectives. Prizes don't need to break the budget. Here are some ways that you can reward people:

- Acknowledge an individual or a team in a meeting
- Offer praise through a company newsletter
- Issue bonuses (monetary, points systems, etc.)
- Record successes in notes for annual performance reviews

For goals that are a long way off, set up rewards along the way to help keep people engaged.

### Individual

Employees will respond to, and be motivated to work toward, goals that they can relate to. They need a way to relate to their goals on an individual basis. Establishing goals and tying them into performance objectives will put the big picture into terms that they can relate to. This also provides a way to share the big picture with them and let them know what direction the company is going in.

### Review

Review progress periodically. Do the goals still make sense for the short and long term? Are people's activities a good demonstration of the strategic plan, or have they wandered off track and taken to pursuing their own personal goals? Are you measuring as you go and making adjustments, or is it more important to stay the course?

### Inspiring

Frame the goal positively so that people relate to it strongly, even if the goal has a negative outcome to it. If the costs of your employee benefit plan are increasing, you'll find that cutting programs can demoralize a workplace. Instead, involve your employees and ask what they are willing to concede.

You might be amazed at how innovative they are! Instead of having a goal like, “We must cut 15% of our employee benefit plan budget” try something like this: “Through a process of employee consultation, we will identify and implement savings of 15% to the employee benefit plan in the next 12 months.”

**Time-Bound**

Give yourself a deadline for achieving the goal. If the goal is quite large, break it into smaller pieces and assign a deadline for each one.

**Getting Into It**

Create a goal statement that includes all the elements of SPIRIT.

---

---

---

---

---

---

---

---

---

---

**Assigning Roles, Responsibilities, and Accountabilities**

**Who Does What and When?**

The next stage in your strategic plan comes from the top of the pyramid that we introduced earlier:



This stage gets at the heart of getting the work done by assigning who will address each role and what they are accountable for. In this part of the strategic plan, you hold discussions and make decisions about what's being done by whom and the ongoing tasks that move the organization ahead. Organization charts and job descriptions are the typical output for this stage.

**Test your knowledge**

**Do you have all of the people that you need?**

---

---

---

---

---

---

---

---

**Do you have the resources necessary for them to do their work?**

---

---

---

---

---

---

---

---

**If you had to reduce your workforce by 10%, could you still meet your goals? If your answer is yes, you could be running a pretty expensive operation. What is stopping you from reducing the workforce by 10% and adding those savings to your revenue?**

---

---

---

---

---

---

---

---

## Establishing Priorities

### How to Prioritize?

When you do a prioritization exercise, does it help you determine what's needed? Do you get frustrated when everything seems to take priority? Prioritization can be really tough, but it's an important part of your strategic plan.

You probably know already that setting priorities is not just done one time within a strategic plan, a project, or even when it comes to planning your vacation. If you look at your strategic plan right now, you may not be able to anticipate where conflicting interests will arise, but you can be pretty sure they will come up from time to time. When these conflicts surface, we need to prioritize.

### Types of Decisions

Depending on the nature of the strategic plan, you will use different methods of establishing priorities and solving problems. You may have to make **autocratic decisions**, where people implement your decision and you do not entertain questions or challenges. Or you may use **group decision making** or a **consultative** approach.

Whichever approach works the best for you, we have eight essential ingredients that will help you define problems and provide a backdrop for making decisions. Remember, the most important step is to define the problem clearly.

### Rephrase the Problem

Sometimes what we want to see is not what other people see. When the boss sees production drop and he tells his team to work harder, he's not likely to see much of a result. He's telling people what to do for his benefit, and that does very little to engage people. Instead, he could rephrase the problem and ask people what they feel connects them to their work. He can take an interest and ask what they can do to make their jobs easier or make work processes more efficient. In this way he engages people, finds out what could be dropping their production, and can come up with solutions instead of just telling people to be "more productive."

If you have a hard time with wordsmithing, grab a dictionary and thesaurus (or look at online versions) and play with your problem statement by changing it several times. Start with one word or short phrases. If you don't enjoy word games very much or feel yourself struggling, ask for help from a colleague or friend.

Here's an example. If the problem seems like "Our sales are decreasing," start replacing words to become clearer about what's going on:

- "Our market share is decreasing."
- "Our new sales are the same as last year."

- “Repeat sales have decreased 16% over last year.”
- “Our outgoing sales call volume has increased 18%.”
- “Our incoming complaint calls have increased 22%.”

By doing this type of rewording, you can narrow things down and determine that the real problem isn't that your sales team is neglecting their work or needs more training. The problem appears to be that repeat sales are down and correlating with that is an increase in complaints. Finding out why will be your next step.

### **Expose and Challenge Assumptions**

We assume a lot. It's human nature. Unfortunately, assumptions can really interfere with getting an accurate problem statement.

If you pull up to the gas pumps, you might assume that you can buy regular, mid-grade, or premium gas. And yet, when you pull up to a rural station and there is only one option (regular) for your car, which usually gets premium, you have to decide whether you have enough fuel left to make it to the next gas station.

When defining your problem, write a list and include as many assumptions you can think of, especially the obvious ones. This helps to clarify the problem. Then, test each assumption and find out if some of them are actually wrong, or if you imposed them on yourself.

One common assumption is to say, “We've never done it that way, so we won't be allowed to do it in the future.”

### **Use Facts**

Sometimes we see a problem and just want to jump in and fix it. However, we are also generally responsible for things like time and money, so it's important that we look at the details and determine what the problem really is. If a problem is too vague, it might not even be serious enough to warrant solving. Find the data you need to define the problem. If you can draw a picture or a graph, do so. Ask questions and gather information that honestly describes the problem so that you can get specific about it.

“You're always late” is a very vague statement of a problem. “You've been late three days in a row” is specific. With straightforward problems like this one, you will find that defining the problem and bringing it to the other person's attention will often resolve it. There are very few people who will continue to challenge the supervisor once they demonstrate an awareness of the late behavior being repeated.

### **Grow Your Thinking**

Problems are often related to other problems. They can be a small element of a larger issue, so this element of problem definition includes considering the problem as part of something larger. To do this, you make the problem more general.

Ask questions such as

- “What’s this connected to?”
- “What is this an example of?”
- “Where have we seen this before?”

Leveraging the word play we used earlier, replace specific words with more general ones. “Budget” becomes “finances,” “office desk” becomes “furniture,” “mouse” becomes “pest.”

### **Shrink Your Environment Temporarily**

Since each problem is likely made up of smaller problems, one way to figure out the issue is to split it into smaller pieces. This allows you to consider specific details. This will help you gain an understanding of the bigger problem, as well as the effect that the smaller problems have on one another.

Shrinking your environment is very effective when you have a problem that is overwhelming. It allows you to focus on something tangible. You can again use word play to great benefit here, using words that are more accurate in their definition. “Vehicle” becomes “taxi” or “car.” “Budget” becomes “our department’s budget” and then “our department’s travel budget.”

### **Practice Multiple Perspectives**

Although the problem may be very clear from where you are looking right now, that may not be the case from everyone else’s perspective. If our sales are decreasing, we may think it’s because our sales team is not being effective, but maybe our competition has dropped their price and added a feature to their product that makes them more appealing than we are.

Rewrite the problem from several different perspectives. How does your customer look at this problem? What about your sales team? Your courier? Add perspectives for people in different roles. How would your spouse see this? A former teacher? A local business association? The people at the café down the street?

### **Turn it Upside Down**

One powerful perspective is defining your problem is to look at it from the reverse direction. If you want more of something, figure out what you get less of as a result. Investigate what happens to decrease sales, or to sell fewer products, or to lose more games. If you feel that sending an employee to a conference is too expensive, consider what happens when you do send them.

Change your perspective and consider things from angles you had not yet considered, and consider the consequences. What about setting up a bare bones product that does not have all the same elements as the fancy ones people are buying from your competition?

**Frame the Problem Purposely and Positively**

This is something we borrow from goal setting. Our brains will focus on things that are positive and exciting. Even more effective is to reframe what you think as the problem into a positive and engaging question, because our subconscious loves to ponder questions and will start working on them immediately, even if we don't think we're thinking about it. For example, instead of thinking, "We need our employees to quit smoking because smokers are driving up costs of our benefit plan," try, "How can we encourage our employees to live long healthy lives and live to be happy people?"

**Summary**

When you can describe the problem clearly, the solution often presents itself. However, failure to identify the problem properly can send you off fixing things that may not ever resolve the actual problem. Don't create a situation where you are looking at the same problem three months from now; use these eight essential elements in your favor.

**Problem Solving in Action**

**Problem One: Your child's teacher calls to say that your teenager has been late arriving to school every day this week.**

---

---

---

---

---

---

---

---

---

---

**Problem Two: Colleagues are leaving their dirty dishes in the kitchen at work.**

---

---

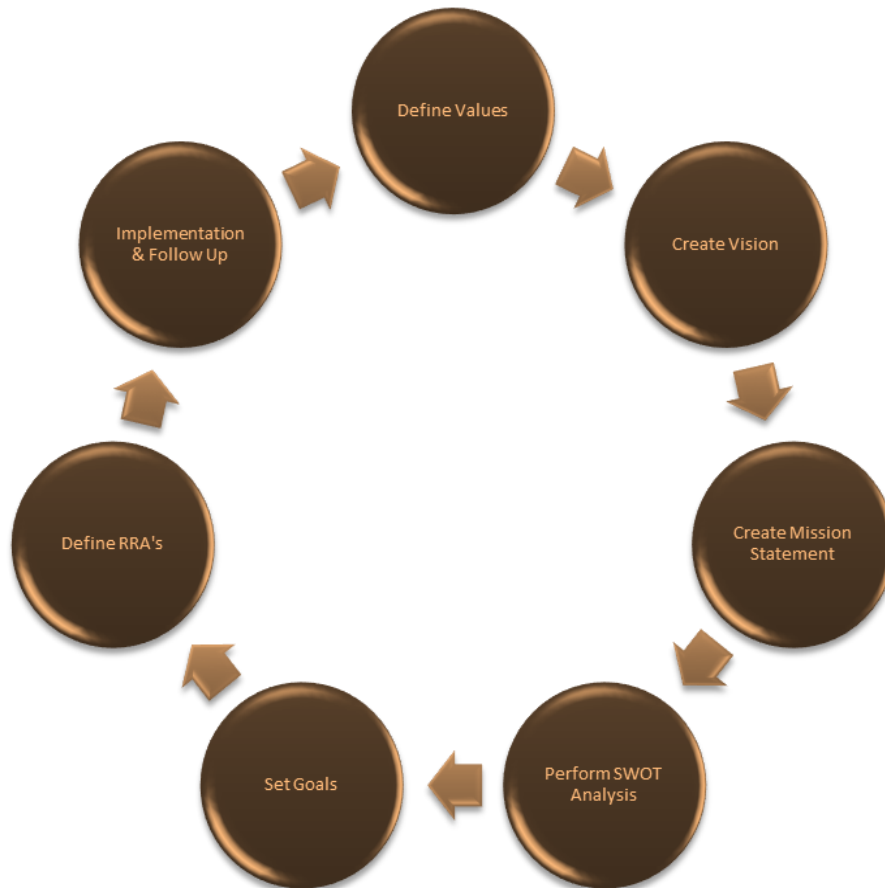
---

---

---

## The Full Picture

We have now worked through the key elements of the strategic plan, from understanding what it is, to defining values; creating a vision; creating a mission statement; completing SWOT assessments; setting goals; and defining roles, responsibilities, and accountabilities. Your strategic planning cycle will look something like this:



## Gathering Support

### Who Reviews the Plan and How

In order for the strategic plan to be fully implemented, you must gather the support of the entire organization. The plan is endorsed at the top of the organization (by the CEO, board, etc.) and filtered throughout. You don't want anyone working at cross purposes to what is in the plan, and having them well advised will avoid problems. In implementing the plan, you need to include the following elements, which we call ABC to W:

- Accountabilities
- Benchmarks
- Complete
- WIIFM

**Accountabilities**

Make sure that you do a thorough job in assigning responsibilities and accountabilities. If people do not understand what you want, they cannot deliver it. If you can make sure that accountability provides opportunities for growth and development, you are more likely to engage people in achieving the vision.

**Benchmarks**

How often will you review the plan? Every month? Each quarter? Every six months? Your ability to achieve your stated goals also requires that you (and the people who work for you) stay on track. The plan will need to be reviewed regularly, whether you do some aspects quarterly and review other aspects quarterly, or some other structure.

The plan should be referred to regularly and must be linked with performance objectives established for each member of the organization. The results of these reviews need to be shared with the executive regularly so that they know the plan is on track, where they stand in terms of their performance and your expectations, what adjustments are being made, and why.

**Complete**

Your ability to forecast, schedule, and plan will have a considerable effect on whether people understand what you want. Make sure that you deliver the contents of a complete plan, rather than just little pieces of it. Get the help you need from people who can support your efforts. (Don't forget to look internally for that help; your own people may be talented in ways that surprise you!)

**WIIFM (What's In It For Me)**

You might want to think that people work for you for altruistic reasons, but they really don't. Although management schools teach them to act like owners even if they aren't, and that they can make a difference by putting their hearts into their work, people don't always think that way. Make sure that they can see the benefits to them, personally, about the strategic plan. Are you making a difference in their lives, their community, and the planet? When the plan is finished, will their work be more interesting, challenging, or meaningful? Will it be more efficient, safer, or pay more?

**Putting It Into Practice**

**Consider your current strategic plan. What does it contain? What might be missing?**

---

---

---

---

---



People need to be prepared for change so that the changes are embraced, and so that they are maintained after the strategic plan has wrapped up. As human beings, we have a personal connection to the way we do work, and so it takes some effort to do this well. Change expert William Bridges says, “It isn’t the changes that do you in. It’s the transition.”

**Change** is the situation: the move to a new building, a retirement, or renovating a house. **Transition**, on the other hand, is a three phase process people go through as they come to terms with the new situation that change has brought.

Change is about doing things differently, seeing things in a new way, adjusting to surprises, and adapting to ideas with new twists.

### Case Study

**Change is a new laptop. Transition is learning how to use it.**

**With that new laptop, I am:**

- Thrilled by possibilities of things I can do with it.
- Excited by the size of its memory and the new programs.
- Stimulated by the idea of working on things in way that I have never tried before.

**However, I’m also:**

- Fearful and uncertain of how to use all the features, like the fact I can flip the screen down and make it work like a tablet.
- Anxious and worried that I won’t figure everything out before the next time I have the laptop with me in a meeting.

**I must:**

- Give up something to get something. I gave up the old familiar laptop.
- Unlearn what I knew about the old familiar programs and adjust to things that are very different.
- Temporarily give up my cushion of comfort.

### Test your knowledge

**Can you identify with any of the statements in the case study?**

---

---

---

**How are you feeling about something going on in your life?**

---

---

---

---

---

---

---

---

**What are you exchanging? How might you expand your thinking?**

---

---

---

---

---

---

---

---

**What aspects of your life or work do you see as producing stress for you?**

---

---

---

---

---

---

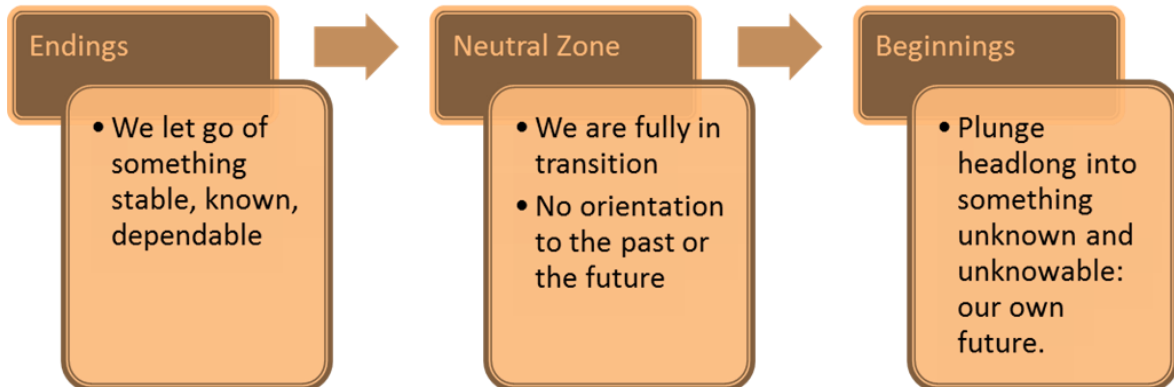
---

---

### **The Three Phases**

**William Bridges** has contributed significantly to research about how change affects us. He believes it isn't the **change** that is the problem; the change is a situation. People have difficulty with the **transition**, which can be described as a three-part process. The transition isn't optional, and we must all go through those three stages if we want to make the change stick.

There are three stages each of us goes through in accommodating ourselves to any change.



### Endings

All change begins with an ending. We may try hard to intellectualize it, thinking that if we understand it, we can deal with it. However, we don't always have the skills to deal with emotional reservations. Like the organ reject theory, our minds may know that the change is good for us, but the body still rejects it. Intellectually, we may accept a change, but emotionally, we may still resist it.

Change is sometimes perceived as exciting, stimulating, and motivating. Jack Welch, the former CEO of GE and a popular consultant, talks about change with excitement. He believes in seizing the opportunity and being open to what's ahead.

However, change is often viewed as loss. An ending can be a loss, but a loss can be celebrated. It simply means that we are letting go of one thing to grasp onto another. Failing to identify and get ready for loss is the biggest difficulty for people in transition.

### Transitions/Neutral Zone

This is a time to complete endings and begin new patterns. People in this stage may have a strong need for support from others. Major transitions can unleash powerful conflicting forces in people. Western culture often tries to avoid this phase of the experience and jump to new beginnings. The neutral zone is treated like a busy street to be crossed as quickly as possible. However, it is important to take the time to complete endings and integrate new patterns effectively.

### Beginnings

Organizations think about beginnings long before people do. There is often conflict between the organization's motivation and the critical mass to make it happen, so it is essential to get people involved, especially those who are leaders and have influence.

At this stage, people need **drawing leadership** (with a vision and purpose) rather than **pushing management** (focusing on goals and plans).

**Insights**

**Think of a change you have experienced. Did you feel threatened at the time? Did it open up new insights, opportunities, or possibilities?**

---

---

---

---

---

**What did you do that helped you accept the change and move on? What things did other people do that helped?**

---

---

---

---

---

**Do you remember feeling like you were confused or angry?**

---

---

---

---

---

**Did you have moments of anticipation and energy?**

---

---

---

---

---



---

---

---

### Further Reading:

- ✓ *Bridges, William. Managing Transitions: Making the Most of Change (3rd Edition). Da Capo Press, 2009.*
- ✓ *Conner, Daryl. Managing at the Speed of Change. Villard Books, 1992.*