BPR AND CHANGE MANAGEMENT

Business Process Reengineering

by
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Change management

- Change management is a structured approach to transitioning individuals, teams, and organizations to a desired future state and ensuring that changes are smoothly and successfully implemented to achieve lasting benefits.
- Change management uses basic structures and tools to control organizational change efforts, with the goal of maximizing benefits and minimizing negative impact on those affected.
- Modern organizational change is largely motivated by exterior innovations (technological change) and/or internal moves (BPR).
- When such developments occur, the organizations that adapt quickest create a competitive advantage for themselves, while the companies that refuse to change get left behind.
What to expect from change

- Sense of loss, confusion.
- Mistrust and a “me” focus.
- Fear of letting go of that which led to success in the past.
- People hold onto & value the past.
- High uncertainty, low stability, high emotional stress
- Perceived high levels of inconsistency.
- High energy — often undirected.
- Control becomes a major issue.
- Conflict increases — especially between groups.
Prerequisites for change to occur

Why should I change?

Thinking & understanding

Emotional/Motivational

Head

Heart

Behavioral

Hands

What’s in it for me?

What do I do differently?
Key Success Factors

• Benefits management and realization to define measurable stakeholder aims, create a business case for their achievement (which should be continuously updated), and monitor assumptions, risks, dependencies, costs, return on investment, benefits and cultural issues affecting the progress of the associated work
• Effective communications that informs various stakeholders of the reasons for the change (why?), the benefits of successful implementation (what is in it for us, and you) as well as the details of the change (when? where? who is involved? how much will it cost? etc.)
• Devise an effective education, training and/or skills upgrading scheme for the organization
• Counter resistance from the employees of companies and align them to overall strategic direction of the organization
• Provide personal counseling (if required) to alleviate any change-related fears
• Monitoring of the implementation and fine-tuning as required
Change management

The Effective Management of Change Involves An Integrated Approach In Each Of These Three Arenas

- Altering Mind-set
- Harnessing Motivation
- Shaping Behavior

Effective Change

Equals
Preconditions for Change as in BPR

- **Vision**: Develop, articulate and communicate a shared vision of the desired change
- **Need**: A compelling need has been developed and is **shared**
- **Means**: The practical means to achieve vision: planned, developed and implemented
- **Rewards**: Aligned to encourage appropriate behavior compatible with vision and change
- **Feedback**: Given Frequently
## Strategy/change implementation

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Decision Support Systems Laboratory, NTUA

Addressing mind-set

• Learn it thoroughly yourself.
• Build relationships.
• Explain the purpose of change. Help them understand & teach concept.
• Articulate the benefits.
• Link daily activities to their higher purpose & benefits.
• Repetition: Provide frequent & consistent communication about change & what’s needed.
• Paint a picture of the successful future using best practices.
Addressing behaviors

• Model desired behaviors & attitudes.
• Clearly define desired behaviors & behaviors that need to change.
• Give feedback frequently to reinforce changed behavior & correct wrong behavior.
• Coach & teach desired behavior.
• Identify training needs & communicate upwards.
• Create goals to work toward: a vision of success.
• Help people create specific, concrete behavior-change plans as needed.
• Communicate in multiple forms.
MOTIVATION AND THE POWER OF HABITS
Kinds of Motivation

Positive
Motivation toward a goal

Extrinsic
Someone wants you to do it

“I really want to write this report!”

“I really don’t want to write this report!”

Intrinsic
You want to do it

“Write this report and you get a bonus.”

“Write this report or you’re fired!”

Negative
Motivation away from something

These three don’t work, and yet companies keep using them.

Only this one creates positive, sustainable motivation.

How to change a habit?

How Companies Instill Habits in Their Customers

- Few things generate more sales than if a company can successfully create a habit out of buying their product or coming to their store.
- But the knowledge is perhaps even more important to individuals, who stand to save a great deal of money if they can resist forming the habit of buying a product that they really don’t need.

The Pepsodent toothpaste Case in 1900s,
http://www.youtube.com/watch?feature=player_embedded&v=4FpF-DU0Iew
How 'Keystone Habits' Transform a Corporation

- 1987, Paul O'Neill, new CEO of the Aluminum Company of America (Alcoa)
  - “I want to talk to you about worker safety. Every year, numerous Alcoa workers are injured so badly that they miss a day of work. I intend to make Alcoa the safest company in America. I intend to go for zero injuries.”

- Results:
  - Within a year of O'Neill's speech, Alcoa's profits would hit a record high.
  - By the time O'Neill retired in 2000 to become Treasury Secretary, the company's annual net income was five times larger than before he arrived, and its market capitalization had risen by $27 billion. Someone who invested a million dollars in Alcoa on the day O'Neill was hired would have earned another million dollars in dividends while he headed the company, and the value of their stock would be five times bigger when he left.
  - What's more, all that growth occurred while Alcoa became one of the safest companies in the world.

- How? By attacking one habit (Alcoa's keystone habit) and then watching the changes ripple through the organization..
  - Establishing an organizational habit of suggesting safety improvements had created other habits, as well: recommending business improvements that otherwise would have remained out of sight. By shifting worker safety habits, O'Neill had created patterns of better communication. A chain reaction started that lifted profits.

Source: http://www.huffingtonpost.com/charles-duhigg/the-power-of-habit_b_1304550.html
As Starbucks planned its growth strategy in the '90s, managers realized that employees regularly cracked under pressure. (Tears were common.) Starbucks implemented institutional habits for baristas, called the LATTE method: listen, acknowledge, take action, thank the customer, and explain why the problem occurred. Customer (and employee) satisfaction skyrocketed.

When Arista introduced radio to Outkast's "Hey Ya!" in 2003, listeners weren't interested. "We like songs that are familiar," Duhigg says, and "Hey Ya!" was too unusual. Arista got some help when stations sandwiched the tune between "sticky" artists such as Christina Aguilera and Celine Dion. In four months, the number of folks tuning out dropped significantly, and "Hey Ya!" is still stuck in our heads.

GAMIFICATION IN CHANGE MANAGEMENT
The role of gamification

• Today, gamification appears as a promising trend which is gaining tremendous momentum in terms of making technology more engaging and encouraging desired behaviours, taking advantage of humans’ psychological predisposition to engage in game-like behaviour that they find interesting, engaging and rewarding.

• Originating from the video game industry, the concept of gamification describes the use of game mechanics and game design to drive game-like engagement and actions in non-game contexts, such as innovation, training, health and social change, and deliver non-game applications that are more entertaining and appealing.

• Within each enterprise, Gamification may be used to support training, increase employee loyalty, engagement and productivity, and cultivate a collaborative culture in the workplace.

• Gamification holds the potential to drive market research, build brand awareness and loyalty and engage partners and customers, and therefore revolutionise the way enterprises operate, while offering at the same time an enhanced consumer and business experience.

✔ Facilitate customer success through collaborative problem solving
✔ Empower the community to help each other
✔ Enable learning through knowledge sharing
Enterprise Gamification

Targeting work activities to reward desired behavior

Optimized Work & Behavior Change

Crowdsourcing Employees, customers, and/or world

Targeted Business Activities

Behavioral Analytics

Feedback and Rewards

As Gartner estimates, by 2015 almost 40% of Global 1000 organizations will use gamification as the primary mechanism to transform business operations, while studies claim it will cover the 25% of the redesigned business processes by 2015 and it will grow to more than a $2.8 billion business by 2016.
Enterprise Gamification Guiding Principles

• Facilitate customer success through collaborative problem solving
• Empower the community to help each other
• Enable learning through knowledge sharing
Gamify for speed, impact and scale

Customers
- Increase participation on website
- Reward loyalty through promotions
- Identify and engage brand advocates

Employees
- Drive participation in training
- Improve performance through competition
- Increase employee collaboration

http://www.pwc.com/techforecast
Connecting game objectives to business goals

Typical motivations:
- Improved engagement
- Personal development
- Business goals
- Better collaboration
- Higher productivity

Game context
(Business processes, consumer activities, etc.)

Source: PwC Technology Forecast (2012) Solving business problems with game-based design
Gamification Examples

- **Increase sales**: In 2010, a Colorado restaurant implemented a gamification-based employee program with the goal of motivating waiters and waitresses to increase sales of specific menu items. Participating staff were awarded chances to play online “random-point-yielding games when they sold a fresh-squeezed orange juice or a 4-pack of cinnamon rolls.” Points were redeemable by staff for a branded debit card. One case study estimated that the [restaurant] realized an ROI of 66.2 percent due to an increase in sales of the targeted menu items.

- **Building buy-in - Committing to the change effort**: Stone City game commissioned by Cold Stone Creamery Inc. New employees manning the ice cream shops might not be aware of long term repercussions of their incorrect portioning behavior (i.e. scoop size) and may not be aware of the consequence of such behavior. The game teaches the employees significance of correct “portioning behavior” and its effect on profitability.

- **Initial adoption - Trying out the target behaviors**: Virtual tiny town, a game the United States Secret Service uses for dangerous scenario training, such as practicing behaviors of jumping in between bullets and the President in a virtual setting. The environment provides a safe practice environment for training agents to train for a rarely-occurring real life scenario that they might encounter at their job.

Sources: Delloitte (2012) The Engagement Economy
A stepped approach to change

A journey of a thousand miles occurs one step at a time.
QUESTIONS?

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