

**Successful Implementation of  
Six Sigma  
*A Champion Overview*  
Section 4  
*Change Management*  
Ljubljana, Slovenia  
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## Why Change Management?

- Why Change?
  - We want (need!) to make fundamental changes in how we conduct business so we can cope with the new challenging economic environment
- Most corporate change programs are a failure or at best only marginally successful.
- Why?
  - Typical patterns, typical errors made
  - Lessons learned
- Change needs to be carefully managed!

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## The “Success” of Change Programs?

*“Performance improvement efforts ...  
have as much impact on  
operational and financial results as a  
ceremonial rain dance has on the weather”*

Schaffer and Thomson,  
*Harvard Business Review* (1992)

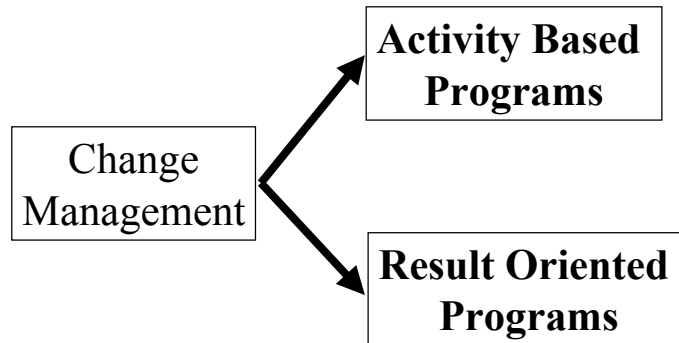
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## Change Management: *Two Alternative Approaches*



Reference: Schaffer and Thomson, HBR, Jan-Feb. 1992

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## Activity Centered Programs

- **Activity Centered Programs:** The pursuit of activities that sound good, but contribute little to the bottom line
- **Assumption:** If we carry out enough of the “right” activities, performance improvements will follow
  - This many people have been trained
  - This many companies have been certified
- **Bias Towards Orthodoxy:** *Weak or no empirical evidence to assess the relationship between efforts and results*

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## An Alternative: Result-Driven Improvement Programs

- **Result-Driven Programs:** Focus on achieving *specific, measurable, operational* improvements within a few months
- Examples of specific measurable goals:
  - Increase yield
  - Reduce delivery time
  - Increase inventory turns
  - Improved customer satisfaction
  - Reduce product development time

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## Result Oriented Programs:

- Project based
- Experimental
- Guided by empirical evidence
- Measurable results
- Easier to assess cause and effect
- Cascading strategy

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## Why Transformation Efforts Fail!

Research show that eight common errors in managing change, two of which are:

1. Not establishing a sense of urgency
2. Not systematically planning for and creating **short term wins**

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## An Effective Strategy

1. Map out how the organization should look after a major change
2. Use a series of rapid cycle projects that provide the employees opportunities to develop their skills in managing change
3. As they learn to change, mount increasingly larger scale, more strategic efforts and move upstream
4. Periodically review and modify the overall strategic plan

***Benefit: The projects pay for the program***

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## The Focus of Six Sigma

- Accelerating fast breakthrough performance
- Significant financial results in 4-8 months
- Ensuring Six Sigma is an extension of the Corporate culture, not the program of the month
- Results first, culture change will follow!

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## Error #1: Not establishing a Great Enough Sense of Urgency

- Most successful change programs gets started when a core group looks hard at the facts, the market situation, the company's competitive situation, technology, industry trends and financial performance and realize that there is an urgent need for change
- Without strong motivation or a crisis, it is hard to get the aggressive cooperation needed to really change

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## Urgency!

- Not clearly establishing the urgency – the serious need for change – is perhaps the most common reason change programs fail!
- Change – the creation of a new system – requires leadership
- The leadership needs to spearhead the change effort – they need to fully understand the urgency
- The urgency may even need to take crisis proportions
- The urgency must be carefully analyzed, researched and documented

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## Error #2: Not Creating a Powerful Enough Guiding Coalitions

- Most change programs starts with a small group – the *guiding coalition* – that realize the urgency, take initiative and show leadership to provoke a change
- If the guiding coalition does not reach critical mass soon, the effort will loose momentum and nothing will happen
- To be successful the initial guiding coalition must be powerful and politically well connected: must include powerful executives and key line managers
- No matter how capable and dedicated, if the guiding coalition is not powerful, the effort will eventually fail

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## Error #3: Lack of Vision

- Vision = a clear idea – a picture of the future (I.e. 5-10 years hence), a clear destination for where we are going
- The guiding coalition must develop a vision for what they want the future to look like that is easy to understand and communicate
- Without a clear communicable vision, the effort may easily fail
- *The vision should be an elevator pitch: short, clear and exiting!*
- The guiding coalition needs to develop a strategy for achieving the vision

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## Error #4: Under-communicating the Vision

- Without credible communication, and lots of it, the guiding coalition will not win the hearts and minds of the organization
- If the communication is only words but not accompanied by deeds and actions, communications often breed cynicism among the “troops”
- The guiding coalition must use any opportunity to communicate the vision and themselves become symbols of the new corporate culture and the new way of doing things

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## Error #5: Not Removing Obstacles to the New Vision

- Successful transformations eventually involve a large number of people
- Many of them – usually the best and most enthusiastic – will want to take initiative inspired by the new vision
- But they may run into roadblocks
- Renewal also requires the removal of obstacles, e.g. political, work rules, bosses who make demands not consistent with the new ways
- Major obstacles must be confronted and removed
- If the “roadblock” is a person, he/she should be treated fairly and in a way consistent with the new vision
- But action is essential to maintain credibility

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## Error #6: Not systematically Planning for and Creating Short-term Wins

- Real transformations take time — frequently a very long time
- If there are not short term goals to meet and celebrate, the effort will risk losing momentum — people simply give up, lose faith
- In successful transformations, managers actively look for ways to obtain clear short-term wins and performance improvements
- The managers establish goals in a yearly planning system, achieve the objectives, and reward success
- Commitments to produce short term wins help keep a sense of urgency and force detailed analytic thinking

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## Error #7: Declaring Victory too Soon

- Managers may be tempted to declare victory after the first performance improvement
- Celebrating a win is OK, but declaring victory can kill further effort and reduce the sense of urgency
- Successful leaders don't declare victory. They use the short term wins to gain further credibility for the program and use the win as a stepping stone to go on to conquer even more ambitious objectives
- They also go after systems and structures that are inconsistent with the new vision
- They pay great attention to sending out clear signals by who is promoted, who is hired and how people are developed

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## Error #8: Not Anchoring Changes in the Culture

Change becomes institutionalized when it becomes “the way we do things”, when it is part of the organization’s culture

Two factors are key:

1. The guiding coalition and key leaders must consciously show people how the new approaches, behaviors and attitudes helped improve performance
2. Upper Management must take sufficient time to groom the next generation of upper management. If the requirements for promotion is not consistent with the new system/culture, the change effort will be undermined and eventually fail

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## Lessons Learned

- The 8 typical errors tells us what not to do, but also what we can do to avoid them
- This requires leadership; leadership that spearhead and guide the change process, model the new behavior, keep the change process on track, and relentlessly keep up the sense of urgency
- A roadmap for the leadership of change: 8 Steps

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## Eight Steps to Transform An Organization

1. Establish a sense of urgency
  - Critically research and analyze the market and the competitive realities; listen to the customers!
  - Identify and discuss crises, potential crisis and opportunities
2. Form a Powerful Guiding Coalition
  - Assemble a group with enough power, energy and wisdom to lead the change effort
  - Encourage the group to work together as a team
3. Create a Vision
  - Create a vision to help direct the change effort
  - Develop strategies for achieving the vision

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## Eight Steps to Transform an Organization

4. Communicate the vision
  - Use every opportunity to communicate the new vision and the urgency for change
  - Never stop communicating; all levels of the organization needs to understand the vision
  - Model the new vision and behavior by example and action; lead by example!
5. Empower others to act on the vision
  - Remove obstacles to change
  - Change systems or structures that undermine the new vision
  - Encourage risk-taking, non-traditional approaches, activities and actions

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## Eight Steps to Transform an Organization

6. Plan for short term wins
  - Plan for visible performance improvements
  - Create and stage those opportunities
  - Recognize and reward employees involved in making improvements
7. Consolidate improvements and produce further changes
  - Use the increasing credibility to change systems, structures and policies that don't fit the new vision
  - Hire, promote and develop employees who understand and can implement the new vision
  - Reinvigorate the process with new projects, themes and change agents; never stop being vigilant!

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## Eight Steps to Transform an Organization

8. Institutionalize the new Approach
  - Articulate the connections between the new behaviors and corporate success
  - Change all systems to conform with the new vision
  - Develop the means to ensure leadership development and succession

And then: Go to step 1: Make change and innovation as a way of life, continuously adapt to the dynamic market place, customer demands and the ever changing environment

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## Resistance to Change

- Resistance to change is natural -- will exist in any organization
- Resistance to change may happen at all levels of an organization
- If pervasive or by key individuals, resistance to change will have detrimental effects for the whole program
- **MUST** not be ignored!!!

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## Dealing with Resistance

- It is important to recognize resistance to change and deal with it openly and frankly
- Otherwise resistance will seriously delay the deployment of Six Sigma
- Resistance to change is seldom direct
- It can be recognized through 12 typical “Faces of Resistance”
- A few of these are summarized below

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## 1. Give Me More Details

- **Symptoms:**
  - The person keeps asking for more information
  - No matter how much you provide, it is never enough
- **Cue:**
  - This is a delaying tactic
  - Notice when you start getting impatient with the questions, even though you are able to answer them

Adapted from Flawless Consulting, P. Block, University Associates, Inc., 1981.

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## 2. Flood You With Details

- **Symptoms:**
  - You ask a simple question and get more information but understand less
- **Cue:**
  - Notice when you start to get bored or confused about what all this has to do with the problem at hand

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## 3. Time

- **Symptoms:**
  - “The timing is just a little off!”
  - “This is a really bad time right now!”
  - “Things are really busy right now!”
  - “We don’t have time to meet with you”
  - “How about next month?”
- **Cue:**
  - Start time for actions keeps being pushed off into the future;
  - “too busy now but next week perhaps!”

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## 4. Attack

- **Symptoms:**
  - Angry words
  - Red faces, pounding a fist, pointing fingers
  - Punctuating the end of every sentence
  - Strong reactions to your words
- **Cue:**
  - Any of the behaviors above (angry words,...)
  - Your response is often to withdraw or return the attack
  - You take it personally

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## 8. Silence

- **Symptoms:**
  - The toughest kind of resistance!
  - It may be that the person says he/she has no particular reaction to what you have offered
  - “Keep on going. I’ll speak up if I have any problems.”
- **Clue:**
  - Silence does not mean consent
  - Silence more likely means that the other person is blocking the change
  - If you think a meeting went smoothly because no objections were raised, don’t trust it
  - You must get support or show of enthusiasm and acknowledgement

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## Summary

- Activity based approaches don't work -- project based approaches do
- Change happen project by project -- this is the base for
- John Kotter's 8 Errors are important for leading and managing the Six Sigma transformation process
- Resistance to change is natural – it's nothing personal!
- Champignons and Project Leaders must learn to identify and remove barriers to change

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