

Unit 33: Small Business Enterprise

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Learning Outcome 4

- Be able to examine the impact of change management on the operations of the business:
 - AC 4.1 Report on the impact of the proposed changes on the business and its personnel.
 - AC 4.2 Plan how the changes will be managed in the business
 - AC 4.3 Monitor improvements in the performance of the business over a given timescale.

In this Session

- LO 4 Be able to examine the impact of change management on the operations of the business:
 - AC 4.2 Plan how the changes will be managed in the business
 - The impact of change management on the operations of the business
 - Plan how the changes will be managed in the business
- Further Readings
- References

change

is

difficult.

not

changing

is

fatal.

Management of Change

- Every business manage change differently.
- When dealing with change, there are two terms that are often used, misused, and misunderstood. These terms are “management of change” and “change management.”
- Planning how the changes will be managed in the business allows an organization to anticipate challenges and take action to overcome challenges. It helps the organization assess the impact of the change and measure outcomes

Management of Change

- **Management of Change (MOC)** is about dealing with the technical side of change, often seen in a manufacturing or industrial setting, but it can be applied anywhere.
- **Change Management (CM)** is about dealing with the people side of change, or changing people's behavior. Change management has at least three different aspects, including: adapting to change, controlling change, and effecting change.

Management of Change

- The change must be managed at every steps in the change management process, whether the change is structural, strategic, process-oriented, people-centred or organization changes in general.
- One benefit that Management of Change gives is avoiding the consequences of unforeseen safety and health hazards through planning and coordinating the implementation of change in your production organization

3 Stages of Implementing Change

- Kirke (2013) indicate the following steps when implementing change:
 1. Communicate the Rationale Behind the Need for Change - is to explain to employees why it is important for the change to occur and the intended benefits.
 2. **Implement the Change in Phases** - Change is usually best received when it is implemented in bite sized chunks, unless of course, this is impossible (as in the case of mass redundancy or bankruptcy).
 3. **Evaluate, Review and Report on Change** - Careful monitoring of the entire change process is essential in order to be able to measure its impact and evaluate its success.

Changes to the Manufacturing Process

- O'Connor (2015) notes that while effectively managing the technical side of change contributes to being a successful organization, the inability to manage the technical side of change can have disastrous effects
- Changes to the manufacturing process, equipment configuration (modifications, alterations, or new equipment), and procedures can all have adverse effects if not adequately controlled and reviewed.
- Impact and risk could be associated with personnel safety, customers, productivity, and total cost

Management of Change (MOC) Process

- **MOC** is about dealing with the technical side of change. A typical MOC process has the following components.
 1. **Change risk analysis:** An analysis of the proposed change needs to be conducted
 2. **Review and approval:** Changes should be reviewed and approved by the proper level of change authority.
 3. **Test and validation:** Changes should be thoroughly tested to validate that they actually work, especially if analysis determined the changes to be high risk.
 4. **Implementation:** As proof of concept is achieved, implementation of the change can be rolled out to additional areas in a controlled manner that can be supported by the project team.

Management of Change (MOC) Process

- 5. Post-implementation review:** A review of the change should be conducted to determine if the change met all of its objectives and benefits with no adverse effects.
- 6. Document, document, document:** One of the most commonly skipped steps of the change process is revising all required documentation. Documentation includes process documents, procedures, training requirements and materials, manuals, and drawings.
- 7. Change management:** Many changes occurring in organizations require individuals to change their behavior. Since resistance to change is a normal human response, implementation of planned changes is difficult.

Change Management

- Prosci.com (2016) indicates that change management is the discipline that guides how we prepare, equip and support individuals to successfully adopt change in order to drive organizational success and outcomes.
- While all changes are unique and all individuals are unique, decades of research shows there are actions we can take to influence people in their individual transitions (Prosci.com, 2016). Change management provides a structured approach for supporting the individuals in your organization to move from their own current states to their own future states.

Change Management (CM) Process

- CM is a structured process for dealing with the people side of change according to Berube (2012).
 1. **Change risk analysis:** Assessing the risks and degree of impact on the people associated with the change including job changes, pay and benefits, unique personal issues, side effects, current changes, leadership and management, ability to manage change, and the success or failure of past changes.
 2. **Actively engaged leadership:** Leaders must lead and inspire their people, communicate the vision, and constantly link vision to strategy and actions.

Change Management (CM) Process

- 3. Communication:** Effective communication is a critical element in managing the people side of change.
- 4. Training and coaching:** People must be adequately trained in the new processes and procedures required to support the change.
- 5. Rewards and reinforcement:** Changes to behavior must be reinforced. At first, baby steps of progress toward the future state should be rewarded. Targets are progressively moved higher and higher until final goals are reached. Rewards should be appropriate for the achievement, timely, and properly presented.

Management of Change vs. Change Management

Management of Change (Technical side)

- 1. Change risk analysis
- 2. Review and approval
- 3. Test and validation
- 4. Implementation
- 5. Post implementation review
- 6. Document

Change Management (People side)

- 1. Change risk analysis
- 2. Actively engaged leadership
- 3. Communication
- 4. Training and coaching
- 5. Feedback and corrective action
- 6. Rewards and reinforcement

Plan how the Changes will be Managed

- The project manager will plan how the changes will be managed in the business as well as overseeing and implementing of procedures and/or technologies to deal with changes in the business environment and to profit from changing opportunities - keeping track of the details.
- The project manager will examine the proposed change and determine the effect the change will have on the project as a whole before allowing the change request to be implemented.
- **The change will be managed through a process of managing both the technical side of the change and managing the people side of change to prevent failure of the implemented change.**

Further Reading

- <https://www.prosci.com/change-management/what-is-change-management>
- <http://www.nab.com.au/business/small-business/cashflow-planning-and-tax/managing-business-change>

References

- Berube, Dave (2012) Management of change vs. change management retrieved from <http://www.plantservices.com/articles/2012/10-management-of-change-vs-change-management/?start=1>
- Kirke, Dale (2013) How to Implement and Manage Successful Change Programs retrieved from <http://smallbiztrends.com/2013/09/implementing-change-programs.html>
- O'Connor, Donna (2015) Small Business Enterprise, Lesson 6: Business Plan, Colbourne College
- Prosci.com (2016) What is Change Management? retrieved from <https://www.prosci.com/change-management/what-is-change-management>