

Are You Change Capable?

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Companies can no longer afford to think about organizational change as something separate from everything else they do. They must ask: What does it take to become “change capable” all the time?

Among all human endeavors, wrote German philosopher Arthur Schopenhauer, change is the only thing that is immortal. Constant, perpetual change presents challenges to individuals and organizations alike. We barely adapt to a sudden event, a strategy, a new information system or a leadership change and another follows close on its heels. One of the most significant workplace and management challenges is trying to perform and lead as well as we can, knowing all the while that the presumptions by which we’re working are likely to change at any moment.

The state of constant, profound change casts serious doubt on many of the approaches and tactics by which organizations have conducted what is generally referred to as “change management.”

One common mindset is that managing change is primarily about good communication, with a bit of training sprinkled in for good measure. Such an approach hardly breaks the surface of the organization and its culture. It focuses almost exclusively on the head, and good change management is also about hearts and hands — what people feel and believe, and ultimately how they behave and perform.

A second out-of-date mindset is to think of managing change only when a specific initiative requires it: A new product line is starting up, or an enterprise system is being installed or updated, so that must mean it’s time to engage in change management. By the time a change program is designed and rolled out, it may not even be relevant to current business needs.

New Accenture research — the “2010 High-Performance Workforce Study” — finds that confidence among senior management in their organization’s ability to adapt well to change is lukewarm at best.

Nearly half (48 percent) of the 674 executives surveyed globally aren’t confident their organizations can quickly mobilize to serve new markets and customers; 50 percent don’t believe their culture is adaptive enough to respond positively to change; and 44 percent aren’t sure their workforces are prepared to adapt to and manage change through periods of economic uncertainty.

Today, companies can no longer afford to think about organizational change as something separate from everything else they do. Change management must be an internal — and eternal — capability, present within the company at every moment. Organizations now have to be “change capable” all the time.

Cisco’s Story: Coping With Change

Cisco Systems is among the companies that lead the way when it comes to creating a change-capable organization. To maintain its market leadership position, Cisco is in the midst of updating its global organizational structure. Historically, Cisco’s product business and services business developed on separate paths, but the evolution of the business has had implications for how effectively the company communicates and executes processes across silos.

Cisco’s senior management has understood the challenge of getting its 72,000-plus employees across all major geographies to think and act in new ways as the organization restructures itself — how to help people collaborate more effectively and adapt to new ways of working. To meet that challenge, the company is building internal, enterprise-wide change management capabilities so that the ability to adapt — as individuals, as teams and as a company — becomes a normal part of the operations of the business, embedded in all programs and projects.



Change management capabilities are kept constantly aligned with business goals. Practically speaking, the change capability is focused both at a broad, transformational level — such as how best to implement a shared services program across the global company — as well as on more tactical initiatives, such as accommodating changes to applications and system functionality.

The move to establish this internal change capability involves coordinated and integrated efforts along several different routes. Cisco has created a Change Leadership Center of Excellence, which serves as a hub for these efforts. The center builds the organization's change agility along several dimensions. One involves educating employees at all levels — from top executives down to the newest hires — about how to operate in a world of continuous change and about the kinds of responses necessary to help everyone adapt their behaviors to support a changing environment.

Another dimension of Cisco's work in this area is the creation of a methodology for leading change implemented consistently across the company. At the beginning of the effort to create an internal change capability, the management team looked across the company and inventoried its existing methods for managing change; it discovered more than a dozen approaches being used. Today, informed and guided by academic research, external advisers and its own experience, the company has standardized its approach to business change, helping leadership and all employees operate with common assumptions and mindsets.

To spread this consistent methodology across the company, Cisco supports a number of change management Centers of Expertise in different parts of the organization. One such center in the service operations area has developed a microsite housing a wide range of information and guidance. In addition to educational material, the site offers a collaborative space where employees can ask questions, share experiences and learn from one another. It also houses tools, templates and sample documents that support communications programs, sponsorship initiatives, assessments and training.

A Road Map for Effective Change Capability

At the heart of Cisco's story is an awareness of the many dimensions of what it means to manage change effectively — keeping an enterprise at all levels aligned with business strategy and enabling the entire organization to be agile and flexible in response to regulatory, technology and business change. The following five areas are especially important:

1. Create an enterprisewide change network. One of the important balancing acts for an organization building an internal change capability is establishing specialized expertise among a core group while making sure that managing change doesn't become solely the work of that group. In this context, overspecialization would be counterproductive.

So, as with Cisco's Centers of Expertise, organizations should ensure they house a number of experts while

also educating and supporting learning across the entire enterprise. This network of education, awareness and implementation support should be supported by a shared set of consistent and comprehensive change management practices, tools and templates — in effect, embedding change management principles in how people work, think and collaborate.

2. Develop change competency across the organization. Creating a change-capable organization also depends on developing change management competencies for employees and leaders. One model for building this kind of organizationwide change competency is a "change academy" — a dedicated learning function explicitly charged with developing change management skills, tools and methods for an enterprise.



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One important value provided by a change academy is the ability to tailor the right kind of learning and behavior modeling to the right stakeholders. Executive-level change sponsors, for example, focus on building change leadership, managing long-term change journeys and creating structures and operating models that result in a more agile enterprise.

Managers who are more directly involved in building change competencies and in managing specific initiatives take coursework in developing change plans, building a business case, engaging stakeholders and enabling change networks. Practitioners on the ground every day get more focused learning experiences on topics such as delivering communications plans and training, encouraging adaptive cultures and developing continuous change programs.

At every level, learning experiences also help those with different roles to integrate their work with others — with a focus on building shared competencies, such as coaching, problem solving, networking and team building — keeping in mind the dual objectives of driving specific change programs and developing an internal and sustainable change capability.

3. Create effective change leaders. Managing change effectively requires specific kinds of leadership attitudes and behaviors. Based in part on knowledge of the specific competencies needed to manage change,

companies must have dedicated programs in place to develop the right leadership behaviors, and then they must provide the appropriate incentives.

Following the 2007 merger that created Nokia Siemens Networks, the company launched a business change program to introduce a common mode of operations across more than 100 countries and 300 customer teams. The scale of the change was enormous.

A key part of the business change program was, therefore, a new leadership training initiative focused on building an internal change management capability. According to Jyrki Runola, now head of business integration, executive director and a member of the operations leadership team at Nokia Siemens, "Our goal has been to make sure that our leaders know how to get all parts of the organization to breathe the change together, to speak the same language and move change from one individual to another."


One of the key lessons that has emerged from Nokia Siemens' work is the importance of carefully mapping the responsibilities of change manager roles against the talent pools from which such managers will be chosen. Managing change requires specific knowledge and experience, so it's vital for companies to have a better grasp of the capabilities of their leadership pool so they can assign the right people to the right roles.

4. **Measure progress.** Metrics are a critical part of any change management program. Measuring effectiveness at establishing an internal change capability, however, is a process different from more typical methods of assessing the progress of a particular change initiative, such as a new systems implementation. It's similar to the difference between tracking the speed and progress of marathoners versus assessing their overall health and fitness on an ongoing basis.

There are tools that, for example, can help companies assess people's readiness for change. Other tools can track complex variables, such as the effectiveness of teams and work groups: the pace of change they're experiencing, whether or not they're developing needed skills in sufficient numbers, the effectiveness of work processes and so forth.

5. **Keep on target.** This refers back to the point made earlier about Cisco's efforts to become more change-capable: the need to align the capability with business goals in an ongoing manner. The ability to keep a change management capability aligned with strategy comes down to several factors, including project management skills supported by effective communications.

However, strategic alignment also involves strong governance structures. Effective governance includes not only status reporting and issue escalation to business stakeholders, but also the delivery of business insights to those stakeholders who are derived in the course of managing the change capability.

Every step of the way, a change-capable organization asks what the impact of new strategies or other initiatives will be on people, processes and leadership. Such an enterprise sees change as a natural part of what it does, and therefore it creates an always present change capability so its people are better equipped to seize marketplace opportunities instead of just responding to them. 

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