

# RO User Conference

June 16-18, 2013

Atlanta, Georgia

The Ritz-Carlton, Buckhead



*Using a Change  
Management Process  
in Implementing RO*

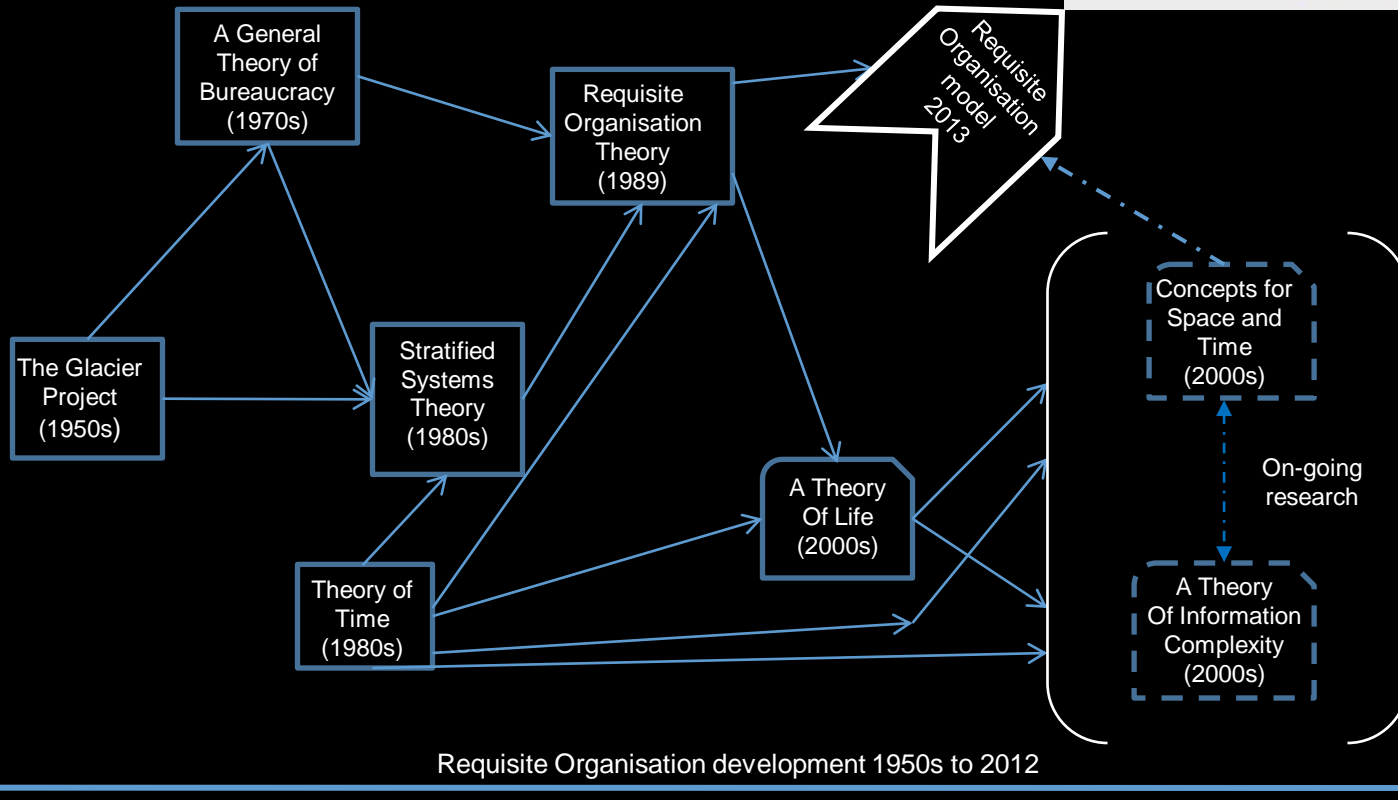


Over the next hour or so we will move through:

- a) Introduction to change management
- b) So what; I am an RO consultant not a change manager
- c) change and linkages to RO
- d) Introduction to change models/processes/theories
- e) Criticality of people in the change equation
- f) Punched equilibrium strategy model
- g) A suggested change management model

*‘There is nothing more practical  
than a good theory’*

## Requisite Organization The Total Managerial System



## Examples of change management models

- change strategies of sample organisations: (Dunphy & Stace 1990)
- 7-S model: (Waterman, Peters & Phillips 1980).
- organisational change models: (Nadler, Shaw & Walton 1995)
- eight steps to transforming your organisation: (Kotter 1996)
- enduring skills of change leaders: (Kanter 1999)
- three horizons change model: (Coley 2009)
- organisational hologram design process: (Mackenzie 1991)
- three step change process: (Lewin 1951)



**John Paul Kotter** is the Konosuke Matsushita Emeritus Professor of Leadership at Harvard Business School.

In *Leading Change* (1996) Kotter argues that companies must change if they are to avoid obsolescence. None have been really successful; many more have failed because they **haven't altered human behaviour**. **This is the job of the leader** .

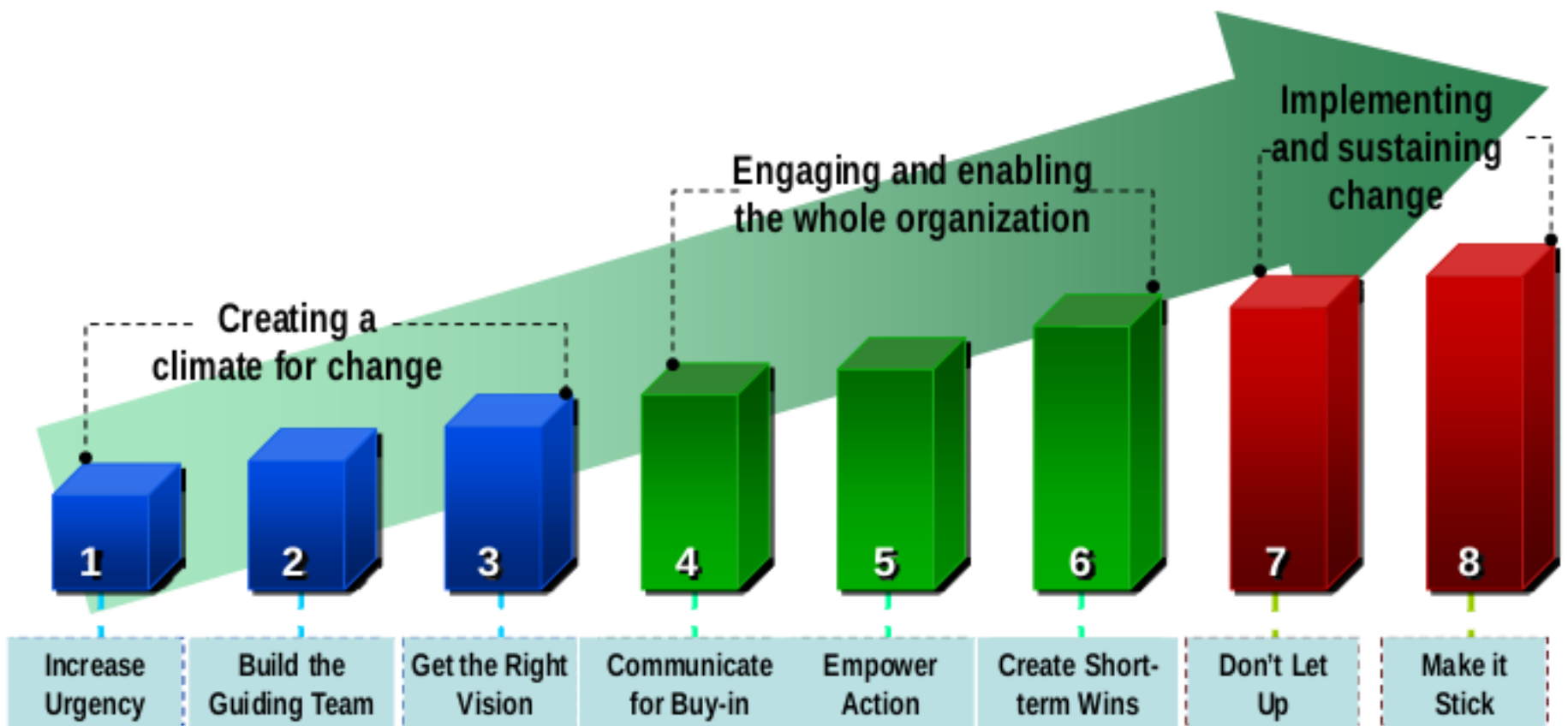


**Rosabeth Moss Kanter** holds the Ernest L. Arbuckle Professorship at Harvard Business School, where she specializes in strategy, innovation, and **leadership for change**.

Her strategic and practical insights have guided leaders of large and small organizations worldwide for over 25 years.



Sirkin (2005) reports that studies show in most organisations, 'two out of three transformation initiatives fail'. The more things change, the more they stay the same

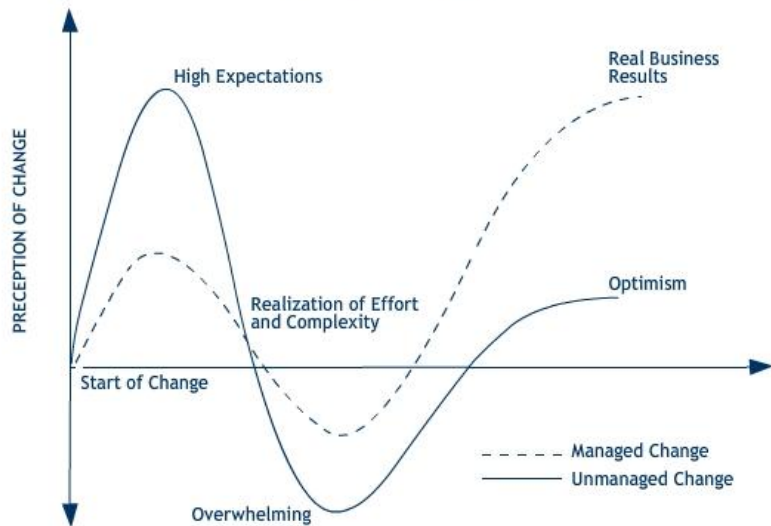


<sup>5</sup> Kotter, John P. and Cohen, Dan S. The Heart of Change. Boston: Harvard Business School Press

Step	Area Considered	Specific Areas Evaluated
1	<b>Establishing a sense of urgency</b>	Examining market and competitive realities Identify and discussing crisis, potential crises or major opportunities
2	<b>Forming a powerful guiding coalition</b>	Assembling a group with enough power to lead the change effort Encouraging the group to work together as a team
3	<b>Creating a vision</b>	Creating a vision to direct the change effort Developing the strategies for achieving that vision
4	<b>Communicating the vision</b>	Using every vehicle possible to communicate the new vision and Teaching new behaviours by the example of the guiding coalition
5	<b>Empowering others to act on the vision</b>	Getting rid of obstacles to change Changing systems or structures that seriously undermine the vision Encourage risk taking and non-traditional ideas, activities and actions
6	<b>Planning for and creating short term wins</b>	Planning for visible performance improvements Creating those improvements Recognizing and rewarding employees involved in the improvements
7	<b>Consolidating improvements and producing still more change</b>	Using increased credibility to change systems, structures and policies Hiring, promoting and developing employees who can implement the Reinvigorating the process with new products, themes and change
8	<b>Institutionalising new approaches</b>	Articulating the connections between the new behaviours and corporate Developing the means to ensure leadership development and succession



PROJECT CHANGE CURVE



## Battlefield lessons for the boardroom

**Katzenbach argues there are four key elements that leaders should focus on to drive change.**

Jon Katzenbach served in the US Navy during the Korean War, but was never in the US Marine Corps like his father. Nevertheless, the US author and cultural change expert still carries the Marines' simple value statement in his wallet.

Katzenbach, founder and head of the Katzenbach Centre at management consulting firm Booz & Company, spent nine months observing the marine Corp closely to understand how it came to have such a strong culture.

“It’s about how you should focus on a couple of key elements in four areas to get the most out of your organisation early on,”



**One:** is the critical few elements of culture that most need attention.

”Deeply ingrained culture evolves slowly and you have to learn how to make use of the culture that exists rather than trying to bomb it out of existence,” he says.

**Second:** consider the critical few forces within the organisation that can help you achieve change. This can include front-line “master motivators”. Katzenbach says he has worked with hundreds of organisations to effect cultural change and “master motivators” account for 10-15 per cent of front-line managers. They have little power over pay or promotion but know intuitively how to inspire and motivate people within their particular organisation.

**Third:** other forces worth tapping into can include “exemplars” – the people already demonstrating the behaviour you want – and people who act as informal network hubs.

**Forth:** there is leadership behaviour. “A senior leadership group is pretty likely to be fixed in its ways but you need to find a few things they can and will do differently to signal to the rest of the organisation that the change you are hoping for is important. If senior leadership isn’t going to change you aren’t going to get very far.”

# Trilogy of understanding an industry/business unit

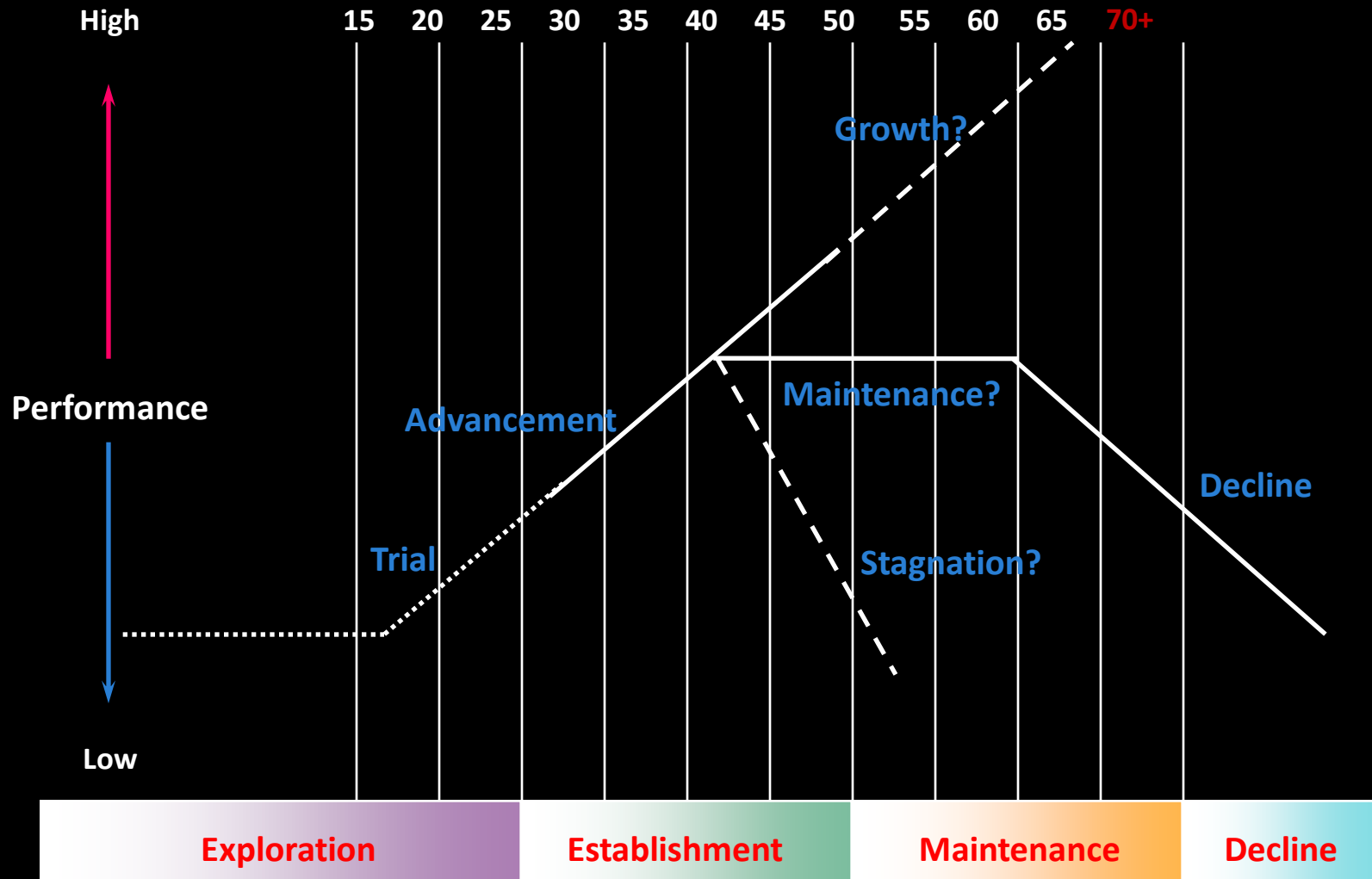
**What everyone can see from the surface**

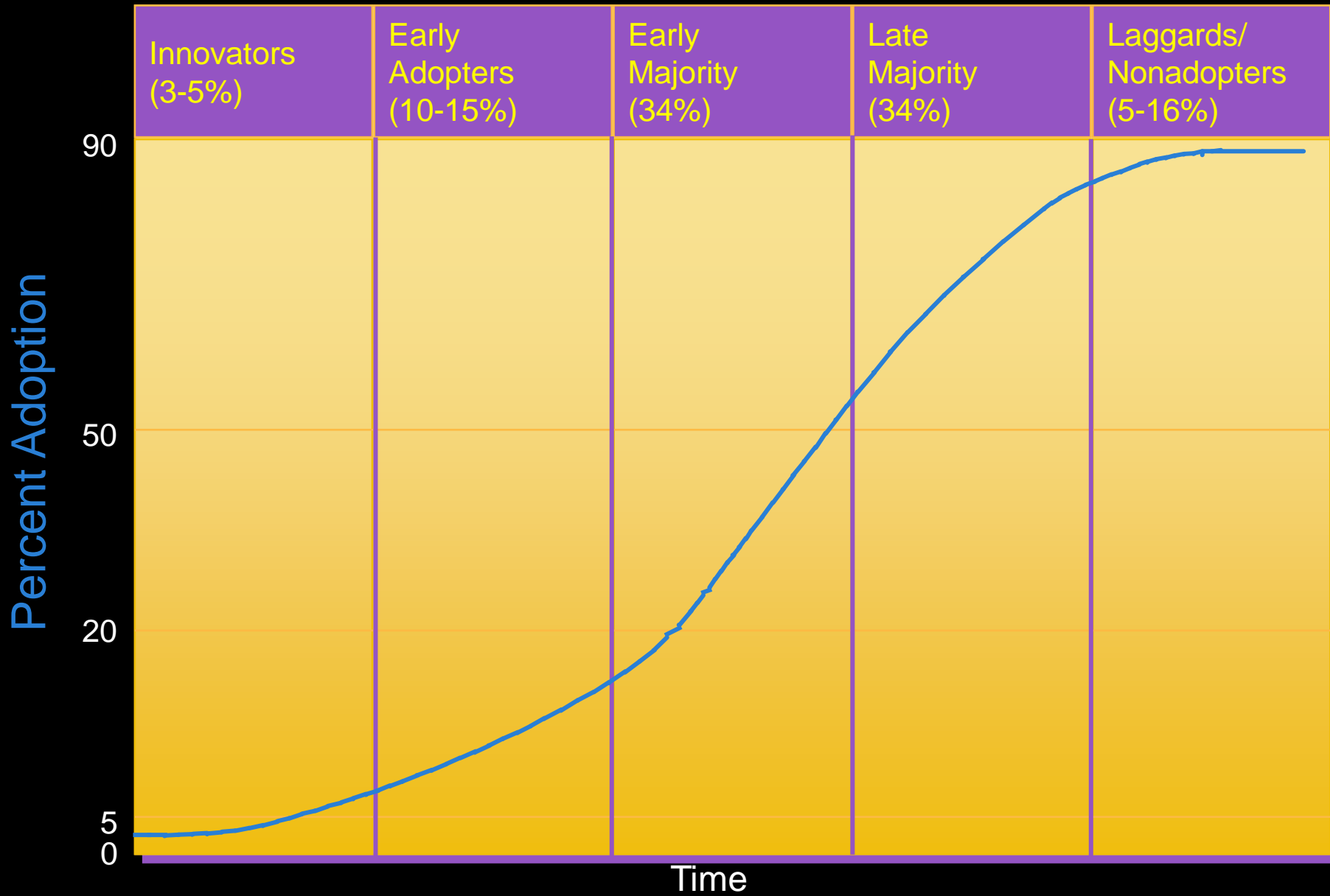
What you may know if you are familiar  
with a particular industry

Generally unknown to outsiders



# The Relationships Among Career Stages, Life Stages, and Performance







+



**Org Process:**  
Leadership  
Fair  
Compensation

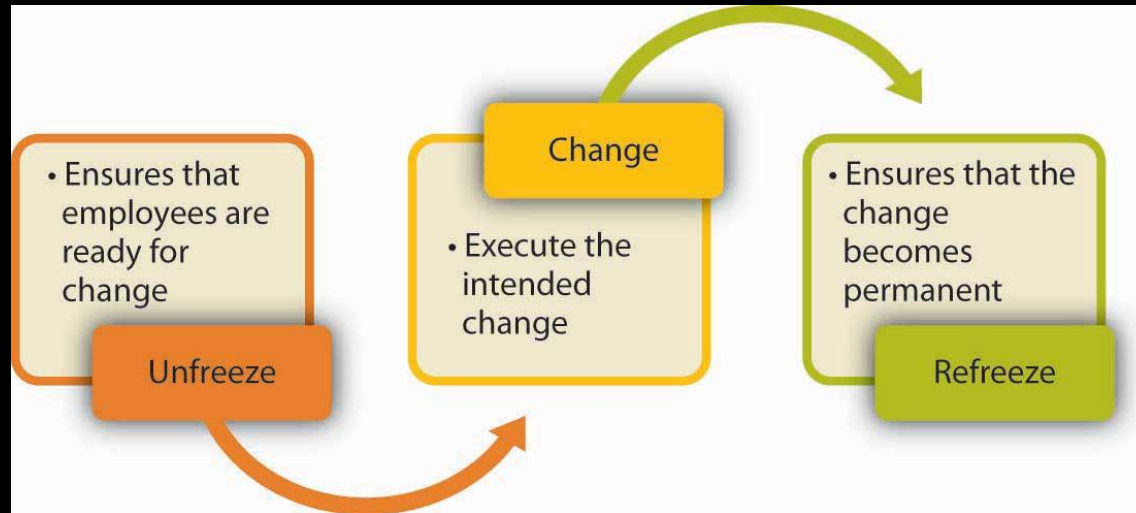
**People at Work:**  
Individual  
Capability  
Talent Pools

Levels	Stratum of role	Designation of role	Time span of discretion	Objectives	Outcomes
7	stratum vii	Chief executive officer	20 years to 50 years	New forms of social political and economic institutions	Prosperity 
6	stratum vi	Group executive	10 years to 20 years	Vision, building strong national and world wide presence	Stakeholder value 
5	stratum v	Managing director	5 years to 10 years	Direction. Purposeful, challenging and maximising assets	ROI 
4	stratum iv	General manager	2 years to 5 years	Innovation, change and continuity	Discontinuous change 
3	stratum iii	Manager	1 year to 2 years	Effective work practices, systems and productivity	Breakthrough changes 
2	stratum ii	Superintendent	3 months to 1 year	Effective coordination, collective improvement and efficiency	Increased efficiencies 
1	stratum i	Supervisor	1 day to 3 months	Excellence of task	Continuous improvement 

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# Why Change Interventions Fail



The CEO leaves, moves on, is asked to go.  
The economy changes (GFC)  
The market for the products drops off  
Downsizing  
The process falters  
New CEO

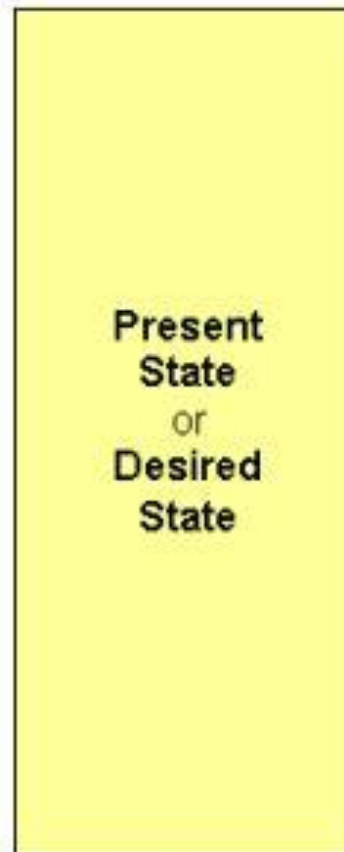
Key staff leave  
Business restructure  
Corporate takeover  
Change of Government (Australia)  
Changing of the guard  
And so the list goes on

Who are the first group[s] that get the chop?



## FORCE FIELD ANALYSIS – KURT LEWIN

**DRIVING FORCES**  
(Positive forces for change)



**RESTRAINING FORCES**  
(obstacles to change)





Murilo Ferreira is less than two years into the running of Vale



Anglo Gold is looking for a new CEO



Andrew McKenzie has taken over from Marcus Kloppers last month (culture change)



Mark Cutifani is in the process of taking over after Cynthia Carroll left in October (underperformance)



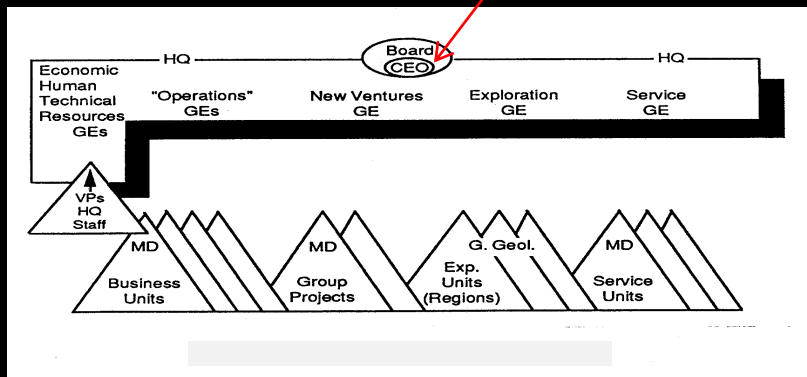
Sam Walsh replaced Tom Albanese in January (underperformance)



Mick Davis of Xstrata will leave once the ~~merge~~ takeover with Glencore is concluded (Came to a head late May)

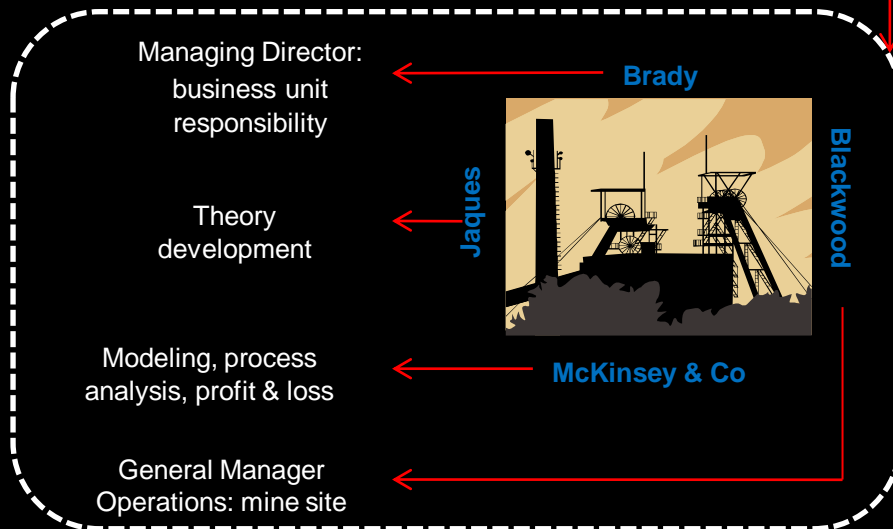
# Linkages between the OD trials at three CRA mines and the go/no-go decision trigger for the project

## Requisite Organisation pilot project undertaken at Woodland mine



**Carnegie project leader**

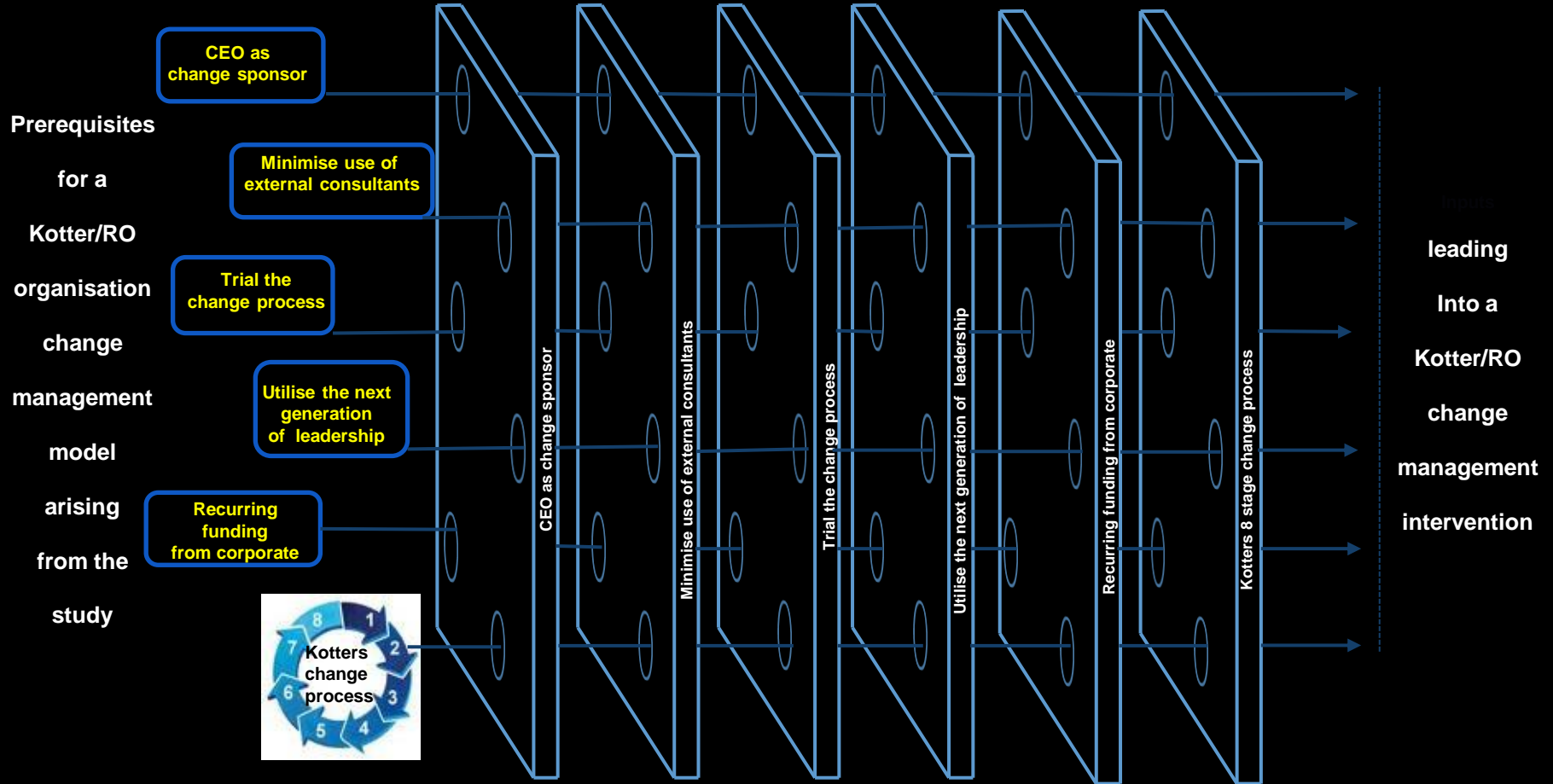
## Woodland mine project team



Carnegie stressed the point that this 'was about having an ideal mix of ability and talent to carry out a pilot project' (Carnegie & Brady 2008).

The project team composition formed the basis for the three preliminary trials undertaken to ensure continuity across sites and minimise process errors.

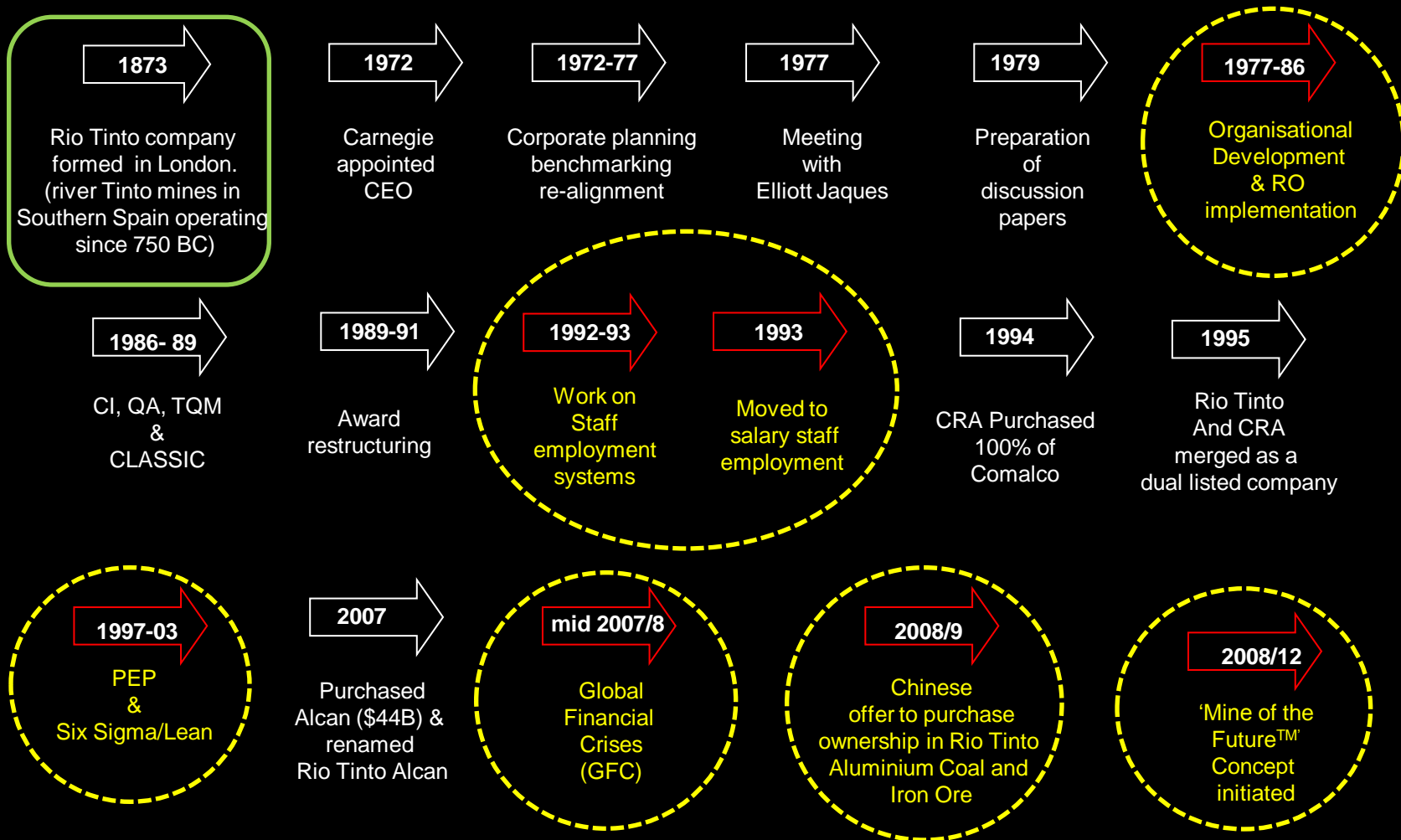
# Outcomes of study objective (vi) stage 1



# Strategy and the 'Punctuated Equilibrium' Model

Corporations tend to follow a strategic orientation evolving through 'equilibrium periods'

This equilibrium is "punctuated" by short bursts (triggers) of fundamental change known as 'revolutionary periods'



Rio Tinto Corporate Activities: 1972 – 2012

# Persistence

30.

Calvin Coolidge 1923-1929

*Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent.*

*Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent.*

*The slogan "Press On" has solved and always will solve the problems of the human race.*

- Calvin Coolidge



*'There is nothing more practical than a good theory'*





## Recap

This morning we have looked at:

- a) Introduction to change management
- b) Why do we need to know about it
- c) Linkages between change processes and RO
- d) Change models/processes/theories
- e) Importance of people in the change equation
- f) Punched equilibrium strategy model
- g) A suggested change management model



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*The  
End*