

CHANGE AGENTS

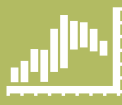
The Role of Organizational Learning in Change Management

WHITEPAPER

RESEARCH REPORT

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AMOUNT OF DATA AVAILABLE



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ORGANIZATION



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Executive MBA

A Note From NYU Stern

At NYU Stern School of Business, we believe that change management is an important topic for today's business leaders. As economies shift and new trends emerge, corporate executives must embrace change and explore different ways of doing business.

It is important for business leaders to build a robust change management skill set that encompasses the entire process from idea generation to execution to evaluation of the impact. Change management is a vital part of our executive MBA curriculum. In our program, students explore the impact of strategy, leadership, and technology changes to lead change within their organizations. We are proud to partner with ASTD to bring you *Change Agents: The Role of Organizational Learning in Change Management*.

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EXECUTIVE SUMMARY

The only sense that is common in the long run, is the sense of change—and we all instinctively avoid it.

—E.B. White

We live in a world of constant change. And we don't handle it well. As individuals, employees, managers, and executives, we resist change, deny it, ignore it, struggle with it, resign ourselves to it, and try to recover before the next transformation arrives. Just how poor are our change skills? The American Society for Training & Development (ASTD) and the Institute for Corporate Productivity (i4cp) found that only 17 percent of business and learning leaders rate their organizations highly effective at managing change.

Dismal outcomes for change initiatives aren't new. They've been the way of the business world for years, often affecting nearly three of every four organizational transitions.

Amid the disappointing results that organizations consistently reap with their change efforts, the ray of hope that emerges is the learning function. If leaders and their workforces are to improve their change management capabilities, it will require relevant, innovative, and dynamic learning opportunities that keep pace with the shifting demands of organizational transformations.

Learning professionals recognize the vital role their function plays, but are they prepared to assume the mantle of organizational change agent? When ASTD and i4cp asked business and learning leaders about the level of success currently being achieved, just 17 percent said their learning functions were highly effective at providing change training.

“It's not about teaching the latest process for change, it's about creating a new kind of organization optimized for change and changing.”

—Walter McFarland, Co-Author, *Choosing Change*

Challenges emerge during every stage of change initiatives, threatening to impede the learning function in its efforts to design and deliver effective training. Although some factors lie beyond the control of the learning professional, others do not. Learning functions in organizations that have achieved high levels of effectiveness in change management offer insights into the practices they use to overcome the obstacles threatening change-training success.

ASTD and i4cp blended quantitative and qualitative research methods to explore the practices that are working for those learning organizations. The study examined the approaches that turn learning professionals into capable change agents, posing questions such as: Where do change effective learning leaders turn for best practices? Do their learning functions rely on outside consultants to help with change training? Do designated change management teams produce better results? Who should be accountable for change?

Walter McFarland, ASTD board member and co-author of *Choosing Change*, crystallizes the hope underlying the learning function's role as an agent of change—that success in change training continuously builds “the capacity to do the next change better. Learning offers employees options to build new skills, to learn how to manage change effectively. That capability empowers workers to seize opportunities to make their organization better than it could have been without change. So it's not about teaching the latest process for change, it's about creating a new kind of organization optimized for change and changing.”

WHITEPAPER

Introduction: Change Skills Are Sorely Needed

There is no shortage of models that purport to guide business executives and other leaders through the labyrinths of organizational change initiatives. A simple Internet search for *organizational change models* recently returned more than 97 million results. There are seminars, webinars, conferences, classes—live and electronic—lectures, websites, books, gurus, and any number of other resources readily available to anyone seeking the magic formula for producing consistently successful change.

Yet change initiatives in organizations worldwide fail every day. Seventy percent is the often-cited figure quantifying the extent of those crashes (Leonard and Coltea 2013). Towers Watson (2013) bumped the figure up to 75 percent when the ability to sustain change was factored in.

The situation may be growing worse for organizations, as many face more change initiatives coming faster and more unpredictably. New research by ASTD and i4cp found that only 17 percent of business and learning professionals surveyed rate their organizations highly effective in managing change initiatives. It is clear that the learning function's expertise and involvement are needed to prepare executives and their workforces to better navigate the ongoing volatility that characterizes the business environment.

This ASTD and i4cp research collaborative, *Change Agents: The Role of Organizational Learning in Change Management* (hereafter, the Study), aims to provide learning professionals with insight into the learning practices most likely to make a positive difference in an organization's change-related capabilities. The Study began with a survey fielded in March 2014. The 765 business and learning professionals who responded represented organizations across dozens of industries, and nearly two-thirds had workforces of 1,000 or more. Forty-eight percent were U.S. organizations, with the remainder being global and multinational.



70%

of organizational
change initiatives
end in failure.



17%

of business
and learning
professionals rate
their organizations
highly effective at
managing change.

For the survey, ASTD defined change as follows:

The shifts made by individuals, teams, and organizations to move from a current state to a desired state. The survey focused on significant changes, those that affect all or most of an organization, such as structural (mergers, acquisitions, RIFs), cultural, economic, political, senior leadership, or comparable types of changes.

The survey included questions that offered Likert-scale options, enabling participants to indicate the strength of their responses. Subsequent analysis and the figures presented in this report are based on high or very high extent responses.

Key Findings

- » Organizations are encountering more change. Six out of 10 survey respondents said their companies face three or more major changes per year; one in four said the number is twice that. Forty-eight percent characterize the pace of change as faster and increasingly unpredictable.
- » What's driving change? Money, according to survey participants, who cited their top change-initiative motivators as revenue and sales, the economy, and cost savings.
- » More than half of the professionals surveyed said their learning functions rely primarily on internal resources to support change training, and about one in three turns to internal subject matter experts for insight into best practices.
- » Measurement is lacking. Thirty-eight percent of survey respondents admitted that their organizations do not measure the effectiveness of their change management training. Those who do say leaders' satisfaction is the preferred method of gauging success.

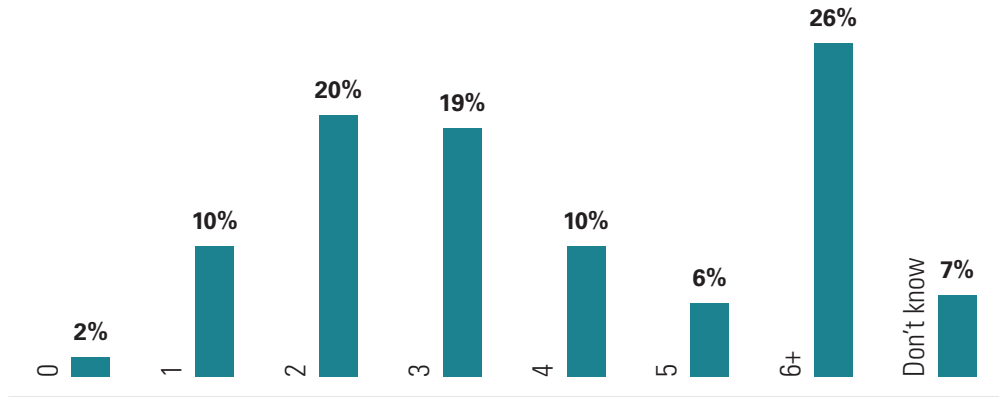
Change-After-Change Is the Standard

One in four survey respondents (26 percent) confirmed that their organizations experienced major change initiatives about every eight weeks, if not more often, during the past year. Figure 1 presents the findings on the number of change initiatives undertaken. It also confirms that more than 60 percent of respondents' organizations take on a minimum of three major changes per year.

FIGURE 1:

MOST ORGANIZATIONS EXPERIENCE AT LEAST THREE MAJOR CHANGES PER YEAR

How many major change initiatives has your organization undertaken in the past 12 months?

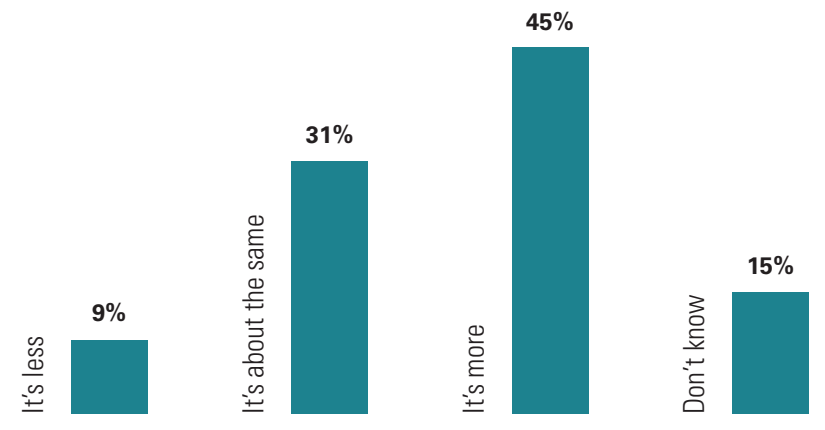


Making multiple major changes in a year is nothing new for most companies, but survey responses show that the figures are on the rise. By far the largest proportion of respondents (45 percent) said the number of changes their organizations encounter in a year is more now than it was just two years ago. In comparison, 49 percent of those from high-performance organizations noted more changes, whereas 42 percent from those firms highly effective at change did so.

FIGURE 2:

THE NUMBER OF ORGANIZATIONAL CHANGES IS RISING

How does that number compare with two years ago?



Research that provides comparable numbers for organizational change initiatives per year is scarce. One of the few available studies is SHRM's *2007 Change Management Survey Report*, which sampled 403 HR professionals in organizations of various sizes. That study found an average of more than four major change initiatives in a 24-month timeframe, or about two per year (Benedict 2007). The following year, i4cp's *Managing Change Pulse Survey Findings*, reported similar findings, with nearly half of 132 organizations surveyed confirming one to two changes per year (i4cp 2008).

Are Organizations Structured to Succeed at Change?

Learning professionals know that preparation for change initiatives can be affected by many factors. Organizational leaders are behind the strategy creation and related decision making that initiate and drive change. Communication professionals may be called on to disseminate messaging at multiple stages of change initiatives. Depending on the transformation at hand, the expertise of any given business function could be required—for instance, IT to handle technology matters or marketing to retool outreach efforts.

The learning function is a key player in change, through its design and delivery of training to support both management and employees, regardless of the transition to be accomplished. In fact, it is those very people elements that become the vital links enabling the execution of organizational change and helping to sustain changed states long term. The ways in which talent elements are developed and leveraged to provide oversight and accountability can add a supportive structure to help accomplish successful and sustainable change.

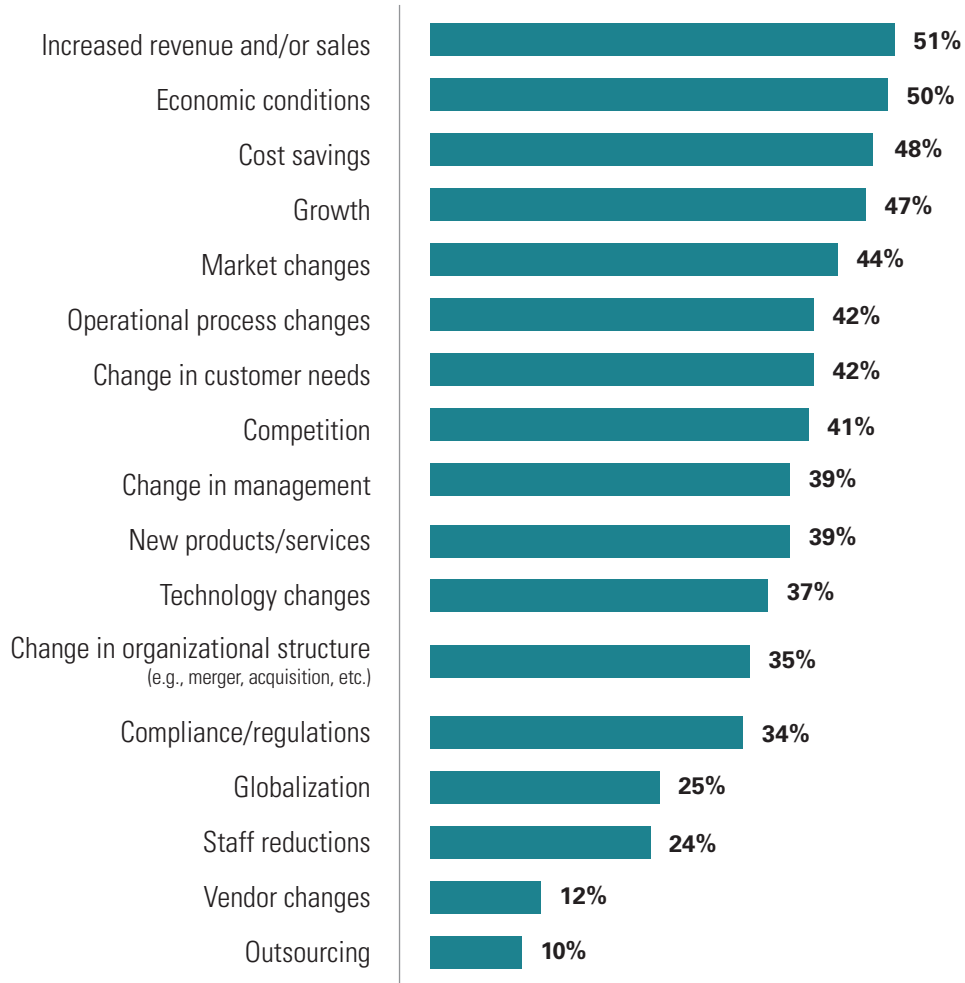
Money Concerns Fuel Organizational Change

Many motivators underlie organizational change initiatives, but survey respondents confirmed money to be their top driver. Fifty-one percent cited increased revenue or sales as the leading reason for change in their organizations. Half said economic conditions motivated their transformations, and 48 percent acknowledged that their firms sought cost savings.

FIGURE 3:

MONEY IS THE TOP MOTIVATOR OF CHANGE

To what extent are the following factors drivers of change in your organization?



Percent of respondents indicating high or very high extent.

When compared with results from i4cp's 2008 *Managing Change Pulse Survey Findings*, it appears that the leading drivers of organizational change have not shifted much. That research reported the top three motivators to be increased revenue or sales, cost savings, and company growth (i4cp 2008).

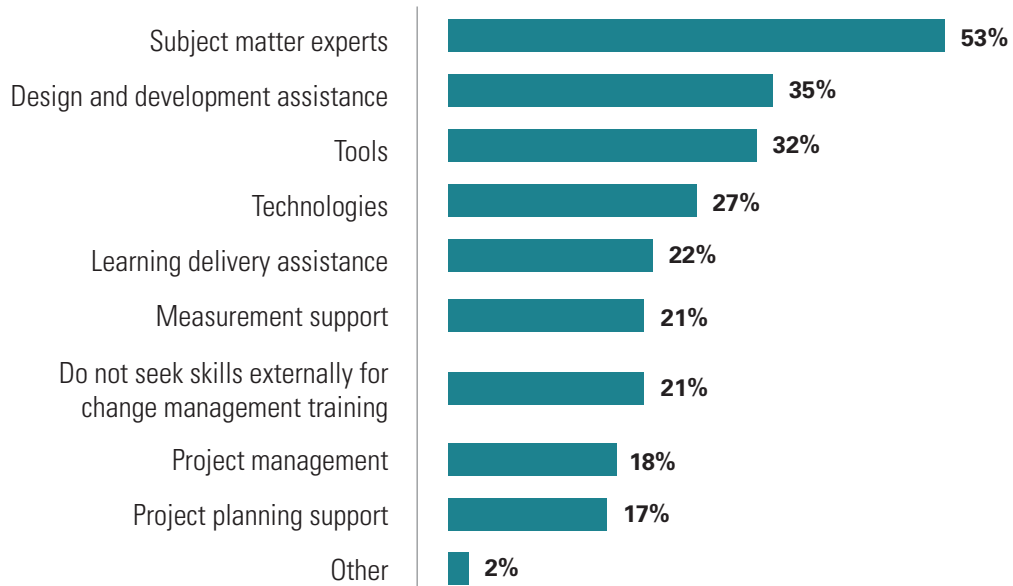
External Expertise Is Needed Occasionally

Learning professionals emphasized their preference for relying on internal resources—particularly SMEs—to help build change management training. Nonetheless, survey responses made it equally clear that they aren't afraid to look elsewhere if required expertise isn't readily available. More than half of respondents to the survey said they sought SMEs externally (Figure 4), while significantly fewer looked outside for design and development help, tools, or technology.

FIGURE 4:

SMEs TOP THE LIST OF SKILLS SOURCED EXTERNALLY

What skills do you seek externally when creating training for change initiatives?



CONCLUSION

The Study confirmed that an enormous degree of volatility exists for organizations, making change a frequent, and often difficult-to-anticipate, workplace occurrence. While leaders envision change as a driver of revenue growth, cost savings, or other improvements, most change initiatives are not successful. Only 17 percent of surveyed business and learning professionals described their organizations as highly effective in managing change, and the same low percentage rated their learning functions as highly effective at sourcing or providing change management training.

The presence of a designated change management team is strongly linked to both learning effectiveness and change management effectiveness, but most organizations don't have teams in place. That absence underscores the learning function's role as an agent of change, making change training the logical mechanism for arming managers and employees with the skills required to successfully negotiate almost-constant transitions.

Numerous obstacles impede the learning professional's change training efforts, most notably, shifting project timelines and schedules, or the exclusion of the learning function from change planning. But with the help of internal subject matter experts and dogged pursuit of best practices in change training, learning professionals continue to create and deliver content designed to expand change-related knowledge and skills at all organizational levels.

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ABOUT THE AUTHORS AND CONTRIBUTORS



The American Society for Training & Development (ASTD) is the world's largest professional association dedicated to the training and

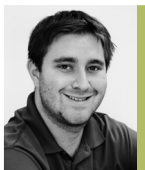
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APPENDIX OVERVIEW: CHANGE AGENTS

Target Survey Population

The target survey population of the Change Agents Study were learning and business leaders from organizations of various sizes and industries. Overall, 765 people responded to the survey.

Survey Instrument

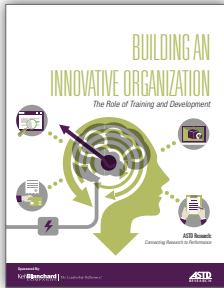
In this survey, multiple questions used the customary 1–5 Likert-type scale, with a 1 rating generally indicating a “not at all” response and a 5 rating indicating a response of “to a very high extent.” The survey was composed of a total of 22 questions, including those geared toward the demographics of respondents.

Procedure

A link to an online survey was e-mailed to the target population in March 2014. Telephone interviews were also conducted in March and April 2014.

Note: The full appendix for this report is available by request. Contact ASTD Research at astdresearch@astd.org or by calling 800.628.2783 or 703.683.8100.

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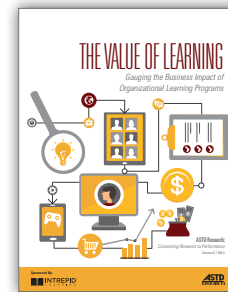


Building an Innovative Organization: The Role of Training and Development

ASTD Research, in collaboration with subject matter expert Claude Legrand, examine innovation in organizations exclusively from the point of view of T&D. Nearly all respondents to the survey (98 percent) strongly agree or agree that innovation is important for the future success of their organization.

The Value of Learning: Gauging the Business Impact of Organizational Learning Programs

This ASTD/i4cp report, sponsored by Intrepid Learning, focuses on how organizations measure the effectiveness of the learning programs and products they design and implement.



Playing to Win: Gamification and Serious Games in Organizational Learning

Playing to Win: Gamification and Serious Games in Organizational Learning is an ASTD and the Institute for Corporate Productivity (i4cp) research report that explores the use of gamification and serious games in organizational learning. One in four respondents (25 percent) said their organizations currently use gamification in learning, and one in five (20 percent) use serious games.



Big Data, Better Learning? How Big Data Is Affecting Organizational Learning

Big Data, Better Learning? How Big Data Is Affecting Organizational Learning is an ASTD and the Institute for Corporate Productivity (i4cp) research report that dives into the trending field of how to gather and leverage big learning data. This Study examines the responses of 418 learning and development professionals in position of managers and above from varying sectors, sizes, and locations; these findings are complemented with interviews from industry thought leaders.



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