



Whitepaper

# A People-Centric Approach to Change Management:

How to Ensure Successful Technology Change Outcomes

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# Introduction

**For more than 18 months, the term 'organisational change management' has existed in a new context. COVID-19 has added layers of complexity and urgency to pre-existing business challenges and inspired new transformations.**

To best deal with pandemic-induced business change, many organisations have identified the need to adopt new workplace technologies, whether that be video conferencing and instant messaging tools that allow us to stay connected to our peers, cloud-based technology, or the roll-out of a human resources information system (HRIS).

However, like any change initiative, the introduction of new technology into a business can be challenging. In fact, introducing new technology is a change initiative in and of itself. So, how can organisations ensure the smooth adoption of new technology?

**This whitepaper will discuss:**

- Where organisations are making change in response to COVID-19
- Why most change initiatives fail
- The human element of change management
- Planning and implementing a change initiative
- The ADKAR change management model
- Best practice change management tips

# The change conundrum: Why is it so difficult to execute organisational change?

**Change comes in all shapes and sizes and in many organisations constant change is a way of life. This need for constant, unrelenting change has been exacerbated by world events: Organisations around the world have had to implement change initiatives often overnight in response to COVID-19, to ensure survival through tumultuous times.**

All organisations have experienced disruption to some extent as a result of the pandemic. Key areas of business that have been subjected to change include:

- Technology
- Organisational strategy
- Operating models
- Products and services
- Leadership
- Culture
- Talent
- Company policies (e.g. remote working; keeping vaccination records)

In many instances, change is positive. Organisational transformation can unlock business potential, improving performance, agility and resilience, which are all signs of organisational health.

## Where are organisations making change?

In 2020, our reliance on technology became acute. Technology like cloud-based software, instant messaging and video conferencing tools, and data storage have been the saving grace of many organisations. Such technology plugged a gap of physical distance and forged more effective company-customer and employer-employee connections, enabling organisations to remain operational.

It's not that this technology was newly discovered, rather remote working forced organisations to adopt workplace technologies faster than they perhaps otherwise would. A 2020 IBM report<sup>1</sup> based on several surveys of business executives across 20 countries revealed some insights around technology adoption as a result of COVID-19 (see next page).

### In response to COVID-19:<sup>1</sup>

**59%**

of organisations accelerated digital change

**66%**

completed initiatives that previously encountered resistance

<sup>1</sup>. "COVID-19 and the future of business", IBM, 2020

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Organisations made big changes in response to the pandemic - and there's no going back.



Source: "COVID-19 and the future of business", IBM, 2020

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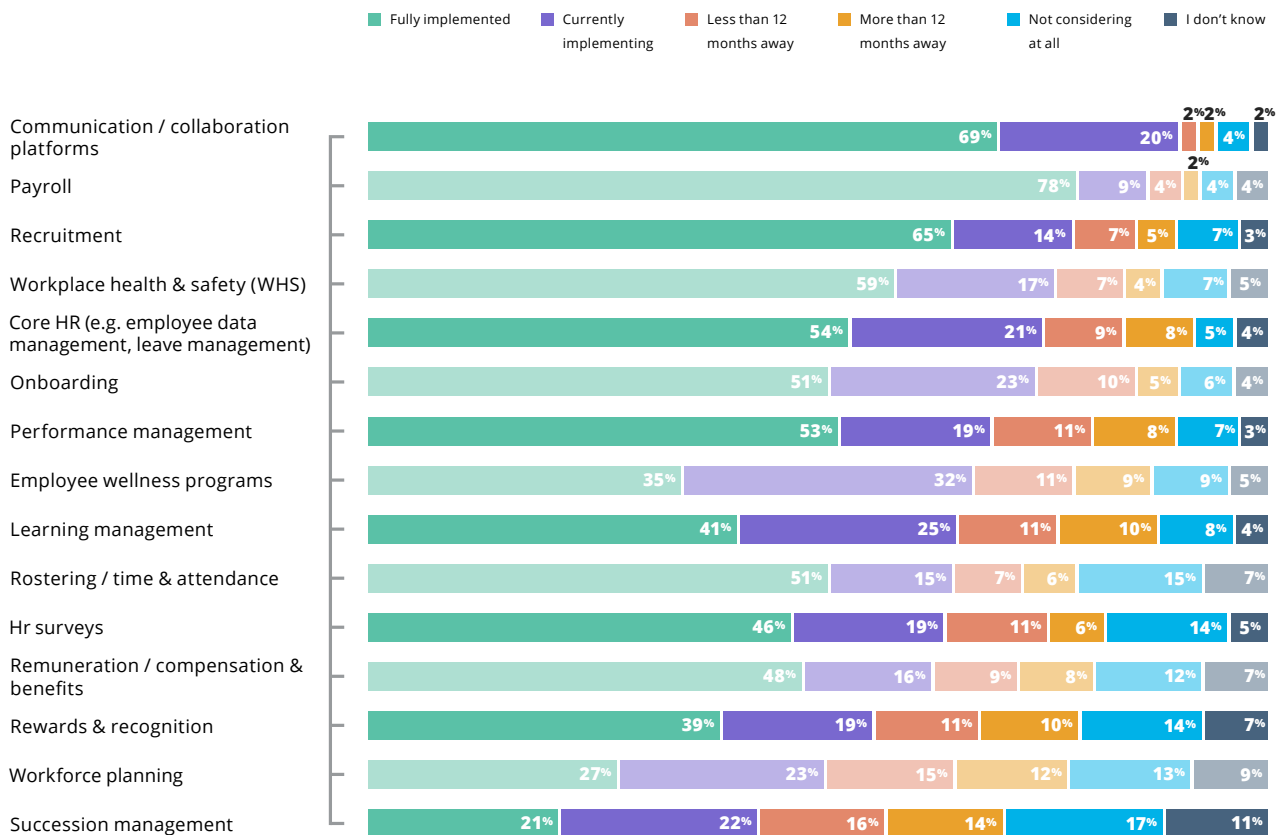
As the graph above shows, 64% of organisations surveyed shifted to more cloud-based business activities; 60% accelerated process automation or adjusted their approach to change management; and 55% made permanent changes to organisation strategy.

When McKinsey & Company asked business leaders what their organisation was changing – or considering changing – in response to COVID-19, over three-quarters (76%) said: 'Use of technology and systems'.<sup>2</sup>

In terms of the types of HR technologies being adopted, ELMO's [2021 HR Industry Benchmark Report](#) sheds some light. The report, which is based on a survey of over 1800 HR professionals in Australia and New Zealand, indicated an uptick in various types of HR technology being implemented since 2019. The technologies that organisations were 'currently implementing' at the time of the survey (about one year ago), or were less than 12 months away from implementing, included employee wellness programs, learning management, workforce planning, onboarding, and communication / collaboration platforms. See the full results in the graph on the next page.

<sup>2</sup>. "COVID-19: Implications for businesses", McKinsey & Company, 2021

## Which of the following stages best describes your organisation's current state of HR & payroll technology?



Technology has also been instrumental in helping organisations to better manage organisational change by streamlining and digitalising key operations (we'll expand on this later in the whitepaper).

## Why do change initiatives fail?

According to McKinsey & Company, Gartner and others, 70% of change initiatives fail. Why? Contrary to common assumption, it isn't the lack of resources or budget that result in failure; instead it comes down to human behaviour. Behaviour that does not support the intended transformation – i.e. resistance, scepticism and lack of buy-in from employees and managers – is often the clincher that seals the ill-fate of a change program.

**70%**

of all change initiatives fail

On the next page are some common reasons why change initiatives fail.

# 1. An over-reliance on a top-down approach

A lack of employee and manager support for a change initiative can be the result of a top-down approach. Gartner research<sup>3</sup> states that 80% of organisations manage change top-down, whereby strategic decision-making is reserved solely for senior leadership. Then, to gain workforce buy-in, they roll out organisation-wide communication to their direct reports and teams, who feed that information to their direct reports, and so on.

This is problematic for two reasons:

- a. Organisations typically no longer operate in vertical structures with clear hierarchies; reporting lines are more complex, and matrixes are interdependent. Top-down, 'waterfall' models perpetuate micro-management and stifle productivity.
- b. Employees are becoming more autonomous and empowered, with greater access to – and more expectation to be involved in – information concerning business decisions.

Gartner's research found organisations that used an 'open-source' approach to change management experienced better success rates. This approach is characterised by the use of inclusive practices: employees are engaged to help plan and implement initiatives and communication channels are open.

3. "Changing Change Management: Effectively preserve order during major changes, from M&As to culture changes", Gartner  
4. "How to reduce the risk of employee change fatigue", Gartner, October 2020

## 2. The prevalence of employee change fatigue

Gartner also warns of 'change fatigue'. In the year 2020, Gartner reported that the amount of change the average employee could absorb before suffering fatigue was cut in half, when compared to 2019.<sup>4</sup> This is unsurprising: asking an employee to get onboard with a company transformation under 'normal' circumstances is one thing, but asking them to get onboard when they are already contending with immense amounts of change and uncertainties in

**An open-source approach was found to increase an organisation's probability of change success by as much as 24%.<sup>3</sup>**

their personal lives – the health of themselves and their loved ones, economic and job security, etc. – is an entirely different kettle of fish, and should be recognised as such.

To successfully roll out workplace change – whether that be the introduction of technology and systems, team restructuring, new policies and procedures, or more significant changes such as mergers and acquisitions – HR and change managers must assess the impact of that change on employees. If the risk is not assessed, it may lead to heightened cases of anxiety, stress and depression – the proverbial “straw that breaks the camel’s back”.

### 3. Unmanageable workloads

Another reason why change programs fail is because the amount of work involved in implementing change is not recognised or considered. Organisations typically do not have a dedicated resource for managing organisational change – the responsibility often lies with HR personnel who already have a lot on their plates. This is a problem, because for a change initiative to be a success, it needs to be properly researched, resourced, and funded.

## The cost of a failed change program

As established earlier, just 30% of change initiatives are rolled out successfully, but a failed change program comes with a huge price tag. It costs employee morale, causes fatigue and breaks trust. It also costs time and money – especially if a transformation must be extended – or, worse, restarted.

Introducing a new workplace technology or upgrading an existing technology costs a huge amount of time, resources and money, and most organisations cannot afford a failed attempt.



# Setting your organisation up for success: What to consider before embarking on a change initiative

**When an organisation decides to implement a change initiative, such as new technology, there are two things to consider before thinking about change management strategy: business impact and resource estimate.**

## 1. Business impact

The first key consideration is the business impact – i.e. how will this change affect an organisation's operations, positively or negatively? Questions to ask include:

- How will this project affect the business?
- How will it affect various stakeholders and staff?
- What will the degree of disruption be on staff?
- Will it disrupt most day-to-day tasks and activities during the implementation phase?

Whether you choose to implement the software internally, or outsource it to a selected vendor, the main priority should be limiting the amount of disruption to existing business practices.

However, it's important to be realistic. In order for an implementation to be successful, it requires a certain amount of dedicated resources, such as members of staff who will focus on developing new robust processes and assisting the vendor on implementing the new technology.

## 2. Resource estimate

Once you've established the impact of implementation on the business, it's important to estimate all the resources required to carry through with implementation. On the next page are common resource considerations.

## **Personnel**

- Who will oversee the change program? Will it require a team of change leaders? Or will the program be coordinated by one HR resource with the help of an IT resource to assist with the integration with the current technology?
- Will the project require multiple administrators for maintenance?

## **Facilities and equipment**

- Will there need to be a dedicated time set aside each week/month or physical room booked for meetings throughout the implementation process?
- Is any additional equipment required aside from internet?

## **Customer support**

- Will the implementation affect customers? If so, how much and in what ways?
- If customers are impacted, how will they be supported?

## **Training**

- What employee/customer training is required?
- How will training be delivered?
- What resources are needed for the training?

## **Time**

- How many days/weeks/months will the implementation process take?

## **Funding**

- How much will it cost to implement the new technology (considering both quantitative and qualitative costs)?

Once the business impact and resource estimate are outlined, the next step is to think about change management.

# The 4-step change management process

**The change management component of implementing new technology is complex. While the finished result may streamline the experience between HR, departmental managers and employees, it's wise to expect some disruption and resistance to change early on.**

**When thinking about change management, it helps to create a 4-step plan:**

1. Outline the need for change
2. Prepare and plan for change
3. Implement the change
4. Sustain the change

## 1. Outline the need for change

The first step is to outline the need for change. This is when you should identify and illustrate the reasons for investing in new technology and communicate these reasons to three main stakeholders: executives, managers and employees.

This stage should include repeated articulation of the overarching goal of the transformation. For example, if you were implementing a new HRIS to make HR service delivery more efficient and effective, the messages communicated to stakeholders may vary. The communication may resemble the following:

### **For employees.**

*This change will result in a better employee experience (EX), including a greater sense of empowerment through self-service functionality.*

### **For managers.**

*This change will result in more informed decision-making, greater oversight of teams, and less admin. Managers will be given extra support, including training and information, to enable them to answer employee questions.*

**Remember: A change initiative will affect everyone in an organisation differently, and reaction to the change will vary.**

### **For executives.**

*This change will result in greater productivity from the HR team, as well as cost and resource savings. It also means deeper data insights into engagement, productivity and other critical metrics.*

It's important to get people excited about the change, reinstating the 'WIIFM' (what's in it for me?) element. The best way to do this is with the assistance of change champions – representatives from each department who will help spread positive messages about the change, as well as gauge employee sentiment around the change. Other helpful communications can include pre- and post-surveys that will allow for feedback both before and after the change has been implemented; one-on-one sessions for change resisters; and educational webinars and information packs, etc.

## **Create a feedback culture**

[ELMO Survey](#) enables organisations to conduct and manage staff surveys throughout all points of the employee lifecycle to gain actionable insights into your employees' attitudes and opinions towards work.

## **2. Prepare and plan for change**

The next step is to prepare and plan for change, outlining the impact of implementing the new system on a granular level. During this step, change roles should be assigned and clarified, and support requirements should be established.

**Support provisions may include employee training. Training materials may cover:**

- **End-user role:** A review of how each user will use the technology in their day-to-day role to see what support is required.
- **Training delivery:** Using a mix of webinars, live demonstrations, project-based practical learning and eLearning.
- **Training assessments:** Using formal testing to ensure each user understands and can use the technology.

### 3. Implement the change

Next is the creation of a detailed action plan, including timelines for completion and which persons are leading the implementation.

As mentioned in Step 2, workforce training may need to be scheduled, and feedback should be gathered and analysed. Incentives may also be given to encourage participation.

#### Implementation planning: A sample table

SOLUTION	TASKS TO BE COMPLETED	IMPLEMENTATION DATE	PROJECT LEAD	OTHER STAKEHOLDERS	TRAINING
<i>[Name of technology/system]</i>	<i>[List tasks involved]</i> 1. 2. 3.	<i>[Insert date]</i>	<i>[Insert job title of project lead]</i>	<i>[Insert departmental stakeholders of project, e.g. IT, Marketing]</i>	<i>[List required training]</i> 1. 2. 3.

### 4. Sustain the change

This last step is about ensuring processes and systems introduced by the new technology will be sustained. This may include ongoing systems training, changes to processes and procedures, and updating of manuals and support documentation. This step may also involve:

- The development of KPIs and metrics to measure the effectiveness of the training
- Documentation of learning to inform future HR projects
- Development of incentive programs to encourage employees to keep using the software
- Project outcome analysis

#### Communication focus

Human beings are complex creatures and naturally resistant to change. As such, communication plays a huge role in achieving buy-in from employees and other stakeholders.

To gain support, ensure communication is transparent and two-way. On the following page, we outline four branches of effective communication:

**Awareness, Understanding, Acceptance and Commitment.**



Implementing new technology into an organisation can only be successful when there is extensive communication from leaders and managers through various means, including individual-level reach.

Below are some helpful tips for enhancing communication:

## 1. Engage the middle managers

The link between frontline employees and leadership in any organisation is the mid-level managers. In many change efforts, not much time is spent in building understanding about the change initiative and how it will impact employee roles. Middle managers often struggle to translate change coherently to the employees in their teams. This lack of clarity gives birth to employee discontent.

## 2. Communicate successes

Communicating and celebrating success stories helps convert those who are on the fence. To build momentum around a change initiative, it may be effective to leverage technology that uses elements of gamification to create excitement, and social channels to spread the word.

## 3. Change as a journey

Instead of pushing transformation as a milestone with one set end-goal, organisations should allow employees to embrace new ways of working, normalise failure, and celebrate the lessons learned to achieve a high degree of trust. Taking this approach will help build a culture where transformation is seen as an ongoing process for self-growth and progress.

## 4. Identify game-changers

In this digital and interconnected world, many employees are well-informed and know what matters to them and the organisation. They are highly engaged and can be leveraged to serve as contagion influencers in their peer groups and build a positive momentum for the transformation effort.

## 5. One size doesn't fit all

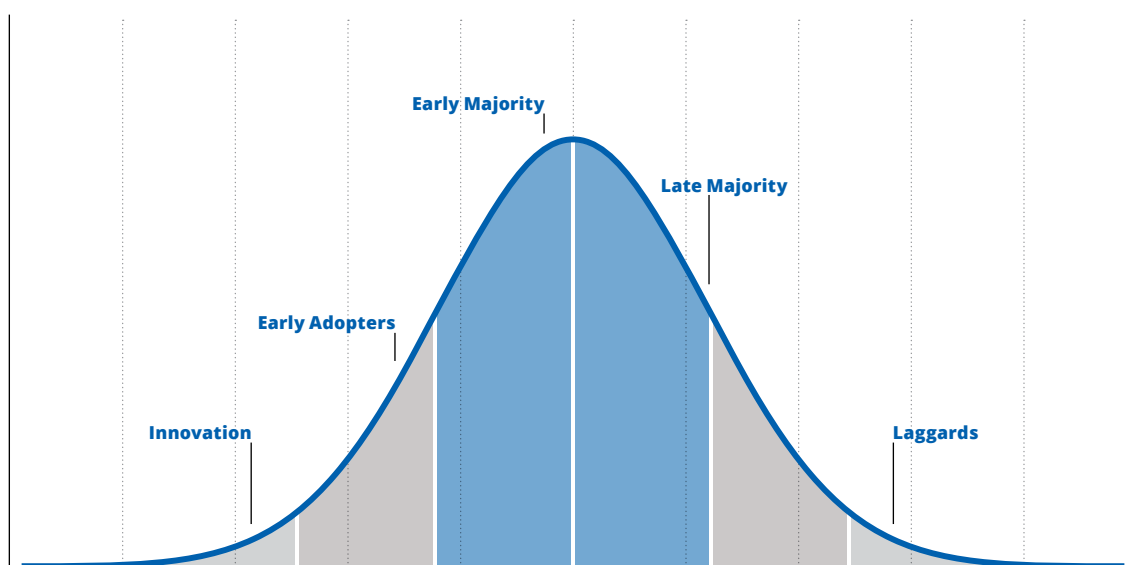
Employees react to change differently. Understand employee pulse and engagement drivers across different segments and design tailored interventions.

## The psychological element of change management

Successful change management involves inciting positive feelings about the change in employees to influence adoption behaviour. This isn't straightforward – some people are more open-minded and enthusiastic about technology adoption than others. It's important to understand the psychological component of change.

The Diffusion of Innovation theory is often applied to marketing strategies to help understand and promote the adoption of new products. It can also be used within change management. It suggests that people's willingness to adopt innovative technology falls on a bell curve that is divided into five groups: innovators, early adopters, early majority, late majority, and laggards (see below).

### Diffusion of Innovation



Different organisations will have varying percentages of employees in each section, depending on the types of people it attracts. However, most organisations will have employees in all categories. Understanding the different perspectives on innovation helps you plan a smoother implementation.

Below is a break-down on the five groups and how to cater to them during implementation.

- **Innovators** are employees who are always asking for new technology and proposing new ways to complete work. By giving them access to the new technology or software first, they can learn how to use it so that they can become change champions and teach others.
- **Early adopters** are employees who are curious when they see innovators using a new technology or software. They show enthusiasm but aren't the first in line when it comes to adoption. For this group of employees, it may be beneficial holding focus groups once they have been introduced to the new technology to discuss any questions they have or challenges they're facing. The feedback can help to inform the roll-out to the rest of the team.
- **Early majority** are the employees who will jump onboard once they see others interacting with the new technology and see proof that it works.
- **Late majority** employees are like the early majority group in that they want to see proof that the new technology works before they embrace the change, but they will resist premature implementation. These employees should be kept in the loop about the progress of adoption in other groups, and all their questions and complaints should be answered empathetically.
- **Laggards** are the individuals who will resist interacting with new technology unless they are repeatedly pushed and incentivised to do so. It's wise to involve the laggards from the beginning and ensure they are asked to provide feedback before the roll-out, so that any kinks are ironed out before they get their hands on the technology. In fact, if done right, laggards can even become change champions.

Identifying which individuals fall in each group can be done through simple surveys or focus groups facilitated by HR, or perhaps through manager observation.

Ultimately, designing your implementation plan to cater to each of these groups will reduce the number of conflicts and resistance you face.

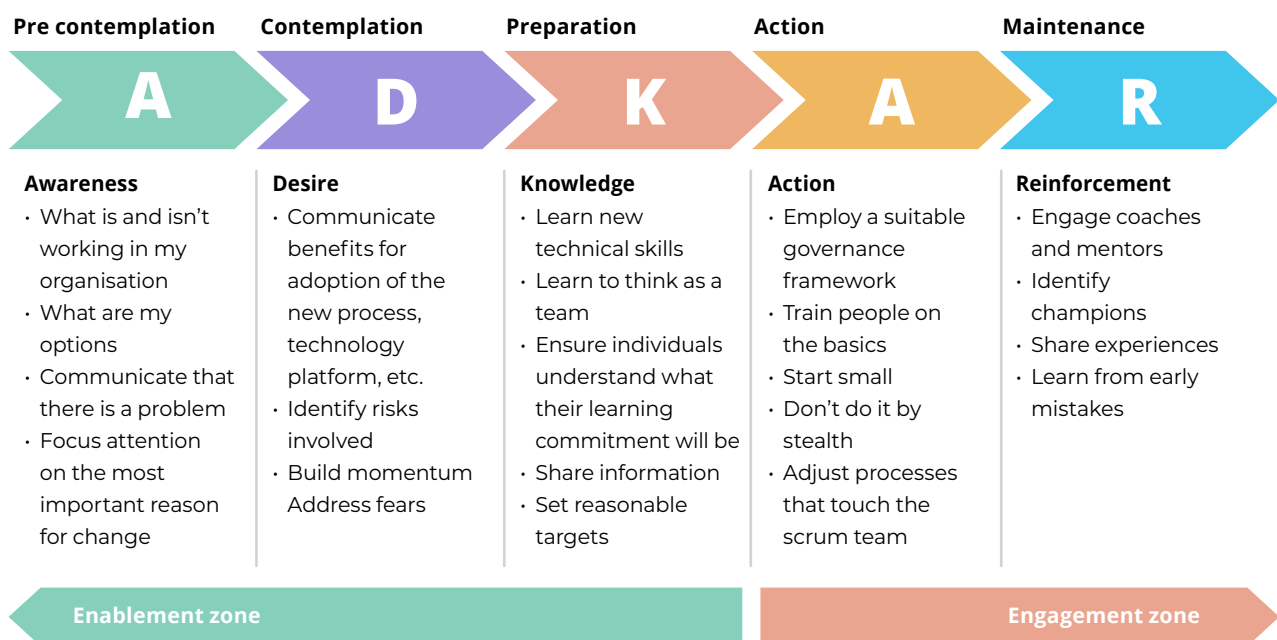


# Putting theory into practice: Best practice change management

**There is no secret quick fix to ensure a change initiative is a success. But armed with best practice tips and the right tools, the likelihood of a positive outcome is high.**

Enter the term 'change management' into Google's search engine, and thousands of solutions, suggestions, tips and case studies will pop up. You may also happen upon various change management models, such as Lewin's Change Management model, The McKinsey 7-S model, Kotter's theory, and ADKAR. This list is by no means exhaustive and the benefits of using one method over another depends entirely on the organisation's preferences and its needs at the time. Below we outline the components of one model: ADKAR.

## The ADKAR Change Management Model



The ADKAR model consists of 5 steps: **Awareness, Desire, Knowledge, Action and Reinforcement.**

As the diagram above shows, the first three stages come under enablement zone and the last two are categorised under the engagement zone. All five elements of **ADKAR** are required to be completed in a defined sequence to assure successful implementation.

## The 5-steps of the ADKAR model:

**Awareness:** Outlining the need for change.

**Desire:** Identifying the factors that motivate individuals to participate in change; building support and excitement for the change amongst all stakeholders.

**Knowledge:** Planning tasks and responsibilities to enable successful change outcomes to occur and identifying what each stakeholder might gain from the change initiative. The WIIFM factor is so critical in any change initiative.

**Action:** Implementation of the change management plan, with everyone playing their designated part and ensuring processes support the change.

**Reinforcement:** Monitoring, supporting and learning from the change process to ensure future success.

## The ADKAR model: A case study

To understand how the ADKAR model can help to successfully deliver a digital transformation project, it can be applied to a hypothetical company (see below).

### Case study: Company profile

**Company name:** Northeast Aged Care

**Number of employees:** 700 employees around Australia and New Zealand.

**Workforce composition:** A diverse workforce consisting of all generations, but Gen X (employees aged 41-56) are the largest group. Most of these workers are in the frontline, looking after older citizens, either in their own homes or in aged care facilities. There is also a smaller contingent of administrative and support staff located across four offices.

**Challenges:** No digital strategy; low usage of digital devices; poor digital communication.

**Goals:** Digitalise the organisation by 2023; Improve productivity by streamlining manual processes; Enhance worker health & safety; Improve client outcomes by providing better care; Create a more collaborative workplace.

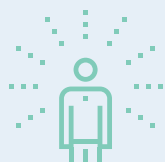
The overarching goal of the company is to digitalise the organisation by 2023, which will be achieved in two stages:

**Stage 1:** Introduce digital devices that will help make the working lives of employees easier, more efficient and productive. For example, the devices will be used for time/attendance record-keeping, and to enhance safety for those working in the homes of people they must care for (e.g. a personal safety app).

**Stage 2:** Introduce more advanced technology (not just personal devices) to ensure better outcomes for both clients and employees. Also, to boost employee efficiency by removing the need to do as much physical work. For example, using machinery that will help lift and move patients, requiring fewer staff but also resulting in fewer injuries and more efficient work practices.

To succeed with completing both those stages, the key is to teach people how to use the technology. They know these skills will eventually make working life easier but in the short-term it will make life harder. This is where the “Knowledge” step of ADKAR really comes into play.

Let’s look at how to apply ADKAR to Northeast Aged Care’s digital transformation.



### Awareness

Define the problem. Be specific about which part of digital transformation you’re attempting. In this case, rolling out digital devices is part of a larger digital transformation project, to digitalise the company by 2023. Currently, there are too many manual processes; mistakes are being made; time being wasted; and employee safety is jeopardised.

- Your options: Supply standardised digital devices to all employees; use a mix of BYOD and company-supplied devices.
- Build a business case and communicate this to the business leaders – how much time/money/resources is this going to save in the long term?
- What are the potential benefits? What is the danger of doing nothing?



## Desire

Define the problem. Be specific about which part of digital transformation

- What's in it for me?
  - For employees: Ability to work from anywhere; enhanced safety.
  - For employer: Greater productivity, less risk of workforce injuries, more appealing proposition to a wider, more diverse workforce
- Risks include not being familiar with the technology, having to change processes and procedure.
- Fears include employees not knowing how to use the new tech; fitting in training with day-to-day operations.



## Knowledge

- What training will take place? How will that training be delivered? An initial survey of digital competency to assess what "levels" of training needs to occur.
- What forums will be available for information sharing? Perhaps a mix of in-person and eLearning?
- What learning targets will be set? How many training stages are required before employees can confidently use this tech?
- How will this learning be tracked?



## Action

- IT/HR to collaborate on policies/procedures/guidelines.
- Trial-run in one department or one geographic group of workers.
- Timeframe with opportunity to adjust/change if not working. The goal for digitalisation is the end of 2023 but what steps need to take place before then? (Refer to 2 key stages referred to above.)



## Reinforcement

- Use champions from trial team to engage wider workforce.
- Reconvene stakeholders. Any changes to be made? What can be learned for next time?

# Best practice change management: 4 tips

Below are some best practice change management tips that will help to bolster your change journey.

## 1. Leverage digital channels

Since COVID-19, we have all become avid users of digital communication channels like Slack, Zoom, Microsoft Teams, etc. Therefore, it's wise to leverage such channels in a change management strategy. For instance, instead of organising face-to-face focus groups, town hall meetings or training sessions, change managers should tailor their messaging and content to be received both in-person and online, to ensure it is read and digested by as many people as possible.

## 2. Use strategic communication scheduling

In order to avoid information overload relating to organisational change, leaders should aim to schedule their touchpoints and communications within the context of each work team's environment. For example, if one group is dealing with a big product launch in February, perhaps their portion of a corporate-wide change rollout plan could be moved to March. Other organisations have gone further by setting a limit on the number of hours every month that employees can be expected to devote to handling specific change initiatives.

## 3. Approach with an agile mindset

For those familiar with Agile Methodology or who have implemented agile elements within their organisation, it may be beneficial to incorporate some agile practices into a change initiative – or even 'borrow' expertise from other areas of the business.

By taking an agile approach, change leaders can be proactive instead of reactive, and easily pivot and change course when unforeseen challenges and road bumps arise. An agile approach also calls for testing and piloting with a small group of people and using their feedback to make changes on-the-go.

## 4. Conduct regular health checks

Change managers and HR should conduct regular organisational health checks to track adoption success and performance through KPIs and metrics. Employee sentiment should also be measured through regular pulse surveys, and feedback can help to inform ongoing implementation processes. The worst scenario is for people to become burnt out by too much change or feel the change has not been worthwhile, because that will damage employer-employee trust.

Looking to create your own business case for implementing new HR technology? Download ELMO's [Comprehensive Business Case Template](#).

## Final thoughts

Navigating organisational change is a sign of the times. Organisations around the world are implementing new technologies to digitalise operations, but it isn't as simple as plug in and go. The trick is to remember that while implementing company-wide change is process-orientated – and often very technical – actually, it is a people challenge. Focusing efforts on the human element of change management is the key to unlocking success.

# How ELMO can help?

ELMO Software (ASX:ELO) is a cloud-based solution that helps thousands of organisations across Australia, New Zealand and the United Kingdom to effectively manage their people, process and pay. ELMO solutions span the entire employee lifecycle from 'hire to retire'. They can be used together or stand-alone, and are configurable according to an organisation's unique processes and workflows. Automate and streamline your operations to reduce costs, increase efficiency and bolster productivity.

For further information:

[Contact us](#)

