Management of Change

Preparing for a new Paradigm

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SAFETY MOMENT

CONTROLLING STRESS
Stressed out my ASS!
I am going to KILL the next Son of a Bitch who says I look STRESSED!
STRESS

We are faced with it everyday and might not know how to deal with it.

Important to learn how to deal with it as it affects performance and relationships at work and home.

Can lead to distraction that can cause safety incident.

Can also make you more susceptible to illnesses.
STRESS

First step to manage stress is to identify your “Stressors” and determine if they are controllable or uncontrollable such as:

• Not enough time
• Unexpected change
• Family problems
• Extra responsibility
• Personality clashes
• Money difficulties
Next step is to deal or cope with stressors in a positive way.

- **Acceptance**
  Some things we have no control over so accept them.
  e.g. “Someday I’ll laugh about this!”

- **Attitude**
  Try to focus on positive.
  e.g. “What can I learn from this?”

- **Perspective**
  Ask yourself “How important is this situation?”
  Or “Will I even remember this in 5 years?”
“I’m learning how to relax, doctor — but I want to relax better and faster! I want to be on the cutting edge of relaxation!”
Agenda

- Steve Revay’s Background
- Test Hypothesis
- Interviews with change agents
- Literature Search
- Work Face Planning
- Benchmarking
- Conclusions
Background

- Construction Claims Consultant
- Forensic analysis of construction projects
- Most projects in trouble experience significant changes
CLAIM

Ingredients – Fixed Price Contracts

Poor Scope Definition: Extensive Growth / Rework

Acceleration: Overtime / Congestion

People: no communication and no
TRUST

- BETWEEN PROJECT PARTICIPANTS
- WITHIN THE PROJECT TEAM
- AND
Electrical Contracting Foundation

Quantity of Change vs. Impact
(based on man-hours)

Impact as % of Total Actual Hours

Change Hours as % of Base Project Hours

Mechanical Contracting Foundation

Productivity Improvement

CII
It is far more important to be carefully monitoring engineering than construction! When problems start to show up in engineering, it actually may be possible to do something about them. If the problems are not seen until construction, it is usually too late.
Hypothesis

- Organizational changes can be just as disruptive as scope changes
- Implementation of organizational change is similar to planning a project
- Particular emphasis on the team
Interviews

Change Agents
Human Consequences of Change

- Dissatisfied
- Frustration
- Obstruction
- Resistance
- Talent flight
- Loss of experience
- Burnout
- Stress
- Destruction
Why do people resist change?

- Loss of authority or control
- Fear change creates more work
- People generally do not have open minds
- Seasoned employees fearful to level playing field with less experienced peers
Proving why change is good

- New approach saves time and money
- Use of new technology
- Opportunity to redeploy personnel in more productive positions
Facilitating Change

• Decide the change management desired process. Management Driven vs. Cultural Driven

• Need tools to facilitate/gauge cooperation

• Need experienced people/champions, management sponsorship, and facilitators
Organizational Change Management Roles

- **Initiator**
  - Who initiated the change?
  - How was it provoked?

- **Facilitator**
  - Who is the facilitator?
  - Look for internal facilitators, if possible

- **Champions**
  - Utilize and promote champions
  - Sustain enthusiasm about positive changes

- **Sponsor**
  - Look for executive sponsorship
  - Officer responsible for change
Management Driven Change Process –

High Level managers decide requirements

- Final solution rolled out
- End users told “here it is”

Advantages
  • Implementation Speed

Drawbacks
  • End user buy-in
Cultural Driven Change Process

Project core team.

• Advantage is buy-in from end users.
• Disadvantage takes time to implement.
  • More persons with opinions.
  • Consensus takes time.
Worst Case

Start with Cultural Change

Run out of time / money / patience

Switch to Management Driven
Change requires strategic thinking and evaluation

- Establish direction and vision
- Empower staff through education and training
- Provide opportunities for visibility and growth
- Achieve outcomes
- Satisfy stakeholders
- Keep moving forward
Continuous Improvement

Growing together establishing goals

- Interviewing Staff and determining areas for process improvement
- Establish system design / test data with team members
- Incorporating comments moving forward

Moving forward past prior mistakes

- Develop strategies to move forward for continuous improvement
- Build and support staff to embrace new concepts
Literature

Review
Change Implementation

Thomas Edison quote: Genius is 1% inspiration and 100% perspiration

“Company executives frequently rate themselves high generating ideas and low in the implementation of the ideas”

“The other side of innovation” – Govindarajan & Trimble
Why do organizations resist change

Organizations are about ongoing operations not about change

Short term vs. long term

“The other side of innovation” – Govindarajan & Trimble
1. Not understanding the importance of people. 60-75 percent of all restructuring failed -- not because of strategy, but because of the "human dimension."

2. Not appreciating that people throughout the organization have different reactions to change. Lesson learned: Some people are naturally more "change-adept."

3. Treating transformation as an event, rather than a mental, physical and emotional process.
4. **Being less than candid.** Under the rationale of "protecting" people, we presented change with a too positive "spin."

5. **Not appropriately "setting the stage" for change.**

6. **Trying to manage transformation with the same strategies used for incremental change.**
8. Believing that change-communication was what employees heard or read from corporate headquarters.

Bulletins vs. water cooler

9. Underestimating human potential. And when we underestimated potential, we wasted it. This was our worst mistake.
Unfreezing – changing – freezing

- Transform (A to B)
- Reduce (differences between A – B)
- Apply – (implement)
Empirical – Rationale

People are rationale and will follow self interest once revealed

Normal – Reductive

People are social beings and will adhere to cultural norms and values
Change Management 101
Fred Nickols

Power – Coercive

People are generally compliant and will generally do what they are told

Environmental – Adaptive

People oppose loss and disruption but they adapt readily to new circumstances
Workface Planning

Obvious cost

Benefits not readily apparent
- Direct Work: 32%
- Waiting: 32%
- Personal Breaks: 4%
- Transporting: 4.6%
- Travelling: 13%
- Late & Early: 3%
- Tools/Materials: 7%
- Drawings: 6.4%
Why Benchmarking in Alberta

The Alberta Report – a Government/Industry Partnership

Construction Owners Association of Alberta

Alberta Finance and Enterprise - Industry Development Branch
• Alberta was experiencing major cost overruns on it’s mega-projects
• Many of these mega-projects were in Alberta’s oil sands sector
• Oil sands are an important and growing sector of Alberta’s economy
• Something had to be done to rein in rising construction costs, Alberta was being viewed as a high cost jurisdiction in which to do business
## Top 5 Factors

<table>
<thead>
<tr>
<th>Rank</th>
<th>Cost</th>
<th>Schedule</th>
<th>Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Amount of Unplanned Overtime</td>
<td>% Engineering completion prior to Construction Start</td>
<td>% Engineering completion prior to Construction Start</td>
</tr>
<tr>
<td>2</td>
<td>% Engineering completion prior to Construction Start</td>
<td>Business Market Conditions</td>
<td>Amount of Unplanned Overtime</td>
</tr>
<tr>
<td>3</td>
<td>Business Market Conditions</td>
<td>Craft Labour Skill</td>
<td>Business Market Conditions</td>
</tr>
<tr>
<td>4</td>
<td>Craft Labour Skill</td>
<td>Quality of Field Level Supervision</td>
<td>Quality of Field Level Supervision</td>
</tr>
<tr>
<td>5</td>
<td>Coordination with Plant Shutdown</td>
<td>Weather Conditions</td>
<td>Craft Labour Skill</td>
</tr>
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Working Together

Benchmarking

&

Workface Planning
Conclusions

Implementing change

- Treat like a project
- Decide on approach
- Consider and address people issues
The Power of Business process Improvements
Susan Page

- Develop the process inventory: identifying and prioritizing the process list
- Establish the foundation avoid scope creep
- Draw the process map; Flowcharting and documenting
- Estimate time and cost and verify the process map introducing the process and cycle time and gaining buy-in
- Apply Improvement techniques: Challenge everything
Create internal controls. Tools and metrics making it real

Test and rework making sure it works

Implement the change: preparing the organization

Drive Continuous: embracing the new mindset
Plan-Do-Check-Assess (PDCA)

Based on the time-tested Deming or Shewhart cycle..