

# ORGANIZATIONAL CHANGES AND CHANGE MANAGEMENT

Business 2710 – Class 4

# Learning Objectives

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- Understand the requirements of a process-oriented enterprise and successful process implementation
- Understand and be able to address the challenges to successful business process implementation



Hammer, M. and Stanton, S. (1999) How process enterprises really work. *Harvard Business Review*, Nov-Dec 1999, 108-118

# Problems

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- ❑ Integrated process in fragmented organizations
- ❑ Power over resources (budget, people, space) rests with tradition management structures
- ❑ Confusion and conflict

# Process Owner

- Senior Executive
- Responsible for:
  - Process design, deployment, implementation
  - Process budget and resources
  - Process performance
- Permanent Position
- Works in cooperation with traditional department/unit heads
  - Responsible for workforce and training
  - Receive budget allocation from process owners

# New Management Style

- Distributed authority over resources requires cooperation, rather than authority
- Negotiation between process owners and unit/department heads over
  - Process and work design
  - Process performance metrics
  - Resource requirements and allocation
  - Budget allocation
  - “Matrix of Decision Rights”

# New Management Style

- Negotiation among process owners over
  - Shared resources
  - Process coordination
  - Performance metrics
  - Budget allocation
- Negotiation with frontline staff
  - Managerial responsibility moved to process team
  - Process coordinator becomes coach/leader
  - Process owners become advocates

# Process Standardization

- Reduced overhead costs
- Unified external “face” to customers and suppliers
- Increase organization flexibility
  - How?
- But: different customers/products may require different processes
  - Standardize as much as possible while meeting diverse customer's needs



# Transitioning to Processes

- ❑ Tied to strategic initiative
- ❑ No interference with other change initiatives
- ❑ High-profile process owners and senior executive support
- ❑ Realistic expectations about timeline and process benefits
- ❑ Expect and address resistance



Champy, J. (2006) People and processes. *ACM Queue*, Mar 2006, 34-38

# “Minimizing the pain of business process change”

- ❑ Executive involvement
- ❑ Small teams of good people
- ❑ Change as quickly as possible
- ❑ Change work, do not add work
- ❑ Open communication
- ❑ Empathize
- ❑ Identify corporate values
- ❑ Understand the values and behavior of business partners

# “Minimizing the pain of business process change”

- Identify corporate values
- Understand the values and behavior of business partners
- Inspect the workplace
- Anticipate new skills in workers
- Continuous process change
  - Identify the right place

# Summary

- Developing a process architecture requires:
  - Executive involvement and support
  - Process owners
  - New management style and organizational changes
  - Active change management for transitioning period at all levels, including open communication
- Difficult and time consuming