

# CHANGE MANAGEMENT ESSENTIALS TO MANAGE BUSINESS FLEXIBILITY

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## **Abstract**

The present paper has as objective to introduce essential concepts that stand as basis for change and risk management, having a direct influence on flexibility. The competitive advantage represented by the company flexibility either if it is achieved by technology or with the help of human factor follows a path characterized by risk and possible resistance to what is the normal state.

**Keywords:** change management, risk management, flexibility

## **1. INTRODUCTION**

Intelligence has played along the history an important and controversy topic. Debates on how to measure the intelligence took place between researchers that tried to find out the best way to measure it. How much funding and attention it is necessary and wheatear any special programs are necessary to increase from early stages intelligences have consecrated the agenda for many meetings. The history of intelligence date back in 1900 when the French government wanted to find out which students needed special attention in schools. Faced with this task Alfred Binet and his colleague Theodore Simon created a set of questions that had no connection with what was taught in schools such as attention, memory and problem solving skills. They found out that children with a smaller age could respond faster and to more questions that older ones. It was the moment when they suggested the concept of a mental age. The first intelligence test, named the Binet-Simon scale became the basis for the intelligence test used today. The first large use was along the World War I when soldiers that were recruited in the US army had to pass a test in order to determine in which position they suit the best, whether it is a technical position or a leadership role.

In 1985 it was another concept that was for the first time mentioned in a doctoral dissertation, the term *emotional intelligence*. Just after five years in 1990 two university professors John Mayer and Peter Salovey published two academic journals with their intention to measure the ability of people in the area of emotions and consequently have developed the first tests. The person most interested in the emotional intelligence was Daniel Goleman that published several articles along 1990 years. He also edited the first book in 1995 under the title "Emotional intelligence".

Karl Albrecht, today an executive management consultant, concluded that human beings have not only one intelligence dimension but six named as it follows: A – Abstract, S-Social, P-Practical, E-Emotional, A-Aesthetic, K-Kinesthetic. Social intelligence (SI) is one of the dimensions that have been into the attentions of many experts, Daniel Goleman included.

All the studies conducted in the field of different types of intelligence confirm once again the importance of human beings, an essential resource for the company. Being able to discover the complexity of mind for each employee increases the success to implement and finish change programs inevitable today to survive in a fast moving globalized world. Each employee will react differently according to his type of intelligence to the changes. Being able to map their profile increases the chances to adopt risk management actions with success.

## 2. FLEXIBILITY SUSTAINED BY CHANGE MANAGEMENT

Change makes its presence felt in all the dimensions of our lives and covers all the levels of a company beginning with the individual, then with the working groups and finally with the organizational sphere. Due to the high specific demands received from the clients, companies try to keep up the gap between client's continuous exigencies and the redesign of the production process that have to be flexible both from a technological and a human point of view.

Analyzing change from the perspective of the factors that generates it can be split in two categories: reactive and proactive. The change is reactive when there is no want to undertake it but we feel quite pushed from behind to take some actions. If companies are driven to change by the process around them, their action is reactive. Proactive change appears when a shift from the actual status quo is desired by the influencer. Companies develop their product portfolio with goods that offer on a long term visible competitive advantages, but for the moment no palpable benefit can be seen. For example if a car manufacturer decides to start producing utility machines can be a proactive move on market for a future positioning towards competitors.

There are several aspects to be taken into account when changes make its presence felt. Flexibility is an important factor. Individuals become connected to the things they use every day and being able to adapt it is a real advantage for the whole company. Second, is that psychologically speaking, people tend to look for themselves before. Each change is seen as a win-lose game from which each side wants the maximum of advantages even if no concrete information is unveiled about the other party. Third, transparent information about all the sides of the change even if it is positive or negative attracts the respect of the leader and finally the acceptance of the new order.

From another perspective change can be divided in continuous and discontinuous. The goal of a continuous change is to take place on a recurrent basis, an example being the continual process of improvement present in almost all the project management processes. Flexibility is again a major player because any company that decides to have a continuous improvement process needs resources mainly human with a low reticence to change. Discontinuous change or reengineering involves a major change that touches the fundamentals of a production system. Major processes are redeveloped with influence on the resources of the company: human, technological and financial. Being such a complex change some employees may see an opportunity and take it as a personal provocation others may feel fear and loose of stability.

Change drives have to develop their personality and develop certain competences presented in the Table 1.

TABLE 1 – COMPETENCES OF A TEAM LEADER TO FACILITATE HUMAN RESOURCES FLEXIBILITY (VUKOTICH G., 2011)

Competence	Description
Insight	Understand the market and the competitive advantages
Vision	Long term vision
Willingness to challenge	Personal inside motivation to undertake necessary actions
Ability to inspire	Free mind to inspire and give energy to others
Resourcefulness	Tools and resources to put in place actions
Ability to lead by example	Model for the others
Effective communication	Emphatic and continual information
Rewarding others	Recognize work well done

Along the change chain the first impacted on the lowest scale is the employee that feels with his personality the effect of the actions undertaken at the strategic level. An individual can experience a variety of internal psychological stages that are presented in the Figure 1.

Kubler-Ross described in her work the five stages that some ill patients passed. These stages can be applied to any change that appears, for example new working conditions established by the manager that has more disadvantages from the former location. These are also the main stages when dealing with a reactive change.

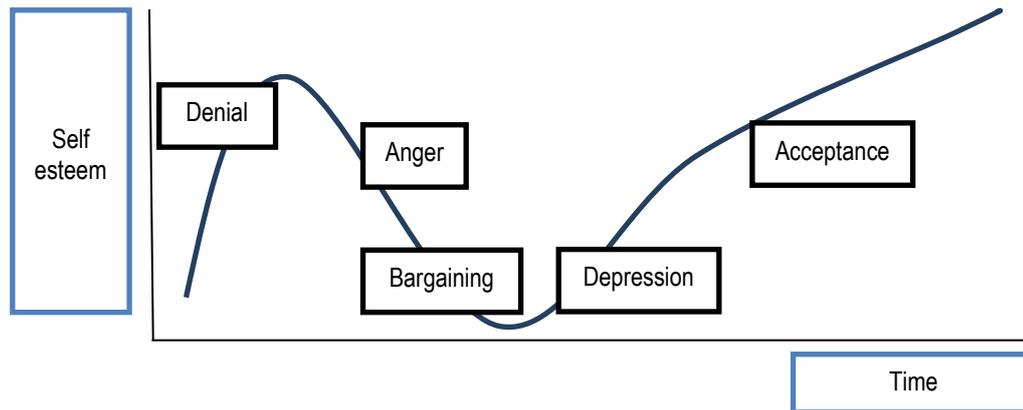


FIGURE 1 – THE PROCESS OF CHANGE AND ASJUSTMENT (KUBLER-ROSS 1969)

For years organizations have been described as being ruled by the rational mind. Recent work in the field of intelligence has proved that emotional and social intelligence are competences that make organizations more profitable when dealing with the implementation of flexible processes. The most effective tool to discover the personality of each individual is the Myers-Briggs Type Indicator (MBTI™) that indentifies eight personality postures that exist in each of us in different quantities depending on the moment. The eight types can be paired as it follows: extraversion-introversion, sensing-intuition, thinking-feeling, judging-perceiving.

When it comes about the proactive change, more stages will occur but the trend is different from the reactive change. These stages are presented in the Figure 2. At the beginning the individual is excited about the change that is going to happen being surrounded in some cases by an aura of unknown. As the intention starts to be more defined the learning process begins and lasts until the personal objective is touched. This is the moment when satisfaction and an increased self-esteem make their way as powerful internal feelings. In the end the new status quo is completely integrated in the personality of the individual becoming a conscious competence.

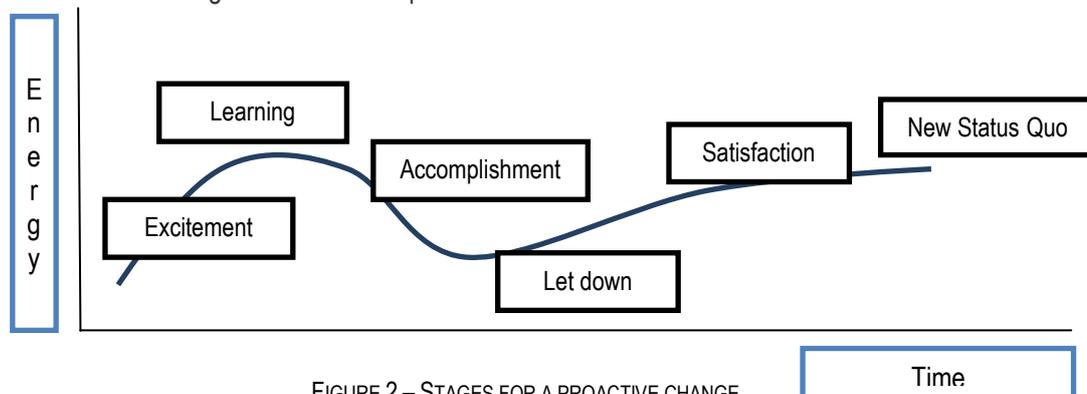


FIGURE 2 – STAGES FOR A PROACTIVE CHANGE

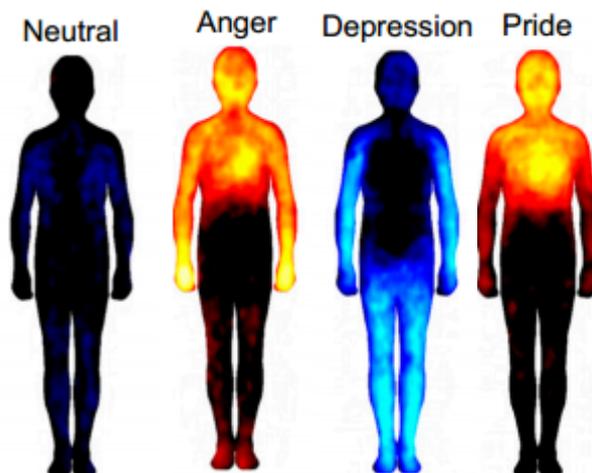


FIGURE 3 - BODILY MAPS OF EMOTIONS (LAURI NUMMENMAA,, ENRICO GLEREANA, RIITTAHARIB, AND JARI K. HIETANEND)

Employees are no more simple 'organic machines' that have to perform simple tasks that are limited to a narrow area of knowledge. Today, transversal working implies communicating with all the departments inside the company and acquiring enough information so as to be able to propose new and innovative ideas to sustain one of this century company objectives, becoming more flexible. In Figure 3 are presented some major feelings and the way they are seen through the x-ray.

Each individual interprets the change in a different manner and the reaction varies from one employee to another. This is why understating how the change is seen at the lowest level improves the chances to create an innovative and flexible environment. A healthy change assessment starts with a continual monitoring of the actual state and any internal or external factors that might one day impact the company. Creating SWOT analysis and identifying all the possible opportunities is one thing to do at the beginning. After all the impacts have been gathered is the moment to collect data for these subjects both from quantitative and qualitative point of view. Revenue, cost of products, relationship with stakeholders are some of the variables to be collected. Having now the information to analyze has to follow that has to be compared with the competitors and also with different stages in the history of the company. At the end, based on the results of the three stages above action is taken. It has to be avoided a continual analysis that keeps on postponing the action plan stage.

The efficiency of the action stays in the communication strategy developed. There are several channels through which the communication can be handled. The most efficient is the face-to-face interaction that may generate supplementary costs in case the operations are located in different locations. The second one is the video conferencing that does not imply any big additional costs but limits the intimacy

between the speakers. Emails remain the traditional communication channel bringing also some disadvantages such as not being able to forecast when the person will read the email or a wrong interpretation of the content.

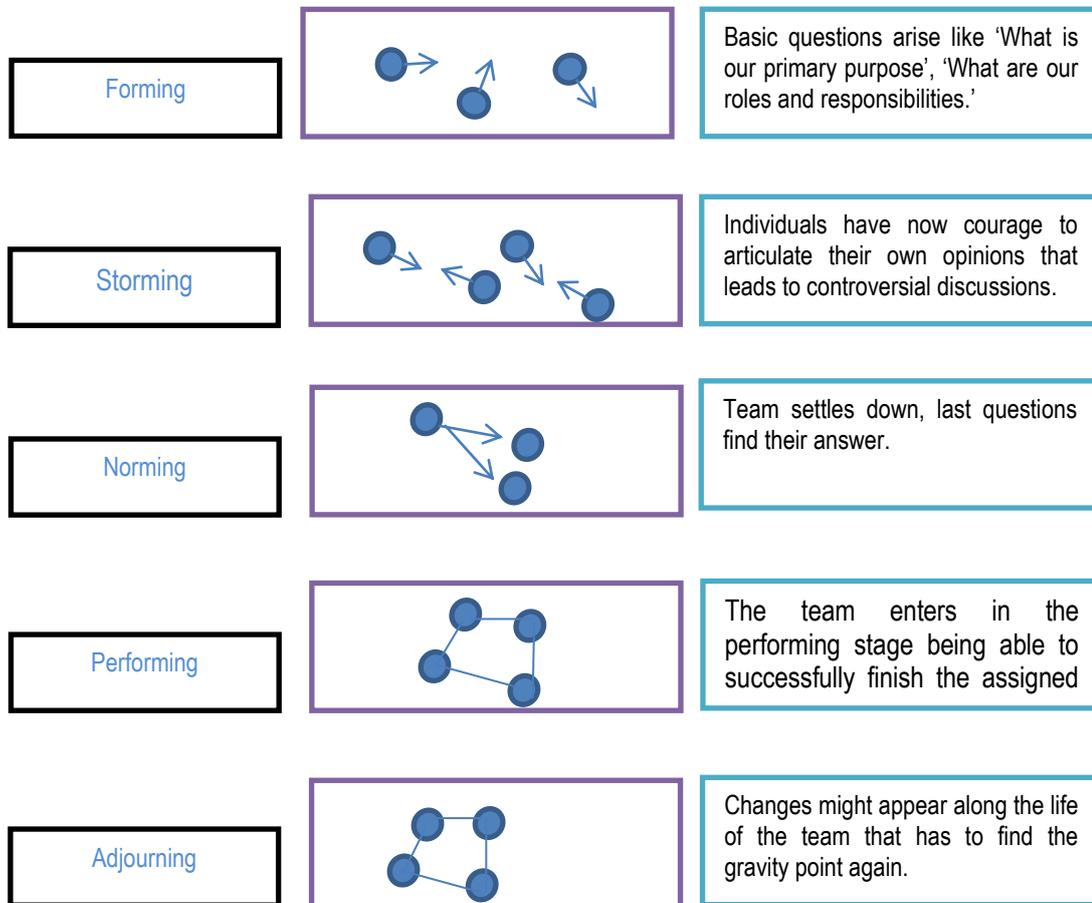


FIGURE 4 – TUCKMAN'S MODEL OF TEAM CHANGE

No matter what actions are taken and how they are communicated the resilience for change can make its presence felt. Lack of trust is one factor that influence the resilience. Individuals might have experienced unsuccessful chances in the past that lowered their trust. In this case a change leader could cover the gaps not filled by the direct superior. The opinion of some team members can influence negatively the temperature of the group. The solution is to involve these employees in the decision making process sustaining the fact that they can influence the effect of changes towards them. The impossibility to interrupt the current activity may be another stone that can be skipped by dividend the activity between those employees that have a lower working load.

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Groups have their own psychology facing from the creation a continuous change coming either from new roles or responsibilities or new processes that have to be followed. Being able to identify in which stage is each team and what would be the next step shortens the path to the construction of a solid and at the same time flexible team that can adapt easily to any external request. In Figure 4 are presented the stages in group development.

### 3. CONCLUSIONS

Technology is human made to be flexibly, a machine can pass from a task to another with little input from the employee. Humans are constructed psychological to adapt to o defined status quo and pass though many internal and complex stages before accepting and integration into their daily routine a new reality. This is why the company flexibility has to begin firstly from the most important resource, and this is the human factor.

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