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**STRATEGIC CHANGE MANAGEMENT READINESS
EVALUATION IN ORGANIZATIONS**

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ABSTRACT

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The objective of this study and paper was to find out how the strategic change management readiness in organizations can be evaluated. Based on theory and prior CMP model, the framework of strategic change management and issues related to it was constructed. Additionally a synthesis of the most important phases and interventions in strategic change process and project was created. These phases were starting point, planning, implementation and evaluation and securing phases.

Qualitative approach was utilized in the empirical part of the study due to the need for in-depth information about the topics surveyed through semi-structured interview. There were 18 responders from the top management of large Finnish companies. In this study interventions, strengths and weaknesses during the various phases of strategic change projects were revealed. Additionally the interviewees' opinion on the importance of each of the interventions in strategic change project success was asked.

According to this study, the most important phases recognized through researching theoretical literature, prior CMP model and empirical information in starting point phase were analysis of current and desired state and need for change accompanied with guiding coalition formulation. In planning phase the most important interventions were project organization formulation, action plan creation, analysis of prior and current strategic change projects and organizational structure analysis. In the change project implementation phase the interventions of importance were launch, quick wins, sense of urgency creation, change resistance management and change communications. In the final evaluation and securing phase project evaluation was the most important intervention. Based on the results a tool for creating change management readiness profile was created.

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Tämän työn tavoitteena oli selvittää miten organisaatioiden strategista muutosvalmiutta voidaan arvioida. Teorian ja aikaisemman CMP-mallin avulla luotiin viitekehys strategisesta muutosjohtamisesta ja siihen liittyvistä asioista sekä luotiin synteesi tärkeimmistä muutosprosessiin kuuluvista vaiheista ja käytännöistä näissä vaiheissa. Muutosprosessin keskeisiksi vaiheiksi tunnistettiin aloitus-, suunnittelu-, implementointi- sekä seuranta- ja vakiinnuttamisvaiheet.

Empiirinen tutkimus oli kvalitatiivista syvällisen tiedon saamiseksi ja tutkimus suoritettiin puolistrukturoitua haastattelua käyttäen. Haastateltavina olivat 18 ylimmän johdon edustajaa suomalaisista suuryrityksistä. Tutkimuksessa selvitettiin yritysten käytäntöjä sekä vahvuuksia ja heikkouksia eri vaiheissa strategisten muutosprojektien aikana sekä yritysten omaa arviota eri muutosvaiheiden käytäntöjen tärkeydestä strategisen muutosjohtamisprojektin onnistumisessa.

Tärkeimmiksi vaiheiden käytännöiksi tunnistettiin tässä tutkimuksessa empiirisen tutkimuksen sekä teorian ja aiemman CMP:n suorittaman tutkimuksen perusteella aloitusvaiheessa tarvemäärittely ja nykytilan analyysi sekä ohjaavan koalition muodostaminen. Suunnitteluvaiheessa tärkeimmiksi käytännöiksi nousivat projektiorganisaation luonti, aiempien ja nykyisten strategisten muutosprojektien huomiointi, toimenpidesuunnitelman tekeminen sekä organisaatorakenteen huomiointi. Muutoksen jalkautuksen käynnistämisen korostaminen, nopeat saavutukset, kiireellisyyden luonti, muutosvastarinnan hallinta sekä muutosviestintä nähtiin tärkeimmiksi muutosprojektin implementoinnin osalta. Projektin seuranta- ja vakiinnuttamisvaiheessa projektin seuranta ja arviointi nähtiin keskeiseksi käytännöksi. Näiden tulosten perusteella luotiin arviointikysymyslista, jonka avulla voidaan luoda profiili siitä miten yritys suoriutuu eri muutosjohtamisen käytännöistä.

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ABBREVIATIONS

CCO	Chief Commercial Officer
CDO	Chief Development Officer
CEO	Chief Executive Officer
CMP	Compass Management Partners Ltd

1. INTRODUCTION

1.1. Background

Only change is constant. There's nothing as difficult and as hard to succeed in as change. (Kotter & Schlesinger 1979, p. 106; Brown & Eisenhardt 1998, p. 3) Therefore it doesn't come as a surprise that managing change in an organization is one of the greatest challenges of business managers. Strategic change management and strategy implementation has traditionally been overlooked in business literature, whereas strategic planning has been dominant topic in strategy related discussion. Regardless of that, strategy implementation is a very crucial phase in strategy process. Organizations can be proficient in planning and selecting strategies, but the most common pitfall is their incapability of implementing the strategy successfully. (Salminen 2008, pp. 13-14; Waterman et al. 1980, p. 15) Since strategy is defined as the 'common thread' of an enterprise (Näsi & Aunola 2001, p. 3), it can be stated that successful implementation plays a significant role in making strategies work and firms profitable.

The change projects dealt in this study are strategy-based as their nature. Strategy itself can be defined as a determined long-range direction in changing business environment. The key goal in strategy and strategic management is to create sustained competitive advantage for the enterprise by utilizing resources and competencies of the organization. By achieving this, profit and growth goals can be achieved and stakeholder requirements can be met. (Barney & Hesterly 2008, p. 4; Carpenter & Sanders 2007, p. 8; Johnson et al. 2005, p. 7; Kamensky 2004, p. 20)

Strategic management includes strategy implementation, in addition to strategic positioning and strategy selection (Johnson et al. 2005, p. 16). Strategy implementation can be regarded as internal operational actions

aiming at realization of planned strategy. In essence, strategy implementation means bringing strategic plans into practice through daily operational activities. (Salminen 2008, p. 17) Implementation consists of planning the execution, launching the strategy, motivating organization and reinforcing change and finally controlling the strategy implementation by evaluating progression and feedback received. (Salminen 2008, p. 17; Speculand 2009, pp. 3-13) Strategy execution has been a success if the company achieves the targeted strategy, meets the financial performance objectives and manages to convert its strategic vision into a reality. (Thompson et al. 2010, p. 329) Strategy implementation requires organizational change management and often strategy is converted into strategic change projects that aim at realizing the strategy into action. This is why it is of utmost importance for organizations to be able to assess their strategic change management readiness. Organizations must be able to plan the projects and develop and utilize their capabilities, structures and operations so that strategic change projects can be more successful.

The focus of this study is on strategy implementation and especially strategic change project management. Change management is discussed thoroughly in chapter 2. Topics discussed and concepts determined in chapter 2 include above all types of change, change process, strategic change projects and addition to these organizational aspects are described through. Synthesis of theoretical models about change management phases and interventions is presented in chapter 3. Research methodology is discussed through in chapter 4. Suggested model, discussion and conclusions are described in chapters 5-7. Questionnaire used in research can be found as an appendix.

1.2. Research objectives

The practical purpose of this study is to create a way of benchmarking and evaluation of change management capabilities of an organization. The

resulting model will serve as a change management tool for Compass Management Partners. By using the model, client organizations can be evaluated and suggestions for the future development needs can be offered. Consequently, the goal in this study is to answer to the posed question:

- How change management readiness of an organization can be evaluated?

The problem is approached by analyzing current change management model of Compass Management Partners and assessing possible aspects of the model to be improved or changed totally.

The main problem is divided in to sub questions that help in answering the main study question:

- What are the phases that belong to change process?
- What are the interventions used in these phases?
- What are the organizational aspects and elements belonging to change management?
- How can change management readiness of an organization be evaluated based on their interventions used in change management?

In order to reach the goal of this study answering these subquestions is necessary. The ultimate practical purpose of this study is to create a model for evaluation of consulted client organizations.

1.3. Theoretical framework

Theoretical foundation in this thesis relies heavily on strategic management and organization theory. Anticipated organizational change is

seen to be derived from strategy in this research. Change can be seen constituting of change management, change process and strategic change projects. Change management refers to the overall practices that are associated with change in an organization. These practices are researched or written by for example Kotter (1996), Randall (2004), Salminen (2008) and Mattila (2007). The change management is interrelated with change process, being that change practices are practices within certain process step or multiple steps.

Authors and researchers like Lewin (presented in Balogun & Hope Hailey (2008)), Huczynski and Buchanan (2001) and Bullock and Batten (1985) have written about change steps, or phases if you like. These step models usually include initial phase, planning phase, implementation phase and stabilization phase. Inside these steps practices and interventions, such as vision creating and empowering people, are located. Strategic change projects (CMP 2011) can be thought as single instances of change processes. One strategic change project contains change process once and there are multiple projects usually found in an organization. This interconnectedness is presented in theoretical framework in figure 1.1.

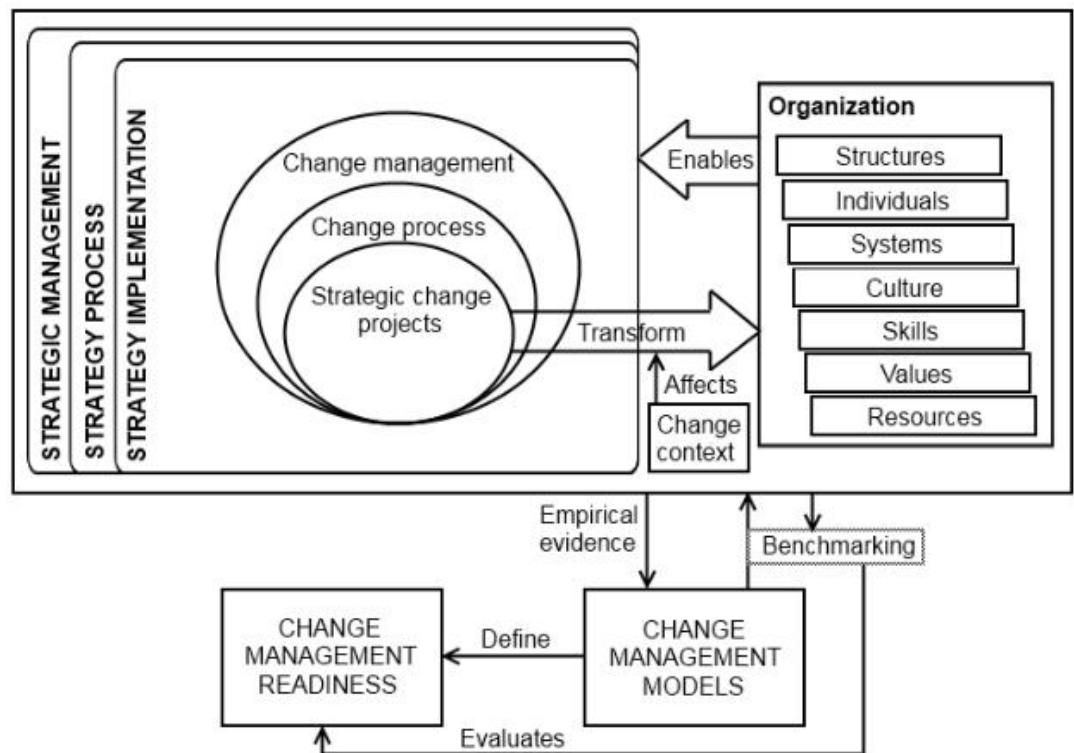


Figure 1.1: *Theoretical framework.*

Strategic change projects as single projects are to transform some part or multiple parts of an organization. The extent and the target for change is determined through assessing how widely the change is meant to affect and are the targets related to structures, resources, culture or some other aspect of an organization presented in theoretical framework in figure 1.1.

Organizational aspects, figure 1.1, from the change point of view are researched and written by for example McElroy (1996) and Johnson et al. (2005), both discussing above all about cultural side and Waterman et al. (1980) discussing above all structures, values, skills and strategy. Organization presents itself double-sided in change: Organization is affected by the change but organization also enables the change to take place.

The change context, presented in figure 1.1, refers to aspects that have an effect on how change emerges. These aspects are presented by Balogun

and Hope Hailey (2008) and include for example time and scope of change and also capacity and capability towards change. The change context has a tremendous effect on transformation and therefore it is an important catalyst in the change in general.

This 'strategy-change-organization' part of the framework, presented in figure 1.1, offers empirical evidence for the change management models, including change management readiness models, discussed in the literature, by for example Prosci (2004), CMP (2011) and Mattila (2007). The best practices in these change management models can then be gathered and organizations can be benchmarked and reflected to these best practices. Through this the evaluation of change management readiness can be conducted.

1.4. Delimitations

This study is narrowed down into dealing with only the change projects having strategic relevance and that are derived from the strategy. Therefore only the change projects that have responsibilities in top management are included in this study. This is because the projects have to have strategic relevance in order to be managed through the whole management system or process.

This study focuses on large corporations that have more than 500 employees. This is because small and medium-sized organizations have more limited opportunities and needs for full change management process utilization due to smaller and simpler organizations. All but one interviewed companies are larger than 500 employees, some of them have many thousand employees.

Testing of the model was not conducted during the research. Testing would be the most important further research suggestion because validating this model and finetuning it would make it more consistent and reliable.

1.5. Research methodology

This study is an empirical study (Uusitalo 1991, p. 47) combining theoretical models, former empirical models created by the Compass Management Partners and empirical research conducted through surveys. The type of the study can be regarded as on one hand explanatory study because it aims at revealing the reasons behind successful conducting of change project and on the other hand constructive study due to its focus on creating a new model for assessing change projects in practice (Olkkonen 1994, p. 78). The study starts with literature review of the past theoretical models and assumptions. In addition, empirically formed but not yet empirically tested model of change management evaluation of Compass Management Partners Ltd is analyzed and studied thoroughly as described in figure 1.2.

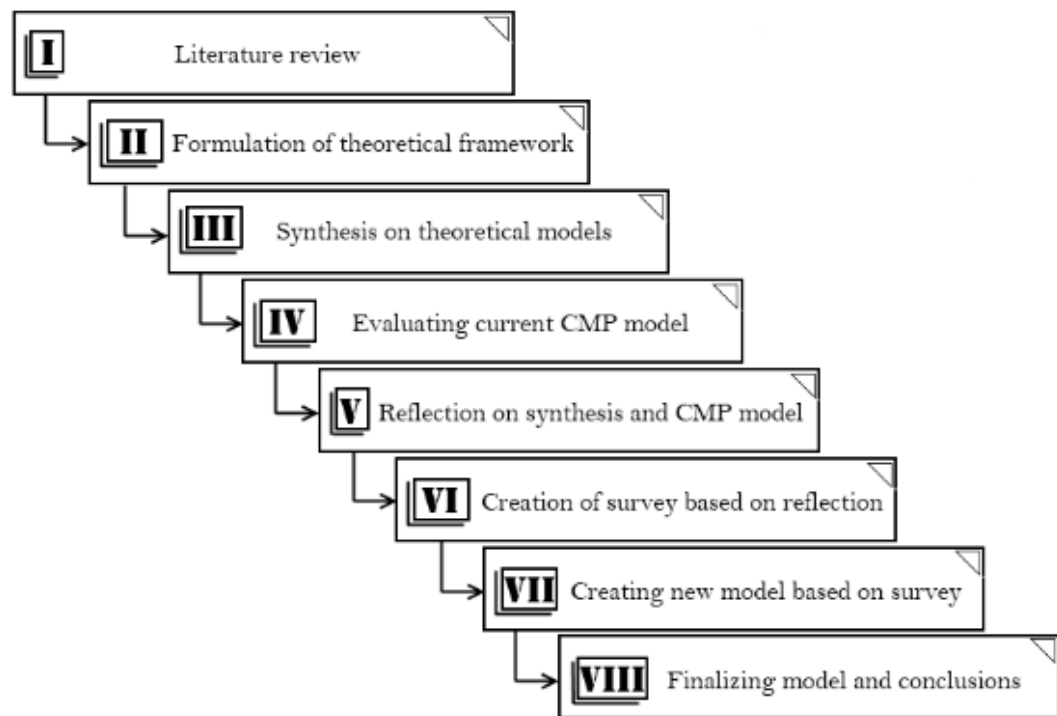


Figure 1.2: *Research process in this study (Adapted from Olkkonen 1994, p. 79; Uusitalo 1991, p. 51).*

Theoretical framework formulation and review of the current model is followed by creating synthesis of theoretical models and reflecting this to CMP model, as can be seen in figure 1.2. After reflection, questionnaire based on reflection is created and survey is conducted. Results from this survey are then analyzed and new recommended model for strategic change management readiness assessment is formulated. At the last phase of this research, the created model is finalized and conclusions about the research are made.

1.6. Definitions

Change management intervention

A way of executing certain change management phase or part of it in practice. Often referred also as a method, action or procedure towards promoting change.

Change management phases

These phases are steps through which change management process progresses. Phases include initiation, planning, implementation and securing.

Change management readiness

Change management readiness usually refers to individual readiness for change in theoretical literature. Anyhow, in this research change management readiness is defined as organization's overall readiness for executing strategic change projects. Change management readiness in this research is a combination of individual capabilities, attitudes, organizational structures, systems, resources and culture. This combination defines the readiness for an organization to conduct strategic change projects successfully.

Change management subphases

These subphases are steps in a change management phase.

Benchmarking

According to Peters (1994, p. 16-110) benchmarking is a process of finding ways to improve the business by learning from other organizations. It is about promoting competitiveness by using noticed best practices. Benchmarking can be described as a process consisting of five steps: Identifying the best practice target, analyzing own organization and its gap compared to the best practice, planning how to improve and often how to instill the best practice into own operations, implementing the best practice to the organization and evaluating current practices and constantly searching for new best practices.

2. CHANGE MANAGEMENT

2.1. Introduction

Organizational change management can be defined as structured, proactive approach to transitioning organizations, teams and individuals from a current state to a desired future state. Figure 2.1 demonstrates this process. (Implement 2011)

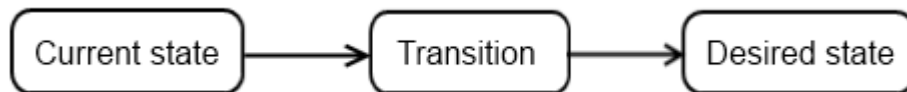


Figure 2.1: *Organizational transition from current state to desired future state (Adapted from Implement 2011).*

Organizational change management being structured and proactive means that change is formed through deliberate actions according to a chosen plan and it is based on an understanding and knowledge of the change and change process. It is important to lead the change on one hand paying attention to tangible aspects but also intangible aspects like change resistance and employee motivation. The focus and perspective is ultimately on organization level, being that individuals play a significant role in change. (Hamlin et al. 2001, p. 21; Figure 2.1; Implement 2011) Change can be analyzed on one hand by its scale and on the other hand by its nature being either reactive or anticipatory, that is proactive (Hildén 2008). Figure 2.2 presents visually this thought.

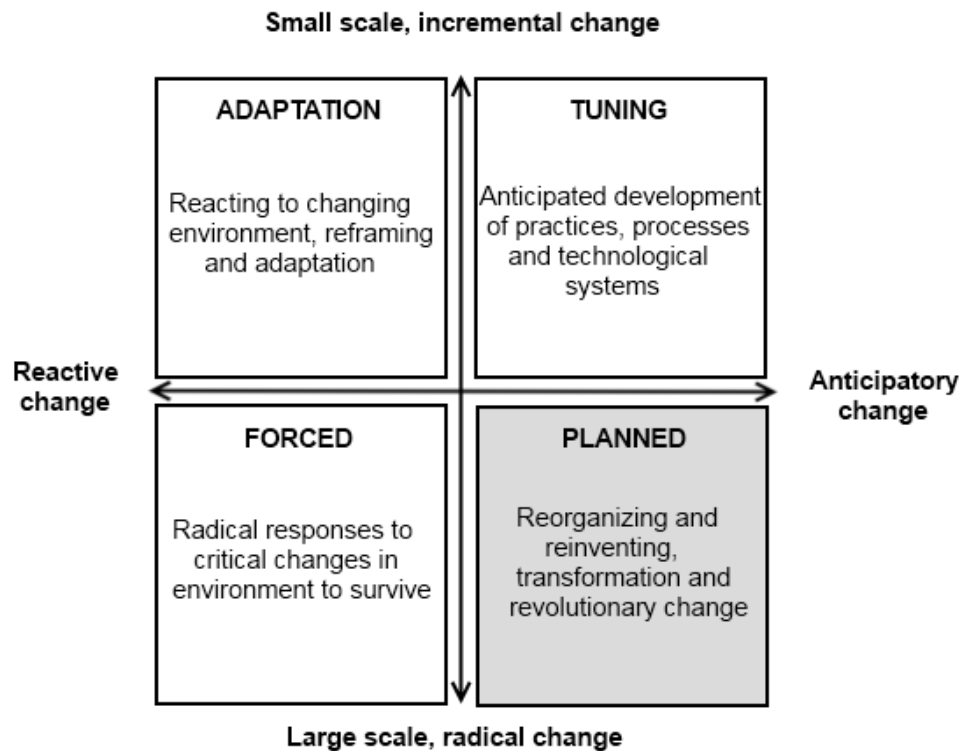


Figure 2.2: *Reactive and anticipatory change (Adapted from Hildén 2008).*

Figure 2.2 describes the difference between reactive and anticipatory change in large-scaled radical and small-scaled incremental changes. Therefore it also provides framework containing planned and unplanned, forced, change. Planned change comprises of conscious planning and reinventing in order to conduct revolutionary change or anticipated development of inner or outer conditions or possibilities. Reactive change would be either adaptation or forced radical response to environmental conditions by reacting to crises emerging. The change can derive from two sources: Inner or outer. Usually changes derived from inside an organization are planned and changes derived from business environment are more often reactive. (Hildén 2008; Nixon 2004, p. 1; Szamosi & Duxbury 2002, pp. 186-187) Planned, revolutionary and strategy-based change, that is the focus area for this study, is colored in grey in figure 2.2.

Scope of change is an important contextual factor in change. The context is often an important agent for change. Apart from scope the contexts that

should be taken into account in change are time consumption, power of key individuals and stakeholders, diversity among organizational members, organization's capability of executing change, organization's awareness and commitment towards change and parts of the organization to be preserved in the change are some contexts in change. These contexts are to determine the design choices; how and where to begin the change from, what path to take and what are the actions to be taken, what is the target, which roles are there in the change and what interventions to take along the change project. (Balogun & Hope Hailey 2008, p. 63-98) It is important to recognize that changes happen inside a context that drastically shapes the whole change. If one doesn't understand the context that change has taken place in, it is very hard to assess the change initiatives and projects.

As in the case of strategy also in change, intended result is modified by the process meaning that the planned change rarely is the output of the change process. Therefore the result often differs from the intended, making the outcome to be realized change. (Hildén 2008; Mintzberg et al. 1998, p. 12) There are many factors affecting on the process. Organizations may have to adapt to environmental changes or the strategies may evolve through stable patterns formed in the organization by the time. (Mintzberg 1998, pp. 10-12) Also cognitive limitations of individuals can steer projects to another direction than planned or sensible. (Johnson et al. 2005, pp. 41-45) Intended strategy stands for the planned strategy that is meant to be resulting in planned and preferred outcome. However, some parts of the strategy may be ignored and not realized because of the changed conditions in the environment or in an organization or due to some other reason. The strategy that organization eventually decides to implement is the deliberate strategy. By the time during the implementation emergent strategy elements shape the deliberate strategy forming the result; realized strategy. (Mintzberg 1998, pp. 10-12)

The intended results of strategy implementation and strategic change projects can be categorized into two perspectives: Economic value addition and organizational capability. In economic value addition it is common to lead the change through hard aspects, like financial incentives, restructuring practices, processes and technological systems and reductions in an organization in order to increase shareholder value. In organizational capability dimension, culture and individuals are in focus in development. Change goals usually are, as mentioned above, related to merely increasing shareholder value, developing organization culture, individuals and their competencies. (Beer & Nohria 2000, pp. 134-137) On the other hand Kyytsönen (2011) presents change goals as nearly always related to customers, products, structures or competencies or a combination of these, ultimately aiming at developing an organization and increasing shareholder value.

2.2. Change process

In 1947 Lewin presented 'ice model' for change (Figure 2.3). The model included three basic phases for the change process: unfreezing, moving and refreezing. This is the upmost and most general level on how change can be described. Unfreezing means preparing organization to be ready for a change through making people aware of the need for a change and create will to change. Moving is the implementation of change in organization through selected mechanisms. Refreezing would mean stabilizing and sustaining the change in organization ensuring that the organization doesn't relapse into patterns of old behavior. The criticism towards this ice model is based on the simplicity of the model and on the other hand its straightforwardness. Unfreezing and refreezing rarely succeeds completely throughout the organization. (Balogun & Hope Hailey 2008, pp. 162-163)

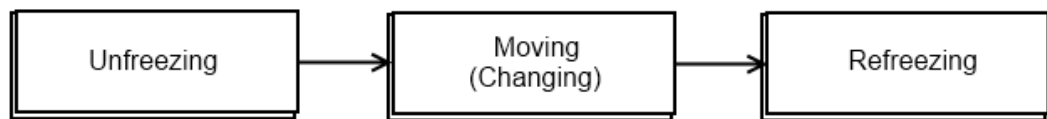


Figure 2.3: *Ice model for change by Lewin (Adapted from Balogun & Hope Hailey 2008, pp. 162-163).*

However this model, presented in figure 2.3, is a simple basis upon which one can build deeper theory about change. The model covers some aspects of change, especially the phase when change is in progress, that is, the analyses and decisions about changing organization are already made at this phase. (Balogun & Hope Hailey 2008, pp. 162-163) Furthermore, change process and change phases can be described in detail, as shown in figure 2.4.

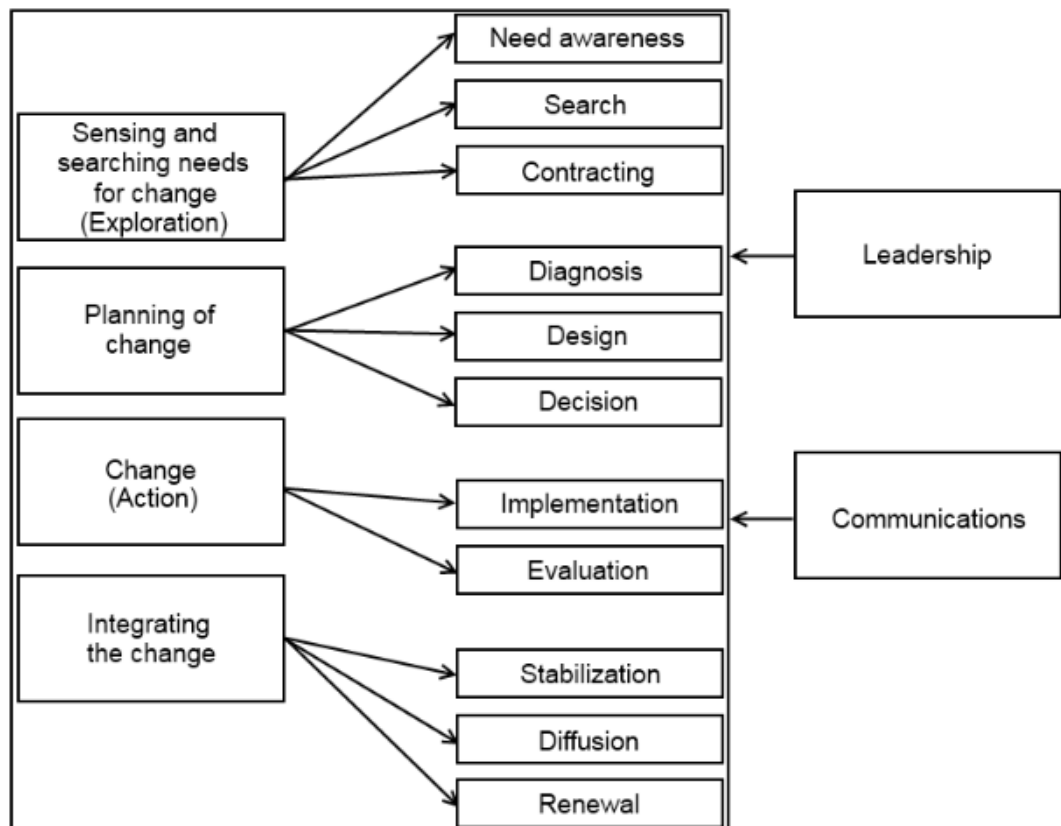


Figure 2.4: *Change process framework (Adapted from Bullock & Batten 1985; CMP 2011; Huczynski & Buchanan 2001, p. 566; Implement 2011).*

According to the model presented in figure 2.4, change can be described in phases and change process. Change phases are, briefly put, sensing and searching needs for change, planning of change, change action itself and change integration. All of these phases consist of change process steps. (Bullock & Batten 1985 p. 400; Randall 2004, p. 149)

Sensing and searching needs for change, that is exploration, includes awareness of need, search and contracting. Planning of change phase consists of diagnosis, design and decision parts of the change process. Implementation and evaluation are the process components of the change action phase. Finally, integrating the change phase contains stabilization, diffusion and renewal parts of the process. (Bullock & Batten 1985 p. 400; Randall 2004, p. 149)

These phases and process parts all are connected with leadership and communications at least at some extent. These two universal change management elements are added to the original model as supplements and in order to make the model consistent. The important parts of change are starting point, projects, communications and individual management (CMP 2011) and by adding communications and leadership to the model, most of the important aspects of change process and phases can then be found from the model. The change process and its phases are discussed more thoroughly in chapter 3.

2.3. Strategic change projects

The research in this thesis focuses merely on anticipatory change and especially planned change, ignoring the three aspects left out (Figure 2.2). This is because usually planned, that is revolutionary and anticipatory change is the type that utilizes or at least should utilize change management interventions and processes at their full extent. Also in this

study the focus is on strategic change projects, which can be described as follows (CMP 2011):

- Strategic change projects are significant development projects in order to sustain and develop organization's future competitiveness
- Strategic change projects typically have significant effects on company's profitability
- A large pool of people participates in strategic change projects
- Strategic change projects are long-range projects
- Strategic change projects cause or require changes for example in attitudes, processes, organization, IT, management and monitoring systems

Strategic change projects are derived from strategy and objectives. This set up is presented in figure 2.5.

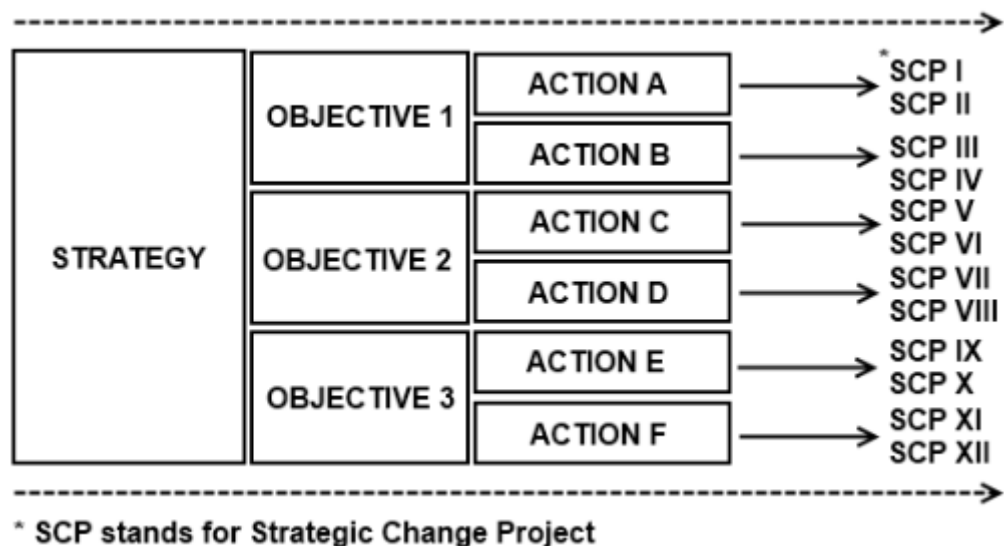


Figure 2.5: Strategic change projects derived from strategy.

Strategic change projects, figure 2.5, derive from need for change in structures, processes, functions, culture and attitudes (CMP 2011). The success in strategic change projects can be measured in general as in any project. That is evaluating how the project meets its objectives, meaning

results and how well the project has been on schedule and within its budget limitations (McElroy 1996; Ojala 2004).

2.4. Organizational elements in change

Organizational aspects on change can be divided into two main categories. First of all organization comprises of hard and soft elements. (McElroy 1996, p. 326). Hard side elements are routines and rituals, organizational structures, strategy, control systems and individual skills, whereas soft side elements would be stories, symbols, power structures, values, staff and leadership style (Balogun & Hope Hailey 2008, pp. 48-49; Cawsey & Deszca 2007, pp. 58-60; Johnson et al. 2005, pp. 201-206; McElroy 1996, p. 326; Santalainen 2006, p. 310; Waterman et al. 1980, pp. 18-25). These elements are interconnected and that is why paying attention to all of these, not just a few of them is advisable in the case of change. On the other hand it is extremely difficult to change just one or a few of these without affecting the other factors. Failure in strategy execution can be seen deriving from ignoring some of these factors. (Waterman et al. 1980, pp. 18-19) Table 2.1 describes this division between hard and soft elements.

Table 2.1: *Hard and soft elements of an organization (Adapted from Cawsey & Deszca 2007, p. 60; Johnson et al. 2005, p. 203; McElroy 1996, p. 326; Waterman et al. 1980, p. 18)*

HARD	SOFT
Routines and rituals	Stories
Organizational structures	Symbols
Strategy	Power structures
Control systems	Values
Individual skills	Staff
	Leadership style

All of these elements presented in table 2.1 are both enablers of successful change management and on the other hand they are subjects to change. Usually these elements point out essential aspects of culture and organization for the change and these elements can also disable change from taking place. (Cawsey & Deszca 2007, p. 59; Johnson et al. 2005, pp. 202-203; Waterman et al. 1980, p. 24-25)

Hard elements of an organization

The routine behaviors and rituals that are expressed outside and inside an organization make up common things that are done in an organization on a daily basis. This can be a source of distinctive organizational competence and it can ease the working of an organization. However, if these taken-for-granted routines aren't the ones that support organization's success, these routines can be very difficult to change. Rituals of organizational life are certain activities or special events through which important aspects are emphasized and reinforced in an organization. These rituals can be, among other things, training programs, interview panels, promotion and assessment procedures and sales

conferences. When it comes to change, the following questions regarding routine behavior and rituals should be asked: Which routines are emphasized? Which would look odd if changed? What behavior do routines encourage? What are the key rituals? What core beliefs do they reflect? What do training programs emphasize? How easy are rituals and routines to change? (Johnson et al. 2005, p. 202)

Originally structure has meant division of tasks which provides coordination in organization, way of trading off specialization, integration, decentralization and recentralization. Especially decentralization due to need for local business units, business units by segmentation or product lines has been a common reason for structural changes. Through changing organizational structure companies try to adapt their business so that it meets the restrictions and opportunities of business environment. (Cawsey & Deszca 2007, p. 59; Waterman et al. 1980, pp. 19-20)

It has been stated that structure follows strategy. This is obviously the truth since structure is adapting to the company's strategy which is, for one, plan to adapt to the business environment characteristics. (Waterman et al. 1980, pp. 20-21) Moreover, strategy leads to the allocation of organizations finite resources in order to meet the objectives that organization has (Cawsey & Deszca 2007, p. 59).

The control systems, that is measurement and rewarding systems reveal what organization think is important to monitor and reward. This shows naturally, what are the emphasized procedures and direction. (Johnson et al. 2005, p. 202) Systems can also be for example management systems or any infrastructure that is included into the organization. Systems are a vital part of the strategy or can even be the heart of the strategy, that is, the strategy as a whole. (Cawsey & Deszca 2007, p. 59; Waterman et al. 1980, pp. 19-20) Through systems, organizations are being, above all, lead and monitored.

Skills are the distinctive competencies and attributes existing in key personnel and in the whole organization. Companies are characterized by the aspect that they are doing the best, like for example supply chain management or cost management. The skills in an organization are the foundation to these cornerstone aspects. Change should increase skills or modify the skills so that they correspond to the need of the changed organization. (Cawsey & Deszca 2007, p. 59; Waterman et al. 1980, p. 24)

Soft elements of an organization

The stories that are told inside an organization and to outsiders by members of an organization, embed organizational history and highlights important events and personalities. Simply put, stories are devices for telling what is important and special in an organization. Symbols, that are represented as logos, titles, offices, cars or type of the language and terminology, just to name a few, represent the nature of an organization. If an organization is excessively formal, then this may reflect some difficulties in changing strategies since the system is hierarchical or deferential. (Johnson et al. 2005, p. 203-206)

Power structures mean distribution of power in an organization and core beliefs towards leadership positions. Power structures are likely to influence the key assumptions. Often it is seen that groupings within an organization are closely associated with core assumptions and beliefs. Additionally, organizational structure also reflects power and important roles and relationships. (Johnson et al. 2005, p. 202)

Values are shared values in an organization that shape and determine actions of organization's members and the future of the organization. These basically are the core ideas and values that the whole business and its future is built around. (Cawsey & Deszca 2007, p. 59; Waterman et al. 1980, p. 24-25)

Staff means simply human resources development and categorization customs and procedures over time. In a soft sense staff means things like individuals' and groups' morale, attitude, behavior and motivation. Human resources management has to be taken into account when planning change since employees are often the most important resource especially in change. (Cawsey & Deszca 2007, p. 59; Waterman et al. 1980, p. 23)

Styles at the micro level, refers to the behavior of managers and at the macro level it refers to nature and strength of the organizational culture. Leadership style of managers shows what are they paying attention to, how are they treating others and, simply, how do they act and lead. Top management attention to business issues, way of leading people and corporate culture are important factors in analyzing styles when deciding about change. (Cawsey & Deszca 2007, p. 59; Waterman et al. 1980, pp. 21-22)

3. CHANGE MANAGEMENT PHASES AND INTERVENTIONS

3.1. Introduction

The synthesis of change management theories relevant to this study is constructed based on change process interventions presented in theoretical literature. The main sources for this have been the studies conducted by Kotter (1996), Mattila (2007), Randall (2004), Implement (2011), CMP (2011) and Salminen (2008).

Kotter (1996) describes change management through his famous eight stage model. This model consists stages that are important in change management and those stages are establishing sense of urgency, creating the guiding coalition, developing vision and strategy, communicating the change vision, empowering broad-based action, generating short-term wins, consolidating gains and producing more change and anchoring new approaches in the culture.

These stages can be complemented with stages presented by Randall (2004). Whereas Kotter (1996) focuses more on the on-going change process, Randall (2004) takes into account also need for change analysis and organizational analyses that are conducted before the actual process begins. Additionally Randall (2004) focuses also on planning stage a bit more than Kotter (1996) by introducing implementation plan crafting and developing enabling structures as significant interventions.

The study of Implement (2011) goes more in depth in operational sense into the process and introduces interventions such as communication with stakeholders, support and resister identification, resource allocation, communicating early wins, documenting the learning and lessons learned. Also Mattila (2007) deepens operational view towards change process by introducing risk management, pilot project establishment, leadership and

in-depth communication related interventions. The synthesis on these described studies as well as other studies mentioned can be found with explanations and discussion in the next subchapter.

3.2. Synthesis of change management phases and interventions

Based on theory and theoretical and practical change management models, synthesis can be created to define what is important in change management, change processes and strategic change projects. The form and construction of this synthesis is based on the change process presented in figure 2.4. The synthesis can be seen from figure 3.1.

INITIATION		<ul style="list-style-type: none"> * Understand need for change * Define current and desired state of an organization * Create a guiding coalition * Identify and lead key stakeholders and organizational groups * Establish a sense of urgency * Develop an inspiring vision
PLANNING	Diagnosis	<ul style="list-style-type: none"> * Prepare participative internal and external diagnosis * Take organizational change history into account
	Design	<ul style="list-style-type: none"> * Formulate an implementable strategy with in detail steps * Ensure sufficient resources * Avoid too many and unrelated change projects * Develop enabling structures * Plan communications
IMPLEMENTATION	Execution	<ul style="list-style-type: none"> * Launch change impressively * Harness pilot projects * Communicate vision efficiently and repeatedly * Communicate proactively with all stakeholders and be present * Confirm the rules * Empower broad-based action * Generate short-term wins, celebrate wins and interpret losses * Focus, expand and refocus * Motivate and deal with resistance
	Evaluation	<ul style="list-style-type: none"> * Chop and monitor * Reward
SECURING		<ul style="list-style-type: none"> * Consolidate gains * Remove irrelevancies and barriers * Learn from the change process and produce more change

Figure 3.1: *Synthesis on important factors in change management by process phases.*

Synthesis in figure 3.1 shows important factors in change phase by phase. These phases consist of change interventions how to implement the phase. In the next subchapters this synthesis is described through.

3.3. Initiation

Understand need for change

Analyzing the organization, and its need for change, means auditing the structures and financial situation of the company and conducting environmental and internal analyses (Randall 2004, pp. 136-140). It also means creating overall picture of the intended change and its effects. The drivers for change can derive from internal aspects such as profitability or productivity issues and environmental aspects such as changes in competition or changes in regulations. It is possible to classify if the need for change is related to organizational behavior, structures or systems or environment. Additionally the level and scope of the change can be analyzed. Options are that change affects on the whole organization, on the relationships between organization divisions or groups, on the part of an organization or on individual level in an organization. (Mattila 2007, pp.135-139) In addition it is crucial to analyze the forces promoting and the counterforces slowing the change down (Randall 2004, pp. 136-140).

Creating a solid understanding of the need for change is vital. The awareness of the factors and the reasons behind change has to be understandable among the organization members. All the possible information about change has to be collected and evaluated. The need for change has to be derived from and aligned with the strategy. (Implement 2011) The initial need for change can be spotted along processes in managerial system and strategy making. Internal and external analyses

and scenario analyses can point out things in an organization or its ways of operating that has to be changed.

Define current and desired state of an organization

Defining current state of an organization helps analyzing the gap that organization has compared to desired state (Implement 2011). This aids change project in various ways; It helps in defining how far the organization is from the objective state, it gives a rough direction, it enables the analysis of needs in the sense of resources, competencies and time requirements. Therefore it is reasonable to ask whether we are capable of executing this large a change and how far we actually are from the intended, desired state of an organization? Brief check if the change is even realistic should be made. (Mattila 2007, p. 137) For example if we know that we do not possess sufficient resources, it is useless to even try to implement the change.

Change should also be linked to strategy (Implement 2011) and therefore it should be analyzed if the desired state is in line with strategic guidelines. Often it is worth to let outsiders such as consultants, new employees and other evaluators from outside an organization assess the situation and the viability of change (Mattila 2007, p. 137).

Create a guiding coalition

At the initial phase guiding coalition that has enough influence, capabilities for change leadership and management, shared objectives and perspectives, level of trust and is of right composition has to be formed in order to secure the success for the rest of the change (Kotter 1996, pp. 51-52; Prosci 2004).

Coalition should consist active managers at the top and middle management levels. It is advisable to include and persuade the whole top management team to join the coalition and support change. The owner and head responsible of a change project should be found among top management. (Mattila 2007, p. 154)

Through a good guiding coalition the right vision can be formulated and communicated. Additionally, due to a good guiding coalition most of the resistance can be controlled, short-term wins can be realized and change projects can be managed (Kotter 1996, pp 51-52).

Identify and lead key stakeholders and organizational groups

The key players and organizational groups that can support the change should be identified and plan how to commit them. Analysis about this can be achieved through force field analysis, presented in figure 3.2. The objective for the analysis is to find the supporting forces and resisting counterforces of change. (Santalainen 2006, pp. 300-301)

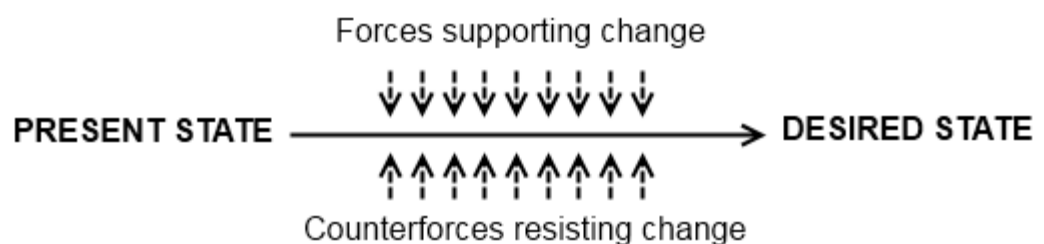


Figure 3.2: *Lewin's force field analysis (Adapted from Johnson et al. 2005, p. 514; Santalainen 2006, p. 301).*

Forces in figure 3.2 are usually related to the operational culture, internal conflicts and individuals' attitudes. The forces can thought to be derived from internal or external factors to organization. It is important to find out key peoples for change and their attitudes towards change so that change process or project can be managed. (Santalainen 2006, pp. 300-301)

An additional way is to create and analyze commitment mapping presented in figure 3.3 (Randall 2004, pp. 140-142)

Key Players	No commitment	Neutral	Accommodate	Facilitate
1		X →		→ O
2		XO		
3		O ←	← X	
4	X →			→ O
5			X →	→ O

X = Current state
O = Target state

Figure 3.3: *Commitment mapping (Adapted from Beckhard & Harris 1987, pp. 94-95; Randall 2004, p. 142).*

The commitment mapping (Figure 3.3) serves as a tool in recognizing and directing key players to the best position for them supporting change. The current and target position can be somewhere between no commitment at all and facilitating change. (Beckhard & Harris 1987, pp. 94-95; Randall 2004, pp. 140-142)

Besides commitment and attitudes towards change, skills and characteristics naturally affect when identifying and selecting the right individuals and groups (Mattila 2007, p. 156). Combining the analysis of attitudes with analysis of skills and influence, key stakeholders can be analyzed and through this, key players can be found. The power of recognized stakeholders can be analyzed through the stakeholder analysis presented in figure 3.4. (Balogun & Hope Hailey 2008, pp. 98-103; Grundy 1998, p. 47)

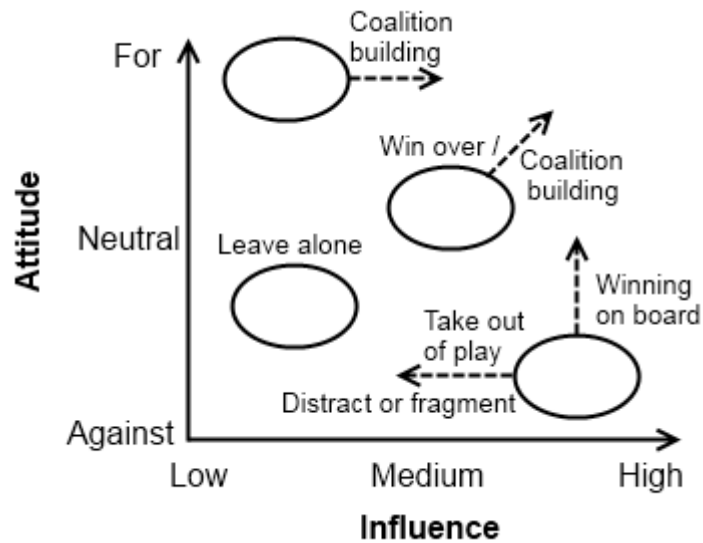


Figure 3.4: Stakeholder analysis (Adapted from Grundy 1998, p. 47).

As shown in figure 3.4, stakeholder analysis is comprised of two aspects: Attitude and influence. Attitude towards change is a crucial thing to consider because it determines whether support is given by this individual stakeholder or stakeholder group. Influence means simply the influence power of individual stakeholder or stakeholder group to the intended change. (Balogun & Hope Hailey 2008, pp. 99-103; Grundy 1998, p. 47)

Establish a sense of urgency

Establishing sense of urgency serves a purpose of making the change important project to be executed. There has to be an atmosphere in an organization that the considered change is crucial to the organization. This is how motivation and commitment towards change is created among key instances. (Kotter 1996, p. 36) Without sense of urgency, that is pressure for change, change projects become hollow and unnecessary pursuits that die of lack of motivation and drive in an organization. (Stenvall & Virtanen, 2007, p. 119)

Develop an inspiring vision

At an early stage vision has to be formed in order to create commitment towards change, especially among the key stakeholders and other supporting groups and of course more widely among the organization. The vision, accompanied with leadership, is a device for guiding and directing the change. Change vision directs individuals and simplifies number of more detailed decisions enabling coordination and management of the change project to be more efficient. (Kettunen 1997, p. 401; Kotter 1996, pp. 68-70; Randall 2004, pp. 136-140) Vision has to be formed carefully and it can be reasoned via communication to the whole organization (Mattila 2007, p. 139-140). Vision has to be clear, inspiring, flexible, focused, imaginable communicable and ambitious yet realistic (Kotter 1996, p. 72; Mattila 2007, p. 140). Without clear and coherent vision, change projects tend to drift and become aimless or over-diversified change pursues (Stenvall & Virtanen 2007, p. 119)

3.4. Planning

3.4.1. Diagnosis

Prepare participative internal and external diagnosis

Planning phase should start with gathering and evaluation of the risks associated with change (Mattila 2007, pp. 151-153). Also the current state of an organization and business environment has to be clear in change perspective. At least key stakeholders and members should be assigned and encouraged to join this analysis activity. Through this the inputs to change and different perspectives are taken into account. Additionally, commitment and sense of being listened is created in the organization. (Kotter 1996, p. Randall 2004, pp. 137-138)

Take organizational change history into account

When planning change it is of importance to take into account change history of an organization. Reflecting to the results of previous change initiatives and also changes in progress, strengths and weaknesses can be evaluated. (Mattila 2008, p. 119) Through this one can learn from previous projects and apply better ways in managing strategic change projects.

3.4.2. Design

Formulate an implementable strategy with in detail steps

For the change there has to be solid and implementable strategy and concrete, challenging and yet achievable objectives have to be formed. These guide the change and through these the change progress can be monitored. The strategy has to be clear and management has to commit to it and support it visibly. If managers do not believe in the formed strategy it is destined for failure. Strategy being implementable requires leadership and management responsibilities to be defined and it has to be launched properly with suitable vision. Responsibilities of middle-managers are especially important to define. (Salminen 2008, p. 18) One has to keep in mind that change in organizations should always be proactive and as well-structured and planned as possible (Implement 2011).

If strategy has to be planned properly, that is the case also with operational implementation, meaning concrete and detailed actions to be taken during the change process. Implementing plan should state what, why, who, how and when and it should be communicated properly. (Implement 2011; Salminen 2008, pp. 69-97) If projects derived from strategy are executable due to successful in-detail planning, projects do not end up as random pursues (Stenvall & Virtanen 2007, p. 119).

Ensure sufficient resources

Sufficient resources are naturally a must. Change capabilities are the crucial ones among the organizational members and change management and leadership capabilities are important for the change leaders (Salminen 2008, p. 34). Also these resources must be allocated properly and therefore enabling structures for change has to be developed. (Randall 2004, p. 143).

The right questions to be asked when evaluating resources and capabilities are above all: Do we have enough resources and capabilities? Do we have too many or too much unrelated change projects going on? Are there synergies between on-going projects? (Mattila 2007, p. 137) Change capacity being too low leads to anxiety and frustration in change projects (Stenvall & Virtanen 2007, p. 119)

Avoid too many and unrelated change projects

Change projects in progress tell the current capabilities and also available resources of an organization. If there is a vast amount of change projects in progress or the change projects in progress are highly unrelated without shared resources, capabilities and change management practices resulting in low synergies between them, there is a doubt if new change projects can be executed successfully. (Mattila 2008, p. 119)

Develop enabling structures

As mentioned above, allocating resources, maintaining division of responsibilities and enabling efficient reporting requires structures (Randall 2004, p. 143) and systems that support them. Structures can be organizational structures, managerial systems, learning, information sharing and training systems, knowledge management systems, internal operational systems, monitoring systems and rewarding systems. If not

correct, structure can undermine vision severely as presented in figure 3.5. (Kotter 1996, pp. 101-116; Mattila 2007, pp. 118-129; Randall 2004, p. 143-144; Salminen 2008, p. 69)

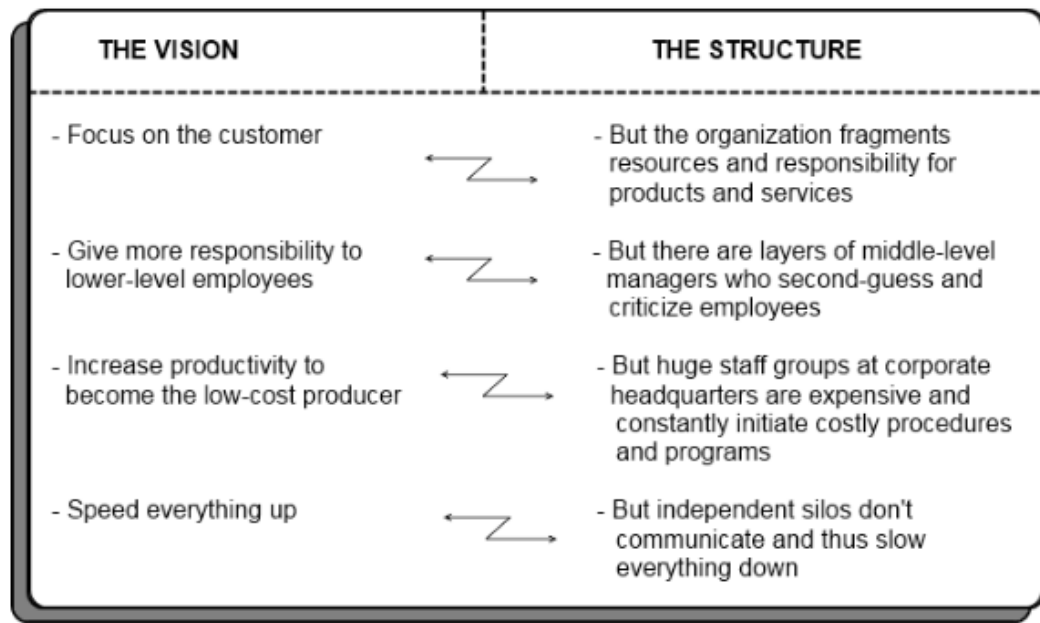


Figure 3.5: *How structure can undermine vision (Adapted from Kotter 1996, p. 105).*

The structure can prevent vision from being implemented properly due to fragmented resources and responsibilities for products and services. More generally, the structures may not always support the focus of the vision. For example customer-focused vision is doomed due to structure lacking customer-focus. Besides the structure, employees have to be properly trained for the new ways of working. (Kotter 1996, p. 105; Figure 3.5)

Plan communications

Change communication must be simple without jargon, using metaphors, analogies and examples, done through multiple forums, repeated, consistent with the behavior and leadership of key people in the

organization, explaining visible inconsistencies and two-way communication (Kotter 1996, pp. 85-90).

Communicating strategy is a dialogue and as a result the whole organization has to support the strategy. Through communication, the implementation of strategy is accomplished through capable managers and foremen. Every employee has to be able to apply the strategy as a part of their work, meaning that every employee has to be able to support the strategy by their own actions in everyday work. (Heiskanen & Lehikoinen 2010, p. 101) The conclusion is that the people in strategic change projects have to be informed and motivated sufficiently so that they can drive the strategy through their own actions.

3.5. Implementation

3.5.1. Execution

Launch change impressively

Launching a change project is a crucial step. Launch has to be made so that it motivates, impresses and influences and enable organization to be aware of the basics of change and be able to start the change (Mattila 2007, pp. 160-161). Launch is always a communicational challenge for an organization. Basically launching the change project is about efficiently communicating pithy core message of strategy and vision and ensuring sufficient information for change agents to promote change. Launching comprises of communicating the content and the progression of the process of change and on the other hand dealing with change feelings and attitudes includes in launch tasks. Launch contains communicating strategy, its content and change process and leading the organizational response to the change. Launch usually consists of informing about the strategy and change process via briefings, announcement of strategy via top management briefings, strategy meeting of the whole organization,

workshops, development discussions and personnel surveys on how change and its progression is perceived. It is of utmost importance that the change message is understood and adopted in an organization. The responsibilities in launching have to be planned carefully beforehand. (Salminen 2008, pp. 23-24 & pp. 143-176)

Harness pilot projects

At the very beginning of the implementation phase, there should be clear awareness on where to start and how to proceed in detail. One way of becoming master in change management is to establish pilot projects that are executed via common change management interventions and procedures. Attempting, failing and correcting is an inevitable way to learn. Pilot projects prepare an organization for the forthcoming change and therefore changes later on are easier to accomplish. Pilot projects are then expanded to cover a larger part of an organization. (Mattila 2007, pp. 158-160)

Communicate vision efficiently and repeatedly

Communicating vision and effective and transparent communications are required in order to efficiently manage and lead change. Vision has to be clear throughout the organization and to among all the key stakeholders belonging to the change project. Communication has to be constant, interactive and transparent among these groups as well. Clarity, motivation, repetition and consistency with behavior are important aspects in change vision communication. (Kotter 1996, pp. 85-100)

Communicate proactively with all stakeholders and be present

Managers need to be present and lead the change by well-planned communication and their own example. All the stakeholders for the project have to be taken into account and communication with them is a must.

Communication should be proactive so that needed information is made clear to the organization and through this gossips, fears and resistance is tackled. In order to ensure full effect on communication, message has to be repeated and, through this, enforced in an organization. (Implement 2011; Kotter 1996, pp. 85-100; Mattila 2007, pp. 184-192; Randall 2004, pp. 143-144)

Confirm the rules

Change implementation has to have confirmed rules so that members of an organization can feel secure and confident towards changes and rely on the fact that there are fair rules and procedures in the change process. Rules can include ways of changing the organization during transfer, criteria on how people are selected to new roles, responsibilities and jobs, criteria on how cut-offs are made and communication procedures and interventions. Forming the rules increases the motivation and morale of employees and it helps leading an organization to go through change. (Mattila 2007, pp. 167-168)

Empower broad-based action

Empowering broad-based action reaches from the beginning of change to the end of change. Empowerment means encouraging employees to take part of organizational decision-making by participating in analyses and planning and by being self-guided when in daily operational work and making the change vision come true. Empowering broad-based action is to remove as many implementation barriers of change vision as possible by empowering people in the organization to implement the vision. Barriers that exist are formal structures, a lack of needed skills, personnel and information systems, discourage of personnel's actions supporting implementation of vision as was seen in figure 3.5. (Kotter 1996, pp. 101-116; Randall 2004, pp. 143-144)

Empowerment brings motivation, awareness and knowledge towards change and makes organizational structure more efficient and eases the leadership efforts. Employees have to be extremely well informed of the vision, strategy and operational rules. (Figure 3.6; Kotter 1996, pp. 101-116; Randall 2004, pp. 143-144)

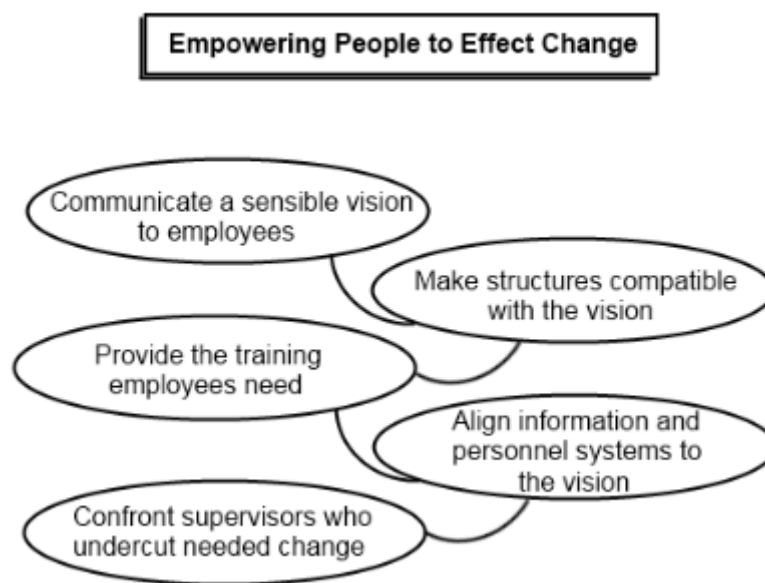


Figure 3.6: *Empowering People to Effect Change* (Adapted from Kotter 1996, p. 115).

As presented in figure 3.6, empowering people to effect change can be done through communicating understandable vision, unambiguously to employees, making structures and systems work and provide training. Resisters and change blockers, especially in management and in key positions should be lead to support the change or cut off. (Kotter 1996, p. 115)

Generate short-term wins, celebrate wins and interpret losses

Major changes takes time and in order to keep people trusting that the change efforts really pay off, a company has to to show results in a fast pace. Short term wins can provide benefits because of many reasons. People trusting that the change really is worthwhile is one consequence as well as building momentum in organization turning mavericks and neutrals into supporters for example.

Additionally, short-term wins reward change agents with the pat on the back, help fine-tune vision and strategies, undermine cynics and resisters and keeping bosses on board. Wins must be celebrated in order to create motivation and hope but on the other hand drawbacks and losses should be interpreted in order to spot the opportunities to develop operational efficiency and provide reasons for the individuals in an organization. (Implement 2011; Kotter 1996, p. 123; Mattila 2007, pp. 194-198)

Focus, expand and refocus

No matter how well a revolutionary change is planned, it usually requires re-evaluation during implementation in the sense of scope and focus areas. The organizational structural borders of the change may have to be moved, narrowed or expanded, action steps may have to be reconsidered, roles may have to be redesigned, even objectives and strategy may have to be fine-tuned and so on. Constant monitoring of the progression and effects on organization, that is results, is therefore inevitable. (Implement 2011; Mattila 2008, pp. 182-184)

Motivate and deal with resistance

Motivation and dealing with resistance derives most of all from proper and transparent communication, preferably dialogue, and effective leadership (Heiskanen & Lehikoinen 2010, pp. 19-22; Implement 2011). This falls into

previously mentioned communications and key actor identification and leading interventions.

3.5.2. Evaluation

Chop and monitor

Chop and monitor means dividing the change project into measurable pieces and monitoring these sections by different measures derived preferably from success factors of the change or business in general (Mattila 2007, pp. 176-177).

Reward

Rewarding system should be linked into this monitoring system and extended to the individual level by defining duties and objectives to personal development discussion chart (Mattila 2007, pp. 176-177).

3.6. Securing

Consolidate gains

Consolidating gains is about embedding the change in an organization. The gains that are received should be consolidated, anchored, strengthened and saved into the organization. This includes amongst other things documenting the advancements and storing knowledge gained from the change project and monitoring that the new change will persist in routines, culture and structures. (Implement 2011; Kotter 1996, pp.131-158; Mattila 2007, pp. 192-199; Randall 2004, pp. 144-145)

Remove irrelevancies and barriers

Removing irrelevancies means rinsing unwanted change results and reducing unnecessary interdependencies in an organization. If there are multiple parts of an organization heavily dependent on each other, then changing one part of an organization have an effect on some other parts of the organization. (Kotter 1996, pp. 134-139; Mattila 2007, pp. 192-194)

Learn from the change process and produce more change

Producing more change and learning from the change processes from the past means utilizing the know-how instilled to the organization through. More change is launched due to the experiences and results derived from previous changes. (Bullock & Batten 1985; Kotter 1996, pp. 131-144)

4. RESEARCH METHODOLOGY

The research methodology for this research was selected through assessing the information available for the research and on the other hand the goal for this research. The research in this study can be described to be qualitative research with constructive elements in it. Qualitative approach was selected due to the need for in-depth and descriptive information and due to the limited number of possible responders. Quantitative approach as an only approach was therefore ruled out and not considered as a viable option for this research. Minor quantitative aspects were related to this study through a few questions that were to reveal the importance of different aspects. More precisely, in the research there was case study approach utilized. The research combined many different data sources and at some extent qualitative and quantitative approaches, although qualitative approach was by far dominant. The case study in this research was to generate theory and a model for analyzing organizations in practice. (Eisenhardt 1989, pp. 534-535)

The first stage for the research was the definition of research question, which was formulated as accurate as possible at the beginning due to the clear research objective that is the model creation and due to the important theoretical entities that were known already beforehand. After this phase theoretical model for change management readiness was formulated and cases observed were selected. The number of qualitative interviews were assumed to be somewhere between 10 to 30 cases depending on the target group participation willingness. The final number of cases ended up being 18, which was sufficient in order to achieve the goal of this research and create a model for change management readiness evaluation. This is because 18 cases reinforced the theoretical model created and extended it with empirical findings during the interviews. The initial focus was on large corporations in order on one hand to reduce the variation among the target population and results and

on the other hand to provide relevant information for the confirmation and extension of theory. (Eisenhardt 1989, p. 533-537)

The data collection method in this research was flexible and therefore it allowed emerging of new aspects that extended the theoretical framework with essential issues affecting the change management readiness. Additionally the data collection method helped to narrow down the number of relevant interventions and thus simplify the resulted model. (Eisenhardt 1989, p. 533-536)

The cases backed up the theoretical model created. The data gained from the interviews was analyzed through cross-case pattern search enabling pattern recognition through assessing different views that responders had among the researched topic. The hypothesis shaping was conducted by finding cross-case logic that confirmed the theory and extended it. After this, comparison with similar literature was made in order to increase the generalizability of the model. The research was then concluded and the resulting model was found to have sufficient theoretical and empirical saturation for the purpose of this study. (Eisenhardt 1989, p. 533)

The research in practice was conducted by creating synthesis from theoretical models, former CMP model and empirical research. This lead to the formulation of new change management readiness benchmarking model for Compass Management Partners, as illustrated in figure 4.1.

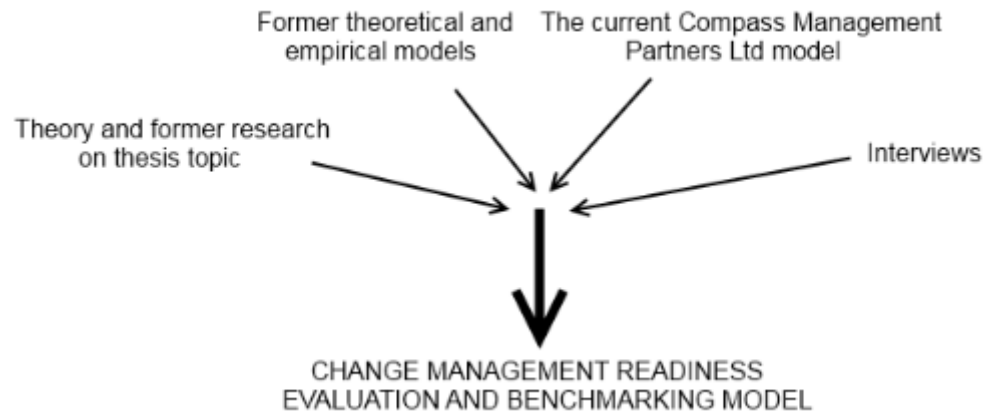


Figure 4.1: *Information sources for the research and creation of Change Management Readiness and Benchmarking Model.*

Needs for improving the current model lead to the need for a theoretical model and an empirical survey, as described in figure 4.1. In the empirical part of the thesis, there were 18 interviews made. All but one interviewees were selected from among top 500 largest corporations by turnover in Finland. Table 4.1 presents the division of industries between the interviewed companies.

Table 4.1: *The industries of interviewed firms*

THE INDUSTRIES OF THE INTERVIEWED FIRMS	N = 18
Metal	5
Chemistry and plastic	3
Logistics	2
B-2-B services	2
B-2-C services	1
Furnitures	1
Wholesales	1
Retail	1
Sporting goods	1
Groceries	1

As can be seen from table 4.1, the interviewed companies were from various industries. Main industries were metal and chemistry and plastics. 7 out of 18 companies interviewed can be categorized to be service companies and 11 out of 18 manufacturing companies. This division helps in examining the industry characteristics affecting the resulted model. There were also companies of various sizes interviewed. All but one of the interviewed companies had more than 500 employees, some of them substantially more, up to several thousand employees. The size of the company matters vastly, since in the case of small organization the change emerges differently and the interventions and management of change is conducted in a different and perhaps simpler way. The whole process of change is not necessarily emerging as in the case of larger corporations which altering the situation completely. The table 4.2 presents the size distribution of the interviewed companies.

Table 4.2: *The sizes of the companies interviewed.*

THE SIZES OF THE COMPANIES INTERVIEWED	N = 18
250 - 500 employees	1
501 - 750 employees	6
751 - 999 employees	3
1000 - 1499 employees	5
1500 - 1999 employees	0
2000 - 5000 employees	2

As can be seen from table 4.2, majority of the interviewed companies were employing between 500-1500 employees. All of the 18 interviewees were members of top management team of their organization. The division of positions can be found in table 4.3.

Table 4.3: *Positions of the interviewed managers.*

POSITIONS OF THE INTERVIEWED MANAGERS	N = 18
Chief Executive Officer (CEO)	13
Chief Development Officer	4
Chief Commercial Officer	1

Table 4.3, shows that there were 13 CEOs, four Chief Development Officers and one Chief Commercial Officer interviewed. The sample for this study was selected this way since top managers are the key persons who possess knowledge about strategic change projects and they also are strongly involved in these projects. This is especially the case with Chief Executive Officers and Chief Development Officers, whose responsibility areas fall into strategic management, strategy implementation, change

management and business development. The size of the sample was adequate since 18 interviews provided enough empirical material in order to construct a proper view of the topic and how strategic change projects are conducted in practice.

Interviews were semi-structured interviews based on theoretical assumptions and former CMP (2011) study. The questionnaire included open-ended theme questions accompanied with multiple-choice scaled questions. (Koskinen et al. 2005, pp. 104-105) This approach was selected, because the topic was somewhat familiar at the beginning of the research but a new point of view and additional aspects to former CMP (2011) study was needed. The interviews were held by phone, since target group for the interviews were top managers at large Finnish companies and therefore time and other constraints would have otherwise prevented possibilities for the managers to participate in the interview. Interviews took approximately 30 minutes each and answers were written down during the interview. The questionnaire is presented in appendix 1.

Interviewees were asked to assess their strategic change project management practices and evaluate the importance of different practices in conducting strategic change project. Interviewees were asked to tell how different phases of strategic change management projects were conducted in their case. Every phase of the project was scored by importance from one to seven, seven being very important and one being not important at all. At the end of the interview, strengths and weaknesses and estimated overall score of the change management capability and success in strategic change management projects were surveyed (Appendix 1).

The interview was constructed by using the framework in figure 3.1. The interviewees were asked to describe their organization's approach to change management in these specific areas presented in figure 3.1 and appendix 1. Furthermore they were asked to describe how this approach

is visible in change project management in practice. Based on the interviews and former CMP (2011) study, new change readiness model for organizations was formed and the suggested model can be found on chapter 5.4. Additionally, questionnaire for assessing change management readiness was constructed and actions based on resulted profiles were developed in general. This questionnaire is presented and described through in chapter 5 and appendix 2. The results from the interviews are presented in chapter 5.3.

5. CHANGE MANAGEMENT READINESS EVALUATION

5.1. Introduction

In this paper, change management readiness evaluation takes into account on one hand facts derived from theory, as presented in chapter 3, and on the other hand facts derived from former CMP (2011; Talouselämä 2011) research and finally of course empirical research conducted in this paper. In CMP research key elements discovered for change were starting point for change, change projects, organizational communications and individual management.

Starting point for change deals mostly the participation and decision-making issues at the early phases of changes and is somewhat similar to initiation phase presented in chapter 3.2. In theory, however, initiation goes beyond only taking account participation and decision-making. In theory this phase deals also with issues that have to be analyzed when starting change project. Understanding the current situation and organizational capabilities, formulating the guiding coalition, identification of stakeholders and formulating vision and establishing sense of urgency are vital parts in figuring out current situation.

Change project part deals most of the things presented on the implementation and especially evaluation phase presented in chapter 3.4. Supervision responsibilities and systematicity of supervision are key things in change projects according to CMP (2011) model. Change project element can be completed with implementation aspects like paying attention to project launch, piloting projects, communication and leadership, empowerment and motivating above all. Participation and empowerment of middle management aspects should be taken into account as well, since those were the most important pitfalls found in the CMP (2011) study.

Communication can be viewed from various perspectives. The methods for organizational communication include, in general level, choices on media, content of communication and choices on change agents according to CMP (2011). Through which media is change being communicated affects significantly on the influence communication has. Interaction means a lot. The choices regarding communications media or channel are, roughly put, only limited by imagination. The communications categories are presented in figure 5.1.

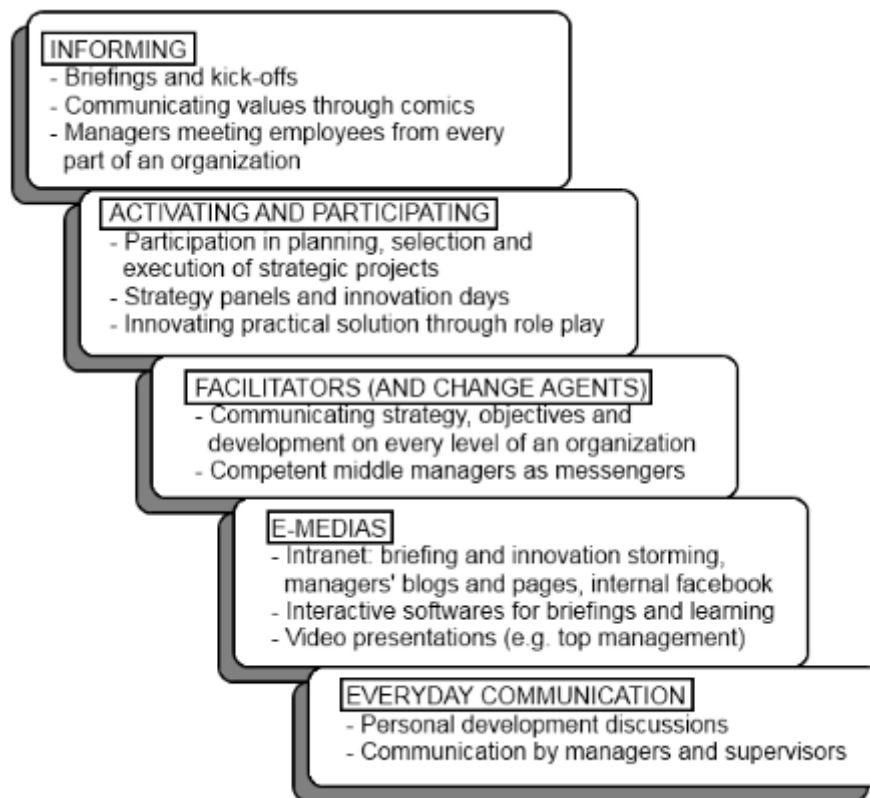


Figure 5.1: Categories of ways of communication and participating (Adapted from CMP 2011).

As presented in figure 5.1, Informing consists of presentations, briefings and so on, in other words presentations and explanations of changes to come and interacting with employees making sure that they understand the purpose and the need for change and they will back it up. Activating

and participating means making people to participate on planning and executing the strategy so that on one hand they actually can have an influence on what's going on with their jobs and where is the organization been directed to and on the other hand they have a clear image on the change happening accompanied with the will to make their own share in order change to success. Facilitators and change agents are the ones that spread the information and communicate with people throughout the organization, so they can be regarded as channel as well. Facilitators can be for example supervisors or managers so it is natural that they act as change agents and facilitators to their subordinates. Everyday communication falls pretty much the same area of category, since it deals with for example personal development discussions and communication by managers and supervisors. E-medias may be one of the most excessively used methods of communications in organizations. E-media comprises of everything from passive blogs and pages to interactive video conferencing and learning tools. (CMP 2011)

Individual management in CMP (2011) model consists mostly of goal setting, monitoring and reward system aspects of individuals. This can be accompanied with rewarding and change project gains consolidating aspects. Goal setting and rewarding often aims at successful project implementation and above all sustainability of change results.

5.2. Tools utilized in the change management readiness model

In this research benchmarking is a part of the resulted strategic change management readiness evaluation model. In the model benchmarking is conducted by evaluating and scoring organization's change readiness. The utilized tool would be strategy canvas-like tool that visually shows how well an organization is doing in different aspects of change. Strategy canvas (Kim & Mauborgne 2004, p. 176) combined with the change

management readiness matrix by CMP (2011) is presented in figure 5.2 and it is called the change management canvas in this research.

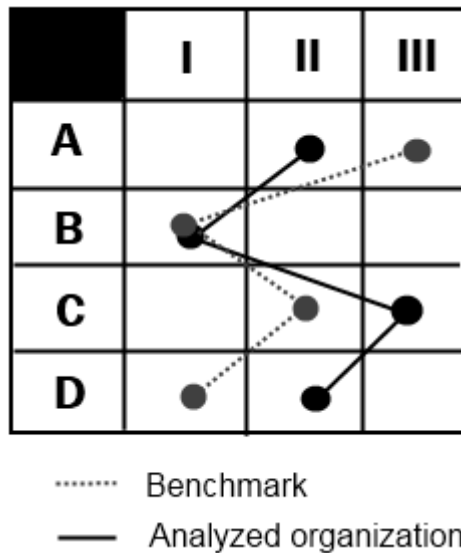


Figure 5.2: *The change management canvas tool.*

The change management canvas, presented in figure 5.2, includes matrix axes that represent phases of change management and on the other hand level of change management readiness in that specific phase. The resulted profile of analysis is marked with lines that go via the matrix cells characterizing the change readiness of an organization. The dotted line is the reference or benchmarked organization or strategic group, meaning similar organizations with similar competitive and market approaches (Thompson et al. 2010, p. 86) and the solid line is the organization in focus of analysis.

5.3. Results from interviews as bases on new model creation

The interviews conducted in this research were on one hand to reveal the practices that companies utilize in certain strategic change project phases and on the other hand to come up with the phases that are the most

valued and important among the interviewees. The most and the least important phases according to the interviews are presented in figure 5.3.

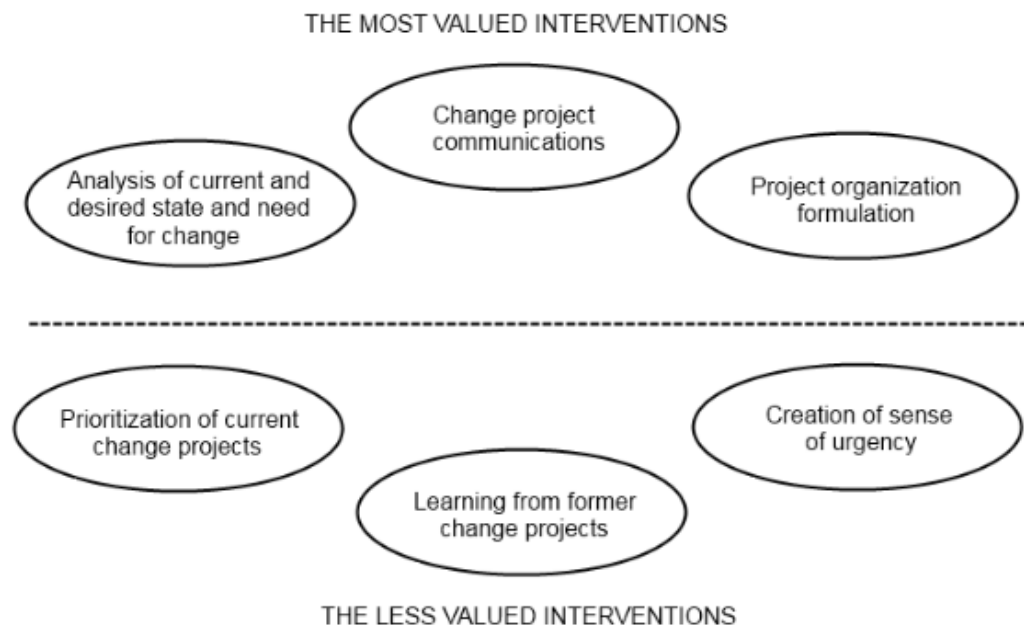


Figure 5.3: *The phases mostly valued by the interviewees.*

Figure 5.3 points out the interventions that are valued or are not valued but it can be seen that it also presents the interventions that are mainly ignored and may have to be included in the change management of the companies as well. From this point on this chapter presents all the interventions and results for them. One notable thing is that, according to the interviews no significant differences between industries or different sizes of organizations were seen when it comes to valuing different interventions or performing different phases and interventions of the change process in strategic change projects.

Analysis of current and desired state and need for change

According to the 18 interviews conducted, analysis of current state and need search was not sufficiently systematic for most of the companies. Often the case was that managers recognized the need for improving this aspect.

“In our company there definitely is room for improvement in systematic change need recognition and current state analysis.” (CDO, metal industry)

“When there is no systematic way on doing this analysis and recognition, issues emerge suddenly and create crises. This messes up the strategy process completely.” (CDO, B-2-C services industry)

This phase was seen important but in many cases companies didn't have solid and systematic way on how to conduct these analyses. Often the case is that development projects do not seem to have enough significance.

“Initially the operative things are on focus and development and change projects mustn't be blocking operative issues.” (CDO, metal industry)

This phase definitely had some room for improvements in many companies. Participation of lower level managers and other key stakeholders was often limited but there were encouraging examples where participation in the analysis phase was done sufficiently.

“People are of utmost importance.” (CEO, sporting goods industry)

“Depending on the project employees are participated when seen reasonable in recognition and analysis of change needs.” (CEO, metal industry)

Weak signals were followed in some of the companies and scenario building was done occasionally if even then. Overall, it can be stated that companies are drifted to crisis-based change projects due to lack of sufficient environmental scanning and sensing systems. Companies try to be proactive but only a few of the interviewed companies could honestly say they are.

“We are aiming at proactive changes but too often we find ourselves in reactive crisis-driven changes and sometimes late for responding.” (CCO, groceries industry)

Project organization and guiding coalition formulation

Formulation of project organization and project resourcing had some room for improvements as well in the interviewed companies. It stood out that often project organizations are automatically formed to include managers and employees from that particular organization where the change takes place, but this is not always the case.

“The project organization is formed among the target organization employees and managers. The aim is to participate as many target organization members as possible.” (CDO, metal industry)

“The project organization varies depending on the project.” (CEO, logistics)

“All of the key members are aimed at be participated in change.” (CEO, metal industry)

Professional project managers possessing strong experience on change projects were seldom utilized. This can decrease the expected results from the change projects. Resource evaluations in change project organization

formulation phase were rarely conducted. Attitudes were mostly ignored. If attitudes were taken into account, then the most common practices were to participate resisters at an early phase in planning the change project and communicating transparently to the resisters.

“No attitudes are taken into account. Only the skills are assessed and in a subjective manner.” (CEO, chemistry and plastics industry)

“Recognized resisters are participated in analysis and planning as soon as possible in the project.” (CEO, B-2-B services industry)

Informal organization is rarely taken into account as well. Even management support for the project was some occasions seen as an improvement target. Due to these it can be said that even if the formulation of the project organizations was seen the most important aspect in project success among the interviewees, the process of formulating the project organization often lacked systematicity.

Guiding coalition formulation was done in different ways but it was seen important and done in some cases. There were various ways on how to create management support for the projects.

“In the most significant projects there is a coalition formed from among for example sales directors and top management in order to support the change.” (CEO, metal industry)

As mentioned in the quotation above, sometimes the guiding coalition is formed from top management and key managers and stakeholders. Sometimes it was seen viable to move the project management as close to the top management as possible in order to get support and ease the interaction between the project and the top management of an organization.

Action plan creation

Action plan creation was done sufficiently well in most cases. The goal state of a project is usually created and communicated well. However this phase also lacks systematicity through which the creation of action plan and communication would be more efficient.

“At the beginning of the project there are only target state and guidelines created. The plan is revised and it becomes more detailed as the project progresses.” (CEO, metal industry)

Often it is the case that the goals state is roughly the only guiding line for the lower level managers. This empowerment indicates trust towards lower organizational levels.

Former change projects

Former change projects are usually reflected to the current ones by utilizing the tacit knowledge accumulated to employees. Documentations about strengths and weaknesses as well as successes and failures are rarely prepared at the end of the change projects. Sometimes there are project closing meetings held where the project is analyzed through once more.

“Neither documentation nor learning takes place from previous change projects whatsoever.” (CCO, groceries industry)

“There is a clear attempt on learning from prior projects, for example through project closing meetings where the closing project is analyzed through.” (CDO, B-2-C services industry)

“Learning is based on tacit knowledge accumulated into employees during change projects.” (CEO, metal industry)

Documenting and utilizing this documentation and know-how would improve the expected outcome of projects. This would also increase systematical learning if the documentations would be opened and revised when starting a new change project.

Current change projects

Lots of concurrent change projects can overload resource pool and complicate management of project. This is why prioritizing concurrent change projects is important. Prioritization tends to be unsystematical for the most companies.

“Prioritization is subjective, based on expected returns and conducted only in the case of the largest change projects.” (CEO, metal industry)

The number of change projects is not adequately and seriously enough taken into account. The project portfolio is controlled, but often in an unsystematic way.

Organizational structure

Organizational structure was adapted for the most of the cases to respond to on one hand to the needs of change projects and on the other hand to the needs of the organizational state after the change project. Organizational structure is definitely taken into account in organizations in general.

“There has been massive focus on organizational structure modification to support strategy and change.” (CEO, metal industry)

“Every time we start a large change project, we rearrange organizational structure.” (CEO, furniture industry)

“Organization and its structure is the most important catalyst in change.” (CEO, B-2-B services industry)

Job rotation, meaning changing area of work inside the organization, aroused from the interviews as a good way of spreading knowledge and motivation. Therefore it is to serve the organizational state after the change project.

Change project communications

Change project communications was the most frequently aroused aspect to be improved in organizations. It was recognized by the organizations on their behalf and on behalf of the whole pool of large Finnish companies.

“The change communications has to be the most underperformed aspect in managing change and change projects in companies in general.” (CEO, B-2-B services industry)

Communications plan for the change projects were for the most of the cases unsystematic or sometimes ignored completely.

“Systematic planning of change communications is close to zero in our organization.” (CEO, logistics industry)

“No framework or template for change communications is utilized.” (CDO, metal industry)

The project communications was too often based on making announcements. Interaction and participation was seen sometimes, but far too seldom.

“Communications in strategic change project is mainly giving out information that is making announcements.” (CEO, chemistry and plastics industry)

Very few organizations monitored the effectiveness of communications. Some organizations tend to harness charismatic and influential managers to be messengers, which is a good thing.

Change resistance management

In change resistance management the best practices can be seen to derive from communications and leadership. Still change resistance management should be more emphasized in the organizations, since in many cases it was seen as an issue that could be managed somehow.

“Leadership, communications and participation are seen and utilized as the key tools for change resistance management.” (CEO, metal industry)

Sense of urgency

Sense of urgency creation was one of the most undervalued interventions based on the responses of the interviewees. Communications and leadership was used in general as a tool in sense of urgency creation, in the rare cases when sense of urgency is systematically built.

“There is no intentional sense of urgency creation since change projects tend to be pressured enough.” (CEO, logistics industry)

Launch and quick wins

Scheduling or planning of tasks were used in order to create quick wins. Communications in addition to scheduling and planning of tasks is the key tool in creating quick wins.

“Tasks are prioritized so that quick wins can be achieved and following to that motivation towards change increases.” (CEO, B-2-B services industry)

Communications is suitable especially for communicating and motivating when quick wins are already achieved. Overall it can be stated that aiming at quick wins and emphasizing launch were not that often utilized. Additionally pilot projects were in use in some organizations in order to smooth the launch phase and mitigate the risks.

Project evaluation

It was an unexpected result from the interviews that project evaluation and anchoring change were not that systematically done. Additionally, shaping the change project results is not done in practice at all or shaping is very limited. Operative measures and practice are the things that are followed in order to find out if the project results have been anchored and the project has met its objectives permanently.

“Not that much evaluation at the end of the project or afterwards.” (CDO, metal industry)

“Project specific operative meters are in use and through these the project is evaluated.” (CEO, logistics industry)

Strengths and weaknesses in change management in organizations

Most of the weaknesses were related to communications, change project implementation, change management competencies and meters and evaluation. The strengths were related to commitment and willingness, experience, good resources and good and talented organization, as described in table 5.1.

Table 5.1: *Recognized strengths and weaknesses of the organizations when it comes to change management.*

Strengths	Weaknesses
1. Commitment	1. Communications
2. Good organization and human resources	2. Change project implementation
3. Experience	3. Project evaluation and meters

By far, the most often emerged issue was communications, as can be seen from table 5.1. The other weaknesses change project implementation and project evaluation and meters were almost as often taken into the discussion of weaknesses. The strength are based on good organization and good and talented people in an organization.

5.4. Suggested change readiness evaluation model framework

Combining empirical research, that is interviews made during the research process of this paper, theory and CMP (2011) research conducted earlier, framework and supporting questionnaire for the framework can be formulated. The suggested framework is presented in figure 5.4.

		1	2	3
Starting point	Analysis of current state, desired state and need for change		X	
Planning	Project organization and guiding coalition formulation			X
	Action plan creation		X	
	Former change projects	X		
	Current change projects			X
	Organizational structure		X	
Change project implementation	Launch, quick wins and sense of urgency	X		
	Change communications		X	
	Managing change resistance	X		
Evaluation and securing the change	Project evaluation			X

Figure 5.4: *The suggested change management readiness evaluation model phases and interventions.*

The suggested model, presented in figure 5.4, consists of interventions seen most important based on interviews, theory and former CMP (2011) research. The interventions are divided into process-wise change framework consisting of the starting point, planning, change project implementation and evaluation and securing the change. For all of these interventions there is a question list which is to audit the practices in the companies. This questionnaire is formulated according to the results derived from research made in this thesis and on the other hand theoretical frameworks presented throughout this thesis. This question list is found as an appendix 2. Every question on the list should be answered in a scale from 1 to 4, as explained in appendix 2, and according to this

the profile will be formulated. The formulation is presented later on in this chapter as well.

Starting point, in figure 5.4, includes analysis of current state, desired state and need for change and guiding coalition formulation interventions. The important aspects in analysis of current state, desired state and need for change are systematical ways of evaluating of the current state, participation and proactiveness. As Mattila (2007, p. 137) and Implement (2011) claim this gap analysis combined with capability and management analyses create information for the basis of making the initial evaluation of change project. In the case of guiding coalition, important aspects are formulation of strong and authorized coalition to support and promote the change project and communicate efficiently so that it motivates and creates credibility towards the change project as Kotter (1996, pp. 51-52) pointed out as well.

Planning phase, in figure 5.4, consists of the actual project organization formulation, action plan creation, analyses of former and current change projects and organizational structure. The important aspects on project organization formulation are systematicity of project formulation, the base from which the project organization is formed, resource and capability evaluations, informal organization recognition, roles and attitudes. All of these can be found in figure 3.1 which is the basis of this model and the building blocks of it.

The next intervention presented in figure 5.4 is action plan creation. In this intervention it is important to systematically create unambiguous, concrete and motivating target state, preferably vision as well. Communication of this target state is also of utmost importance as Mattila (2007, p 139-140) and Kotter (1996, p. 72) noted and as the results of the interviews in this thesis showed.

For the former change projects, presented in figure 5.4, there are important factors as documentation of the successes and failures of prior change projects and revising these documents when starting a new strategic change project. This is also the case in Mattila (2007, p. 119) that change projects from the past can be of help in learning how to conduct similar projects and what are the pitfalls in those. The utilization of know-how and tacit knowledge towards change projects should also be done and structures and processes should be improved to support strategic change projects better based on prior experiences on these projects. As well as prior, also current change projects, in figure 5.4, have to be taken into account. This helps prioritizing the projects, controlling the number of the projects and securing their consistency and synergies. Too many projects are difficult to manage due to the increased complexity and resource overload.

When it comes to the organizational structure intervention, in figure 5.4, the main things to be focused on base on study are structure to be modified to respond to the needs for strategic change projects and the future state of an organization. Structures are enabling the project to be successful as Kotter (1996, pp. 101-116), Mattila (2007, pp. 118-129), Randall (2004, p. 143-144) and Salminen (2008, p. 69) presented. Systems related to management, IT and rewarding have to support the organizational structure and by that change as well. Task rotation is a good way to spread the know-how and motivation in an organization.

Launch, quick wins and sense of urgency can include positive pressuring, harnessing pilot projects, managerial support and supervision and scheduling. These are the ways to increase the probability of success in change projects on behalf of this intervention according to the research and according to Mattila (2007, pp. 158-161). Change communications, presented in figure 5.4, should according to the research and Kotter (1996, pp. 85-90) include communications plan, participation and interactive channels, change communications monitoring, repetition of messages and

communications to stakeholders. The communications is the most recognized weakness in organizations when it comes to change management and managing strategic change projects.

Change resistance management, presented in figure 5.4, includes recognition of resistance and managing it in different ways like participating, communicating and leading people. Change resistance management has been seen as one of the key weaknesses in organizations as well. Project evaluation should focus on issues that are related to evaluation at the end of the project and after the project as well. It is important that the change anchoring and sustainability of change is monitored after the change project ends.

6. CONCLUSIONS

The main goal for this study was to answer the following study question:

- How change management readiness of an organization can be evaluated?

The approach on this problem was to create a model on how change management readiness can be evaluated in an organization. The core of the change is the change process and strategic change projects aiming at putting intended changes into action. The construction in strategic change project follows change process meaning that in a strategic change project there is a change process conducted once. The basis of the suggested model is therefore the change process and its phases: Starting point, planning, change project implementation and evaluation and securing the change.

In every phase of the change process, there are interventions that are actions and approaches on how an organization conducts different phases of the change process. Change communications, change project evaluation and guiding coalition formulation are examples of these interventions found inside the change process phases. In order to find these interventions, organizational elements related to change processes had to be come up with. Organizational elements are individuals, systems and culture just to name a few. The elements act as enablers of the change and on the other hand the change targets.

The interventions that are important in order strategic change project to succeed were revealed through empirical research among 18 interviewees based on theoretical literature and CMP (2011) study. Empirical research was conducted by creating and utilizing semi-structured questionnaire which was based on theoretical assumptions and CMP (2011) study.

The resulting suggested strategic change management readiness model, presented in figure 5.4, consisted of four analyzed process phases in strategic change projects and these on the other hand included interventions that are to realize the strategic change into action. The model is used by answering the questionnaire presented in appendix 2. The answers to this questionnaire give the resulting score 1, 2 or 3 for every intervention. When every intervention is calculated, the strategy canvas profile can be constructed as seen in figure 5.4.

7. DISCUSSION

7.1. Discussion in general

The suggested model constructed as a result of this paper and study is to be of an assist in Compass Management Partners to analyze client organizations or other organizations by their strategic change management readiness. The model helps to spot the parts that have to be improved in order to increase the expectancy of success in strategic change projects.

7.2. Theoretical implications

In theoretical literature, change management readiness is often consisting merely leadership issues, this is managing change resistance and affecting on employees behavior and attitudes towards change. For example Prosci (2004) is a recognized model with an emphasis on leadership issues mainly. However, the model created in this study aims at taking into account wide range of organizational aspects related to change management and managing strategic change projects, as of those presented by for example Kotter (1996), Mattila (2007), Randall (2004) and Salminen (2008). These theoretical aspects are then combined with the empirical study conducted in order to compare and select the most appropriate aspects to the model.

The model created in this study assesses systems, structures, individuals, culture and resources as enablers of change and on the other hand targets for change. The model aims at being comprehensive model for assessing different aspects of change and how these aspects affect on change and how these aspects are affected by change.

Additionally, the importance of these organizational aspects and also interventions conducted in the different parts of the change process in strategic change projects is analyzed and described through.

The contribution to change management theory that is provided by this model is all about its comprehensiveness. There are not many theories constructed that take into account organizational aspects this widely. Additionally, the importance of different interventions and the relation between organizational aspects and these interventions is included in this study and the resulting model.

7.3. Managerial implications

It is of importance for the organizations and instances that consult organizations in strategy implementation and change management that the organizations' readiness to conduct strategic change projects and drive change can be evaluated at least somewhat objectively. The readiness consists of the level of know-how towards change in an organization and the practices that organization utilizes in managing change and strategic change projects.

The evaluation of strategic change management readiness helps organizations in spotting the aspects that have to be improved in order to better be able to lead strategic change projects. Without possessing knowledge and skills on how to manage change projects and which aspects of an organization are of importance, the change projects are in a very high risk of failing.

The model created in this research helps organizations to assess their change management readiness in different phases of change process. The model also points out the most significant organizational aspects and interventions on which to pay attention in strategic change projects and in

change management in an organization in general. The output of the model is a profile-like change canvas presentation that visually shows the organization's level of expertise in every phase and intervention of the change process. This can be applied to strategic change projects for improving the management of them, focusing on the most important aspects and focusing on the aspects that can risk the project without further improving these aspects.

7.4. Suggestions for further research

The research process in this study took into account the creation of change management readiness model based on theoretical literature, prior change management models and interviews made. The model created was not tested and this testing should be done in order to verify its effectiveness and correctness. However the testing of this model will be conducted in practice in real-life cases after this study, when the model is taken in use. The testing of this model is the number one suggestion for further research.

Other suggestions would be applying this model to different kinds of industries and finding out if it is more applicable in certain industries or in certain situations. It would be beneficial to examine how to utilize this model in different industries and also in organizations larger or smaller than the focus group of this study.

Additionally the aspects that influence the applicability of this model would be of importance to study. Some contexts or some industry-specific or financial situation specific issues can arise when further researched. To sum up the main suggestions would be testing of this model and examining the restrictions and possibilities that this model offers in different industries and in different situations and cases.

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APPENDICES

Appendix 1: Interview Questionnaire

Phone interview:

- Subject of this study is change management and especially strategy-based change projects having responsible in top management
- Could you please think three (3) latest strategy-derived change projects that your company has had (establishment of new business location, expansion of markets and/or products etc. strategic moves).
- How are the following change management-related aspects taken into account in management of change projects (and how do you see the following aspect affecting on the success of strategy-derived change projects)
- Open answer accompanied with importance evaluation in the scale of 1-7 (low-high).

A. Project initiation and planning

1) Understanding the need for change and defining current state of an organization

- GAP (current state -> desired state)
- vision and communication of it

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

2) Formulation of implementable project plan in detail steps

- Creation and importance of project plan?
- How detailed?

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

3) Key personnel and stakeholders

- Selection and planning of key personnel and stakeholders when leading change.
- Recognition, planning, leading and supporting (e.g. middle management)
- Training and preparing of middle management for change management.

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

4) Former and current parallel change projects

- Taking account of other change projects.
- Prioritizing of change projects.
- Resource planning.

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

5) Resources and competences

- Taking account resource and competence availability constraints.

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

6) Organizational structure

- Changing organization structure to support the change and to support the desired state.

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

B. Project management and project implementation

1) Change communications

- Planning, implementation and follow-up of target, channels and content
- Monitoring the effect of communication.

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

2) Dealing with change resistance

- Ways of dealing with change resistance and motivating.

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

3) Creation of 'Sense of urgency'

- Motivating and energizing

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

4) Launching change project and gaining quick-wins

- Emphasizing the launch phase.
- Striving for quick-wins and motivating and energizing.

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

C. Project evaluation

1) Evaluating the results of the change project

- Follow-up of project results, tuning them and removing irrelevancies.

Importance: 1 – 2 – 3 – 4 – 5 – 6 – 7

D.How would you assess the success of your organization's change projects?

Strengths:

+

+

+

Weaknesses:

-

-

-

Competence: 1 - 2 - 3 - 4 - 5 - 6 - 7

Success: 1 - 2 - 3 - 4 - 5 - 6 - 7

Appendix 2: Change management readiness audit questionnaire

Introduction: All of the questions are to be answered in the scale of never (1), seldom (2), often (3), always (4). Explanation of the brackets: (total sum of the scores of the answers -> score (1,2 or 3) for the intervention).

Starting point / Analysis of current state, desired state and need for change:

(0-10 -> 1; 11-18 -> 2; 19-24 -> 3)

- Is there a constant and recurrently used system or process that provides information for current state analysis and/or need for change analysis?
- For the most of the change projects, are people from various organizational levels and roles participated and listened in analysis through an established manner (such as workshop meetings or interactive briefing sessions)?
- Are weak signals being followed recurrently by a certain, defined manner such as top management meetings or through some output from information systems?
- Are scenarios being created based on systematical analysis of current state of an organization and environment?
- Is it seldom the case that a change project is not started until crisis is on?
- Are strategic change projects seldom delivered too late for responding to environmental issues?

Starting point / Guiding coalition formulation:

(0-4 -> 1; 5-8 -> 2; 9-12 -> 3)

- Is it always a part of change planning process and change project initiation to formulate strong and authoritative guiding coalition from among top managers and key stakeholders to promote the change?
- Is the work of guiding coalition supported in order them to efficiently promote the change?
- Are the key stakeholders of the project being recognized and participated?

Planning / Project organization formulation:

(0-12 -> 1; 12-23 -> 2; 24-32 -> 3)

- Is project organization formulation process always a systematical process?
- Is the objective evaluation of capabilities, skills and experience always the basis on the selection of project organization members?
- Are the attitudes of project organization members usually taken into account?
- Are resisters that are in the project organization as often as possible participated in the planning at an early phase?
- Are also other managers and employees than just the target organization's always taken into consideration in project organization formulation?
- Is the informal organization always taken into account when planning the change?
- Do HR systems support the creation of project organization?
- Is HR capacity utilization being monitored?

Planning / Action plan:

(0-4 -> 1; 5-8 -> 2; 9-12 -> 3)

- Is there an unambiguous, concrete and motivating target for a change project being created systematically?

- Is the target state efficiently and clearly communicated to the organization?
- Have the action plans for the project been seldom ambiguous, vague or insufficient when the project is evaluated afterwards?

Planning / Former change projects:

(0-5 -> 1; 6-11 -> 2; 12-16 -> 3)

- Are there documentations about prior change projects (e.g.. successes and failures and/or strengths and weaknesses)?
- Are experiences or documentation about prior change projects being revised before starting a new change project?
- Is the tacit knowledge accumulated in the organization from prior change projects being utilized in the current change projects?
- Are processes and structures being improved in order them to support change projects better?

Planning / Current change projects (prioritizing):

(0-9 -> 1; 10-19 -> 2; 20-27 -> 3)

- Is there any constant criterion that is the basis of change project prioritization?
- Are the most critical projects being selected?
- Is project risk mapping being done systematically and recurrently in change projects?
- Is the number of projects in progress being systematically controlled?
- Are the projects being constructed to follow one specific strategy?
- Are projects being planned so that the aim is as high synergy as possible between projects?
- Is the project portfolio being controlled actively by adding and removing projects?

Planning / Organizational structure:

(0-8 -> 1; 8-14 -> 2; 15-20 -> 3)

- Is organizational structure modified in order to better support the change project as often as possible?
- Is organizational structure modified in order to better support the time after change as often as possible?
- Are organizational structures and systems sufficiently supporting leading, training and rewarding during the projects?
- Is there a task rotation being used?
- Are pilot projects being started?

Change project implementation / Launch, quick wins and sense of urgency:

(0-6 -> 1; 7-16 -> 2; 17-21 -> 3)

- Is sense of urgency and positive pressuring being utilized in change projects?
- Is it always the case that the importance of the projects is being highlighted in the project communication?
- Is the management team highlighting the importance of the projects by their own behavior, style and actions?
- Is managerial supervision being assured somehow in every change management project?
- Is scheduling or any other method used in order to create quick wins?

Change project implementation / Change communications:

(0-11 -> 1; 12-23 -> 2; 24-36 -> 3)

- Is a communications plan prepared every time in change projects?
- Is change communications based only on making announcements?
- Is participation used as a communication vehicle?
- Are dialogue and other interactive channels and methods used in change projects?

- Can change communications be described to be transparent in your organization?
- Is the effectiveness of change communications being monitored (through e.g. surveys)?
- Are messages being repeated in change projects?
- Is there change communications directed to stakeholders as well?

Change project implementation / Change resistance management:

(0-12 -> 1; 12-23 -> 2; 24-32 -> 3)

- Is change resistance being recognized and monitored recurrently?
- Is collective resistance being recognized and monitored?
- Is change resistance management being recognized as a very important aspect in change projects?
- Is participation being utilized as a part of change resistance management?
- Is empowerment being utilized as a part of change resistance management?
- Is the risk tolerance often high in the change projects?
- Is the change resistance often low in the change projects?
- Is there a high motivation and morale towards change in the change projects?
- Are managers and employees in the project organization being systematically, according to a plan, trained and prepared for change?

Evaluation and securing the change / Project evaluation:

(0-9 -> 1; 10-17 -> 2; 18-24 -> 3)

- Are projects being evaluated based on certain criterion during the project as well as at the end of the project?
- Are the project plans integrated into individual level plans, systems and scorecards?

- Are there established methods or systems to monitor and control the preservation of the change (e.g. meters, following operations in practice etc.)?
- Are the results being evaluated also after the project ends?
- Are irrelevancies being removed at the end of the project?
- Are the results of the project being systematically and recurrently modified after the project if necessary?