



# changesynergy

Building  
Organisational  
Change  
Capability:

**Everyone has  
a role to play**

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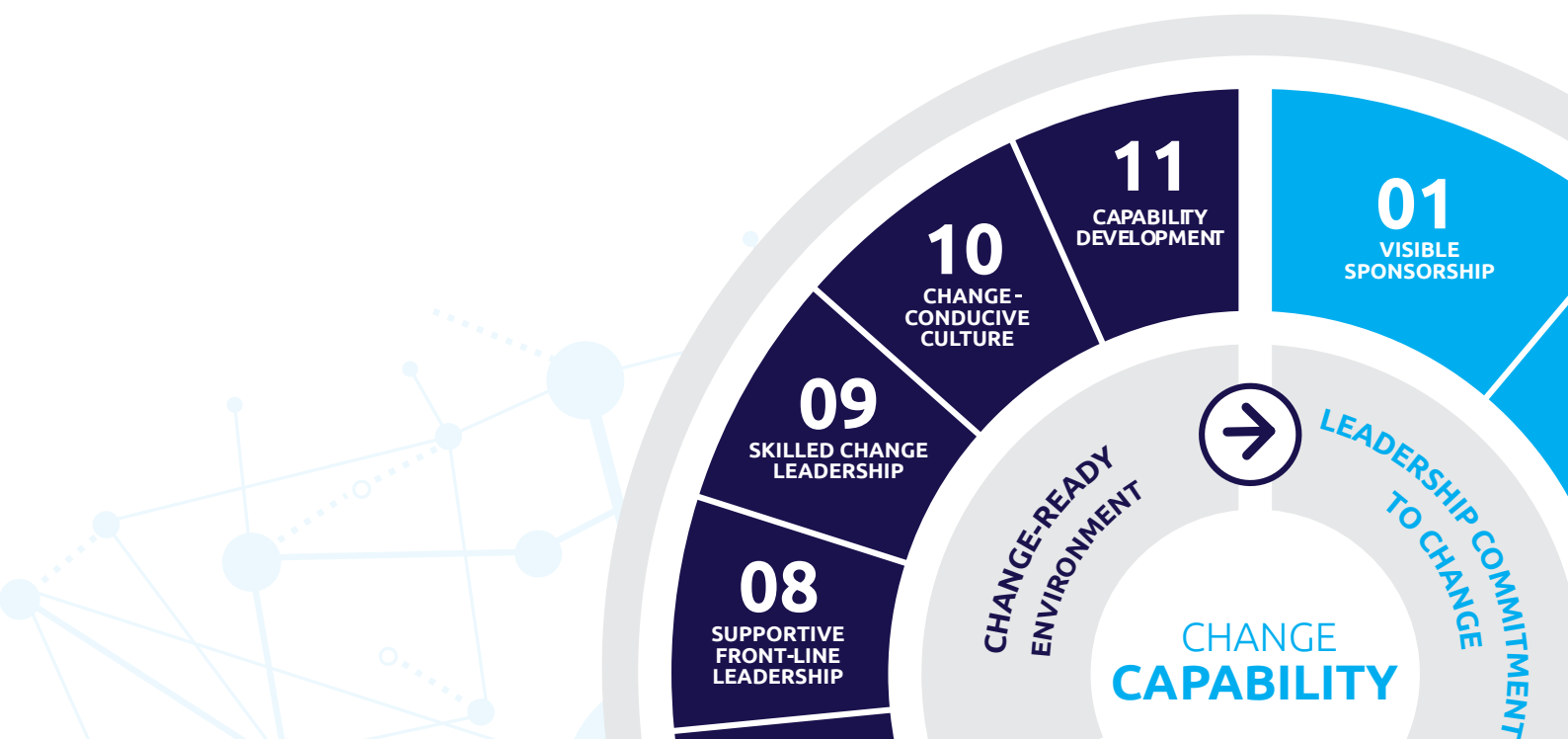


WHITE PAPER

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# Change – An Organisational Imperative



“The rate of change is not going to slow down anytime soon. If anything, competition in most industries will probably speed up even more in the next few decades.”

– *John P. Kotter*

The rate of change has increased drastically in recent years, with the global business environment becoming increasingly **volatile, uncertain, complex**, and **ambiguous**. A trend that is projected to continue with exponential improvements to technology, a demographically changing workforce, and shifts in consumer expectations.

Change is now the number one organisational priority. Managing and introducing change is recognised as the strongest predictor of confidence in leadership, according to 13,124 leaders and 1,528 human resource executives from 2,031 organisations<sup>13</sup>.

Organisations must be capable of implementing change **frequently, quickly, efficiently**, and **successfully** in order to remain competitive.



# Change has Changed



“The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday’s logic.”

– *Peter Drucker*

Traditional step based methodologies of change management are no longer enough. They were sufficient when change was planned, isolated, and episodic. This is no longer the case in a world where the largest taxi company owns no vehicles, the most popular media owner creates no content, the most valuable retailer has no inventory, and the largest accommodation provider owns no real estate<sup>7</sup>.

Two decades ago, John Kotter predicted that change would not slow down. He was right. Today, change and transformation are business as usual and continuous. As such, the per project view of change management is no longer the most effective or efficient. The contemporary business environment does not afford organisations long preparation times anymore, nor does it provide periods of stability for review and improvement.

Current conditions require not only effectively applying sound methodologies, but also a conducive culture, supportive systems, effective processes, and motivated people. These factors contribute to an organisation’s change capability and must be developed over time.



# Defining Change Capability



“The world is changing very fast. Big will not beat small anymore. It will be the fast beating the slow.”

In the simplest of terms, an organisation that is change capable is one that is good at change. Its components facilitate ongoing change and transformation, which help its employees consider change business as usual and not an obstacle to completing their work tasks. As a result, change initiatives are faster, cheaper, and more successful with less disruption. This means a greater return on investment for each initiative, as well as more opportunities to get ahead of competitors.

Today’s business challenge is to develop change capability. To help facilitate this, we set out to identify its key components and to create a diagnostic to guide organisations’ investments in change.

Popular practitioner descriptions of change capability suggest that change capable organisations need to be able to manage the pressures of change, while meeting and exceeding expectations. Employees must have a shared language of change, be excited by it, and consider it an integral part of their jobs. Methodology should be supported by infrastructure and used consistently in all projects. Change management also needs to be integrated into project management and associated improvement processes, with its impact measured as returns on investment. Finally, change management must have an observable impact on organisational effectiveness.



# Defining Change Capability



Relative to the large amount of research in the academic literature on the drivers of individual openness or resistance to change, the theory and research on holistic change capability remains under developed<sup>12</sup>.

McGinness and Morgan<sup>9</sup>, in one of the few theoretically grounded frameworks, theorised change capability as having three essential components:

1. **A suitable foundation for incessant change**, which requires a culture that is ready for behavioural change because it understands that change is necessary.
2. **The ability to shape incessant change**, in the form of organisational structures, systems, and processes that support an adaptive organisational climate.
3. **Sustaining the energy of incessant change** by sustaining employees' commitment and capacity to create and implement change.

However, as with most existing models of change capability e.g., <sup>3;10;11;16</sup>, the development and validation of McGinness and Morgan's model is incomplete. More theory and research is needed to establish its core dimensions, which then need to be empirically validated. Only then can a practical diagnostic be developed and used in contemporary organisational contexts with confidence.



# A Holistic Model of Change Capability



# A Holistic Model of Change Capability



Our goal was to create an **evidence based** model that can be used by organisations to **reliably assess** and **develop** their change capability. To this end, we reviewed existing definitions and models in the practitioner literature, as well as academic research on factors that increase the likelihood of change success.

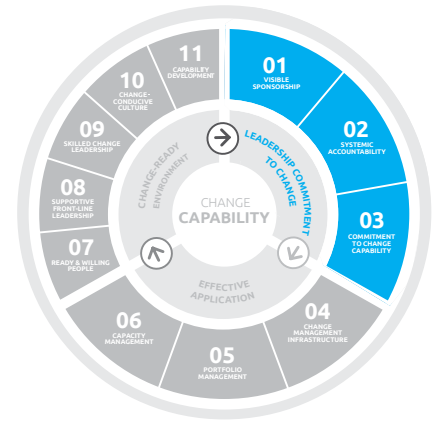
After a rigorous review and consultation process, we distilled a prototype model that represents the key elements or dimensions of change capability.

As shown on the previous page, our model contains three main dimensions, each of which subsumes sub-dimensions that provide for a more detailed diagnostic focus. Over the next four pages, we overview each sub-dimension according to its **definition**, supporting **empirical evidence**, and provide an **example survey question** that can be used as part of a diagnostic measure.





# Dimension 1: Leadership Commitment to Change



## 01 | Visible Sponsorship

### Sample diagnostic item:

“Senior leaders create an environment of trust and transparency when undertaking change.”

**Senior leaders actively and visibly role-model behavioural changes, while ensuring transparency and encouraging open feedback about change.** This was demonstrated in a study<sup>2</sup> of two public sector organisations of 349 and 425 employees each, where an open climate of communication led to increased trust in senior management. This then reduced employees’ cynicism towards organisational change.

## 02 | Systemic Accountability

### Sample diagnostic item:

“Senior leaders hold managers accountable for the realisation of change benefits in their area of authority.”

**Internal accountability for the realisation of change-related benefits is evident from top to bottom of the organisation.** In a study<sup>4</sup> of over 2,500 project management leaders and practitioners, organisations that were “highly effective” in change focused on concrete ownership and accountability significantly more than those that were “minimally effective” (84 per cent versus 24 per cent).

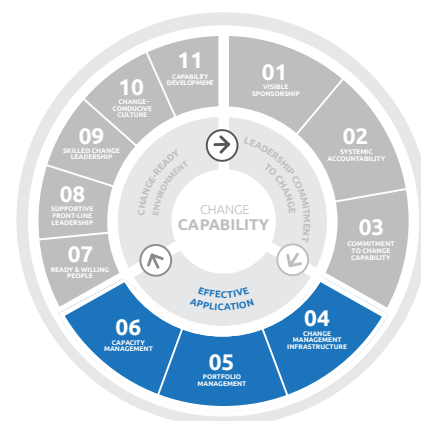
## 03 | Commitment to Change Capability

### Sample diagnostic item:

“The senior leadership team consistently communicate the importance of being a change capable organisation.”

**Senior leadership understands and publicises the reasons for building change capability.** In research<sup>6</sup> from a major mobile phone manufacturer, active visible support and participation of senior management is likely to provide the necessary momentum for change initiatives.

## Dimension 2: Effective Application



### 04 | Change-Management Infrastructure

#### Sample diagnostic item:

“Business rules, policies and procedures are in place to ensure change management is a requirement.”

**There is a dedicated internal change management structure that ensures the agreed methodology is used consistently across all projects.** Consistent use of the same formal methodology resulted in significantly more successful implementation (52 per cent versus 39 per cent), according to a study of over 1,500 change practitioners<sup>8</sup>.

### 05 | Portfolio Management

#### Sample diagnostic item:

“There is a process in place for reassigning and reordering priorities in response to change.”

**There is a consistent process for resource assignment and initiative prioritisation that is strategically aligned, informed at all levels, and considers direct and indirect effects of decisions.** A study<sup>4</sup> of over 2,500 project management leaders and practitioners reported strategically aligned initiatives are significantly more likely to be successful than misaligned ones (71 per cent versus 48 per cent).

### 06 | Capacity Management

#### Sample diagnostic item:

“Senior leaders ensure that employees are not overloaded by additional demands, caused by change implementation.”

**Leadership at all levels ensures that change demands do not overload employees.** This should help to avoid change fatigue, which is reported to be the greatest obstacle to successful implementation in a study<sup>1</sup> of over 2,200 executives, managers, and employees.

## Dimension 3: Change-Ready Environment



### 07 | Ready and Willing People

#### Sample diagnostic item:

“Our people are motivated and responsive to change.”

A workforce comprised of individuals who are responsive to, motivated by, and ready to deal effectively with change. Out of 164 employees who had recently undergone a merger, those with more positive attitudes about change remained committed to the organisation after the merge, whereas others had intentions to leave<sup>5</sup>.

### 08 | Supportive Front-line Leadership

#### Sample diagnostic item:

“Middle and front line leaders create an environment of trust and transparency when undertaking change.”

Middle and frontline leadership create an immediate environment of support and openness during change, while redressing issues with change fairly and promptly. A positive working relationship with immediate supervisors was significantly associated with reduced resistance to change in a study of 235 employees of a large housing corporation<sup>14</sup>.

### 09 | Skilled Change Leadership

#### Sample diagnostic item:

“Executives are trained in their role and responsibilities as sponsors of change.”

Leadership at all levels are trained in their role in change. Lack of leadership is one of the top two reported causes of organisational change failure in a study of over 2,500 project management leaders and practitioners<sup>4</sup>.

## Dimension 3: Change-Ready Environment



### 10 | Change-Conducive Culture

#### Sample diagnostic item:

“In this organisation, we think it is normal to deal with constantly evolving initiatives and ideas.”

A change capable organisation has a culture that encourages improvement through experimentation, problem solving, and honest dialogue. For instance, a development climate reduced resistance to change in a sample of 235 employees of a large housing corporation<sup>14</sup>.

### 11 | Capability Development

#### Sample diagnostic item:

“The ability to thrive in a constantly changing environment is reflected in HR processes (e.g. employee selection, evaluation & reward).”

Individual change capability is recruited for, developed, and rewarded in the full employee lifecycle. Personality factors like self esteem, optimism, and perceived control, which can be recruited for, significantly increase acceptance of change in a study of 133 government employees<sup>15</sup>.

# Validating Our Model



## Validation Process

Having distilled the model of change capability from a rigorous review of the published literature, coupled with consultations with change professionals, we developed a list of 76 survey questions that are reflected in the model's sub-dimensions.

The validation procedure began with surveying change experts and conducting exploratory factor analyses on the collected data to see if our proposed sub-dimensions were supported. Subsequently, we evaluated the reliability of each sub-dimension measure by calculating its internal consistency. Finally, correlations between each sub-dimension were calculated to assess the strength of their relationships. Each step of the validation process is explained over the following pages, and preliminary findings are reported.

Our validation process is ongoing and we are still collecting data. If you would like to be involved, please follow this link to our survey:

[Click Here](#)

# Validating Our Model



313 people had responded to the invitation to participate in our validation study at the time of analysis. As not all respondents completed the survey, our preliminary analyses are based on 118 complete responses

Most survey respondents had the role of change professionals (68%) and were from Australia (92%). Respondents were experienced in change management, with 40 per cent having had 5 to 10 years in change and 39 per cent having had over 10 years' experience. There was a wide spread of organisation sizes from less than 1,000 employees (23%) to over 30,000 (26%).

Exploratory factor analysis, a statistical procedure that identifies patterns of responses in collected data, supports the sub-dimensions in our model. It also shows the strength of the relationships between each survey question and each sub-dimension. We have further improved our capability diagnostic by removing the questions that are less strongly related to each sub-dimension or factor.

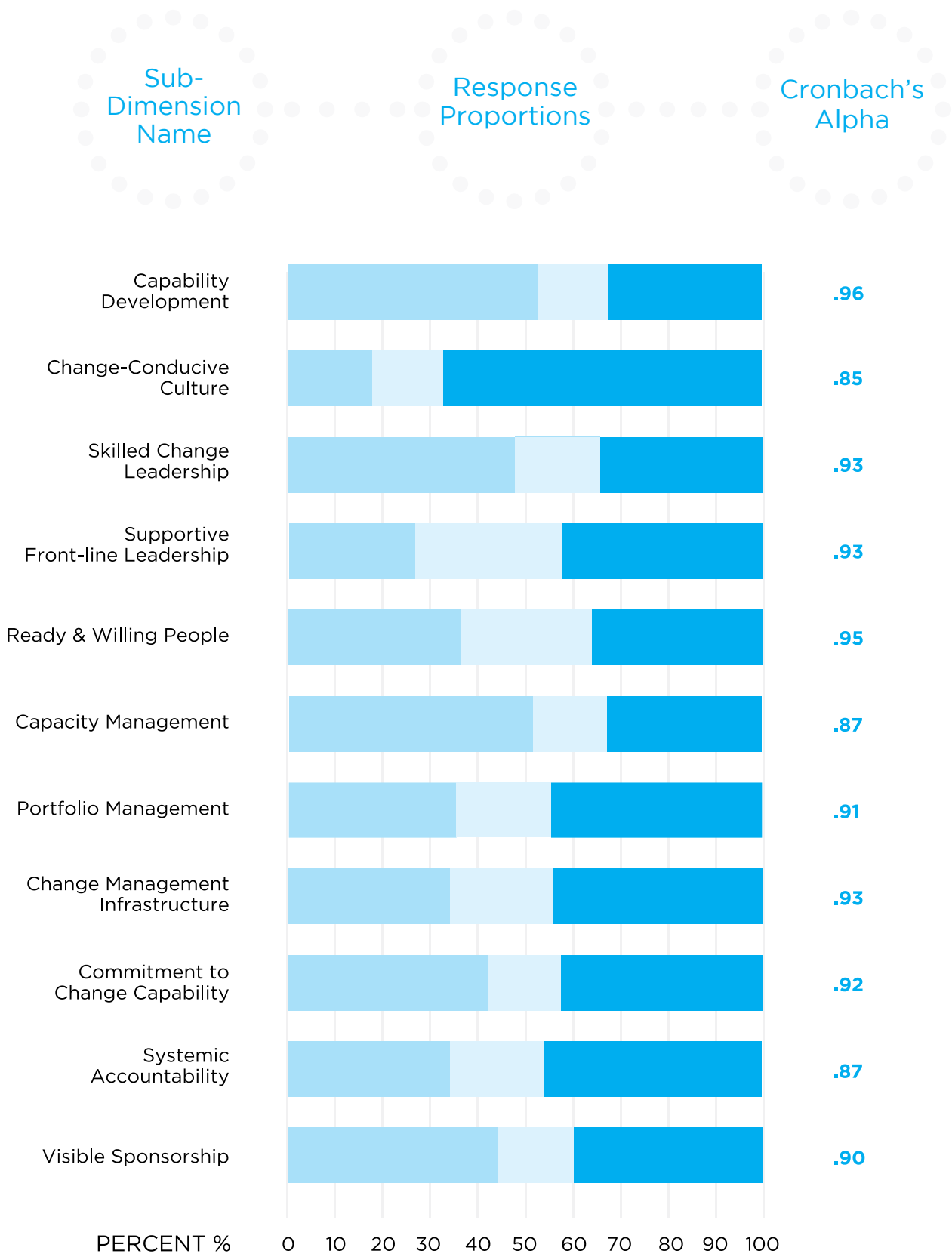
We then assessed the reliability of the sub-dimensions in our model by evaluating their internal consistencies. The Cronbach's alpha\* values suggest that our survey items are worded appropriately and belong to their associated sub-dimensions (values are shown overleaf).

\*Cronbach's alpha interpretation guidelines:  
More than .9 = Excellent; .8 to .9 = Good; 0.7 to 0.8 = Acceptable;  
0.6 to 0.7 = Questionable; 0.5 to 0.6 = Poor; Less than 0.5 = Unacceptable.



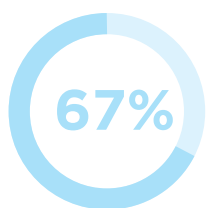
# Preliminary Findings

- Disagree
- Neither
- Agree

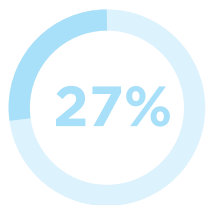


# Preliminary Findings

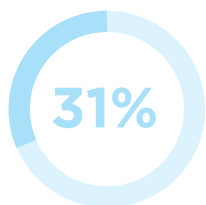
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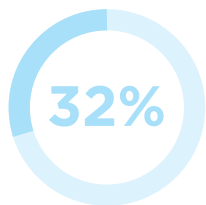
Change-Conducive Culture



Skilled Change Leadership



Capacity Management



Capability Development

While data collection and validation is still ongoing, preliminary analyses yielded some interesting results.

A significantly greater portion of respondents reported that their organisational culture is conducive to change, compared to those who do not (67% vs. 18%).

Only 27 per cent of those surveyed agreed with statements indicating their leadership is trained in their roles, of which more than half only slightly agreed. This is especially noteworthy given PMI's finding<sup>4</sup> that a lack of leadership is one of the top two obstacles to successful change initiatives.

31 per cent reported that their organisation prevents employees from being overloaded by change demands, which is problematic, as PwC describes change fatigue as the number one cause of failure<sup>1</sup>.

Capability development was another notable gap, where only 32 per cent indicated that their organisation considered individual change capability in the employee lifecycle.

# Ongoing Validation



“You can’t build an adaptable organization without adaptable people – and individuals change only when they have to, or when they want to.”

– **Gary Hamel**

As a final step in the validation process, we conducted correlational analyses to see how strongly each change capability sub-dimension is related to individual willingness and readiness for organisational change. A high Pearson’s coefficient (r)\* shows that organisations with high and low ratings of ready and willing people also tend to have high and low ratings of:

- Systemic accountability (r = .63)
- Change-conducive culture (r = .63)
- Visible sponsorship (r = .61)
- Change management infrastructure (r = .60)
- Supportive front-line leadership (r = .60)

Overall, the data and analyses strongly support our model of change capability. We are still collecting data, as the validation process is ongoing. In future reports, we will compare change capability by industry, organisational size, and geography. If you would like to be involved in this project, please go to:

[Click Here](#)

\*Pearson’s coefficient interpretation guidelines: More than .8 = Very Strong; .6 to .8 = Strong; .4 to .6 = Moderate; .2 to .4 = Weak; less than .2 = Very Weak.



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# About Us



We are passionate about helping you build a change capable organisation



Change Synergy (formerly Changefirst Australia) is a change management consulting and training firm that helps clients build the necessary change capability and capacity to realise the expected benefits from business critical change initiatives. We are a single resource for equipping organisations to not only survive but thrive in an environment of incessant change.

In Australia & New Zealand, Change Synergy works with some of the region's most progressive companies including AGL Energy, Asahi Beverages, Allianz Insurance, Australian Unity and World Vision to name a few.

We believe in creating synergy - truly 'change capable' organisations have specific characteristics that support organisational agility, enabling them to quickly embark on - and more successfully implement - change. Such organisations typically THINK differently - they **focus** and have an organisational **mind-set & behaviours** that are more conducive to change - and INVEST differently - they embed **processes** and develop capabilities so their people are equipped to act. Creating this synergy is at the very core of what we do.

The team at Change Synergy has a passion for transferring skills, tools and processes to enable organisations to build a sustainable capability to manage change. We are professional consultants, designers and facilitators with a global reach and extensive market experience and we are surrounded and supported by a world-class team of exclusive partners such as Changefirst (People-Centred Implementation (PCI®) methodology and e-change® platform), Deakin University (Research) & Digital Playlab (Technology Solutions).

Change Synergy is a proud partner to the Change Management Institute (CMI) of Australia and New Zealand, and is the exclusive partner for Changefirst in Australia and New Zealand.

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