Thomas Lauer

Quick Guide
Change Management for all Cases

What Case Studies Teach Us

Springer Gabler

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Preface

Dear readers of this book,

Perhaps you are a responsible person at the beginning of a change project? Or you are in the middle of it and are confronted with a number of challenges? Or you are affected by corporate change on a large or small scale and are wondering whether this change is being managed sensibly?

Whatever your motivation for reading this book, I think you will take away some new insights and nutrition for thought. The book is structured in such a way that you can find specific answers to your questions, depending on your previous knowledge of change management, your particular interests and the current situation you find yourself in.

In the first two chapters of the book, I give you a compact, clear introduction to the topic. In the first chapter, I focus on creating an understanding of why change in general is anything but simple and what is fundamentally important for successful change. Especially if you know the challenges of change management, it is easier to intuitively avoid pitfalls and mistakes that lead to the failure of change. These pitfalls and measures to avoid them are the focus of Chap. 2, which uses nine success factors to show how change can succeed.

In the second part of the book (Chaps. 3, 4, 5 and 6), the focus is on case studies on four typical occasions of change: mergers and acquisitions (M&A), digitalization, corporate growth and professionalization, and business succession. A whole range of current case studies are presented on these four occasions, highlighting the challenges of change, but also numerous possible solutions. “Lessons learned” towards the end of each chapter summarize these aspects and systematically refer to the success factors from Chap. 2. Even if your change project does not belong to these four categories, you can still learn a lot from the case studies for the practice of any kind of change.

Now how should you read the book? Well, there are different approaches. One option, of course, is to read it all the way through from cover to cover. Given the compactness of the book – it is, after all, a quick guide – this is a good option, because it will help you understand the background to my particular argumentation step by step. But you can also use the book for specific reference, for example, if you are specifically interested in change in one of the four cases mentioned above and want to learn more about the case studies in Part 2. Targeted references in the case study chapters to the two introductory chapters (Chaps. 1 and 2) enable you to look things up there if you want to know more about the background to success factors or barriers to change in a specific case.

The case studies are based on primary research that I have conducted over the past months. For the most part, these were collected on the basis of guided interviews and then translated into a case study text in consultation with the interviewees as co-authors. This book would not have become what it is without the input of my co-authors, a mixture of – I hope – clearly conveyed theory and numerous insights into the current practice of change management. I would therefore like to take this opportunity to express my sincere thanks to: Heiko Aland, Yener Caliskan, Marcel Carrion, Christopher Fath, Andreas Gathof, Stefanie Lang, Kay Petrisor, Mario Rüdel, Christian Strunk, Michael Teubenbacher, Holger Trautmann, Thomas Seipolt, Florian Weber, Nicole Zieger and Kathrin Zuber.

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Change Management: A Brief Introduction

Why Change Is Difficult and How It Succeeds

What You Take Away from This Chapter

- What exactly is behind the term Change Management.
- Why the importance of change management is constantly increasing.
- What are typical challenges for change in practice.
- Where exactly to start in order to successfully shape change in practice.

1.1 Meaning and Definition of Change Management

Change management is undoubtedly one of the major management topics of our time. If you are a manager at the beginning of a change project or would like to reflect on experiences from your last change project, the following introduction can give you initial access to the special challenges of change, but also basic information on how change can succeed. But it also makes sense for those affected by change to take a closer look at this topic in order to better understand themselves in this role and to be able to critically assess the work of the change initiators. The following subchapter is intended to provide you with an initial insight into this.

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1.1.1 Change Management: Proactively Accompanying Changes

In order to give you a clearer understanding of the basics of change management, I would like to start my presentation with a small example. The example does not involve a particularly fundamental change in a company or an organization, such as a completely new strategic orientation or the outsourcing of the entire production abroad. Nevertheless, it can be used to illustrate important facets of the challenges, mistakes and also success factors that make up change. On the contrary, the very fact that it is not a serious change shows that change is fundamentally challenging, both on a large and small scale.

The Introduction of a Collaboration Tool

In a company in the pharmaceutical industry, the management decides together with the IT department that in the future all internal communication as well as document storage should be handled via a collaboration tool from a well-known provider. A version of this tool has existed in the company for many years, but so far only a few employees in a few departments have made use of it, and if so, then mainly in the IT-related areas. Although training courses were offered when the tool was first introduced and were well attended, the opinion quickly developed that the user interface was not very user-friendly. Also, the abundance of functionalities overtaxed most employees and managers, and so the multitude of possibilities was hardly used. However, for the basic functionalities, such as making appointments, internal communication and document storage, the previous email program and company public drives on the servers of the IT department were completely sufficient. Furthermore, most of the employees were unaware that a new version of the collaboration tool was now available, with a much more user-friendly interface.

However, problems with hacker attacks on the company's networks increasingly called into question the practice of using the company's public networks and also the email program. The collaboration tool offered far greater security standards here, especially for employees who worked in home offices or smaller branches and needed to be connected to the corporate network. Most people were aware that there were problems with hacker attacks, but not that the collaboration tool offered significant advantages here.

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The decision of the management and the IT department to only use the collaboration tool from now on was announced by an email from the IT department to everyone. It was pointed out that everyone had to switch to the collaboration tool within 4 weeks and that both the previous email service and the drives would then no longer be available. However, no reason for the changeover was given in the mail. This information immediately led to protests from those affected, again by email, which almost resulted in a shitstorm against the decision that had been made. The IT department reacted promptly. Thus, it was informed that this decision had to do with the hacking attacks that had taken place, which most had not been aware of until then. In addition, training – including individual training – was offered to enable employees to use the collaboration tool without any problems. The person, who was the initial trigger of the email protests sent an email to everyone shortly afterwards, reporting on his positive experience with the individual training and the benefits of the new tool, which he was now able to experience for himself. The waves of indignation then quickly calmed down.

A little over a year later, the change proved to be a blessing in disguise, as the company was able to respond quickly to the onset of the Corona pandemic and securely connect large numbers of employees via home offices.

If you think about your own professional experience or experiences you had as part of an organisation (this can also be an association, for example), you will probably think of similar experiences. Similarly, something that seems normal and familiar to you today may have caused problems and resistance when it was first introduced. However, you may also be able to think of events where the planned change actually turned out to be wrong and did not lead to the desired results. Yes, it is true that not every change is good and right *per se*. But, failing to adapt as a company or organization to the changing conditions of the outside world is almost certainly doomed. The opening quote from Darwin would like to serve as a guide to this.

In this book, I do not want to provide you with a guide to explain the justification or non-justification of change objectives. This could most likely be done by using strategic management methods, which is why I refer to the relevant literature (Lynch, 2022). Rather, I would like to focus on the process of change, the mistakes that can be made as a responsible driver of change, but even more so, of course, on what can and should be done to make the process of change as successful as possible.

Nevertheless, I would like to say a few words about the goals of change. In the above example on the collaboration tool, the goal proved in retrospect to be even more forward-looking than initially assumed, because at the latest with the Corona pandemic, the more secure collaboration tool was not a "nice-to-have", but a "must-have". This example is not the only one that teaches us: strategically, change should happen before it is absolutely necessary or, to put it another way, proactive change usually proves to be more appropriate than reactive change. If a company waits until the market absolutely demands a change, such as a retailer who only creates online offerings after online competition becomes overwhelming, it is usually already too late. Well-known examples, such as Kodak, which as the world market leader for analogue photographic materials did not take the switch to digital photography seriously until it was too late, or the delayed reaction of mobile phone manufacturer Nokia to smartphones, may serve as a warning here. In turn, however, this does not mean that every forward-looking change is the right one. What is almost certain in this day and age, however, is that standing still means going backwards. Unfortunately, people and organizations tend to misjudge the signs of the times and to initiate necessary changes too late. I will deal with this in more detail in Sect. 1.3. However, there are also organisations in which leaders exaggerate the speed of change and thus overwhelm the organisation (Lewin, 1963) or which are more 'actionist' in their motivation to constantly launch new initiatives (Bruch, 2006). In these cases, the goal of change may well be the wrong one.

However, change management is not so much dedicated to assessing the goals of change, but rather to managing the change process in order to move from the current status quo to a defined target state. The aim is to involve those affected by the change and, at best, turn them into active and productive, but by no means uncritical supporters.

Change Management

Change management refers to the management of change combined with the goal of ensuring that it runs as smoothly as possible and that those affected become productive supporters.

Returning to the example above of the introduction of a collaboration tool, this would mean communicating the change from the outset in such a way as to minimise initial friction and resistance. In the case at hand, more appropriate communication that educates about the rationale while coming from the highest level would have served this purpose, as would the direct and proactive offering of individual training opportunities. In the case of a smaller change project, such as the introduction of the collaboration tool, resistance can still be eliminated with quickly initiated and targeted countermeasures; in the case of larger projects, such as company mergers, the damage can be more significant and have a more lasting effect.

1.1.2 Change Management: Increasingly Important

We live in a world whose speed of change is constantly increasing. In the meantime, the term VUCA world has become commonplace.

VUCA World

VUCA is an acronym and refers to a world characterized by the simultaneous presence of the following characteristics (Mack & Khare, 2016):

- *Volatility:* A rapid change of things.
- *Uncertainty:* The uncertainty about the future direction of development.
- *Complexity:* The complexity and thus lack of transparency in relation to the interaction of the environmental components involved in change.
- *Ambiguity:* The ambiguity of information with regard to its interpretability.

In order for companies to survive in such a VUCA world, they have to adapt to changing environmental conditions, to increasing digitalisation, to demographic change with more and more older people and fewer and fewer young people, to changing social values or to threats from climate change, to name just a few examples. This automatically increases the importance of change management. According to a 2017 study by the renowned German consultancy Kienbaum, change management accordingly ranks first among the topics for personnel development of top executives (Kienbaum, 2017). Nevertheless, even when reading the case studies presented in this book, one not infrequently gets the impression that the same mistakes are made again and again. This is also underpinned by the results of a recent study on change management practice by the well-known management consultancy Horváth & Partners: according to this study, targeted change management activities as part of change projects are relatively rare and their importance has even declined in recent years. In 2014, 60% of respondents still confirmed the use of deliberate change management in changes; in 2020, only 46% of respondents saw a targeted use of corresponding instruments (Horváth & Partners, 2020).

The above example of the introduction of a collaboration tool (Sect. 1.1.1) has already shown that change management does not only concern projects in which entire companies or organisations are significantly changed. In fact, almost every change, no matter how small, presents the same challenges in principle, albeit often on a smaller scale.

Typical Cases of Change on a Small Scale

- The introduction of new software for a specific sub-functionality (such as new software for travel expense reporting)
- The redistribution of tasks and responsibilities within an organizational area, such as within a department or work group.
- The change of a manager at the head of an organizational unit
- The exact definition or modification of a process step