

RATE YOUR READINESS TO CHANGE

Below are listed 17 key elements of change readiness. Rate your organization on each item. Give three points for a high ranking (“We’re good at this; I’m confident of our skills here”); two for medium score (“We’re spotty here; we could use improvement or more experience”); and one point for a low score (“We’ve had problems with this; this is new to our organization”). Be honest. Don’t trust only your own perspective; ask others in the organization, at all levels, to rate the company too. It sometimes helps to have an outsider do the assessment with you. Readiness Scoring: HIGH=3; MEDIUM=2; LOW=1

CATEGORY

SCORE

SPONSORSHIP

The sponsor of change is not necessarily its day-to-day leader; he or she is the visionary, chief cheerleader, and bill payer—the person with the power to help the team change when it meets resistance. Give three points—change will be easier—if sponsorship comes at a senior level; for example, CEO, COO, or the head of an autonomous business unit. Weakest sponsors: midlevel executives or staff officers.

LEADERSHIP

This means the day-to-day leadership—the people who call the meetings, set the goals, work till midnight. Successful change is more likely if leadership is high level, has “ownership” (that is, direct responsibility for what’s to be changed) and has clear business results in mind. Low-level leadership, or leadership that is not well connected throughout the organization (across departments) or that comes from the staff, is less likely to succeed and should be scored low.

MOTIVATION

High points for a strong sense of urgency from senior management, which is shared by the rest of the company, and for a corporate culture that already emphasizes continuous improvement. Negative: tradition-bound managers and workers, many of whom have been in their jobs for more than 15 years, a conservative culture that discourages risk taking.

DIRECTION

Does senior management strongly believe that the future should look different from the present? How clear is management’s picture of the future? Can management mobilize all relevant parties—employees, the board, customers, etc.—for action? High points for positive answers to those questions. If senior management thinks only minor change is needed, the likely outcome is no change at all; score yourself low.

MEASUREMENTS

Or in consultant-speak, “metrics.” Three points if you already use performance measures of the sort encouraged by total quality management (defect rates, time to market, etc.) and if these express the economics of the business. Two points if some measures exist but compensation and reward systems do not explicitly reinforce them. If you don’t have measures in place or don’t know what we’re talking about, one point.

ORGANIZATIONAL CONTEXT

How does the change effort connect to other major goings-on in the organization? (For example: Does it dovetail with a continuing total quality management process? Does it fit with strategic actions such as acquisitions or new product lines?) Trouble lies ahead for a change effort that is isolated or if there are multiple change efforts whose relationships are not linked strategically.

PROCESS/FUNCTIONS

Major changes almost invariably require redesigning business processes that cut across functions such as purchasing, accounts payable, or marketing. If functional executives are rigidly turf conscious, change will be difficult. Give yourself more points the more willing they—and the organization as a whole—are to change critical processes and sacrifice perks or power for the good of the group.

COMPETITOR BENCHMARKING

Whether you are a leader in your industry or a laggard, give yourself points for a continuing program that objectively compares your company's performance with that of competitors and systematically examines changes in your market. Give yourself one point if knowledge of competitors' abilities is primarily anecdotal—what salesmen say at the bar.

CUSTOMER FOCUS

The more everyone in the company is imbued with knowledge of customers, the more likely that the organization can agree to change to serve them better. Three points if everyone in the work force knows who his or her customers are, knows their needs, and has had direct contact with them. Take away points if that knowledge is confined to pockets of the organization (sales and marketing, senior executives).

REWARDS

Change is easier if managers and employees are rewarded for taking risks, being innovative, and looking for new solutions. Team-based rewards are better than rewards based solely on individual achievement. Reduce points if your company, like most, rewards continuity over change. If managers become heroes for making budget, they won't take risks even if you say you want them to. Also: If employees believe failure will be punished, reduce points.

ORGANIZATIONAL STRUCTURE

The best situation is a flexible churn—that is, reorganization with little churn—that is, reorganizations are rare and well received. Score yourself lower if you have a rigid structure that has been unchanged for more than five years or has undergone frequent reorganization with little success; that may signal a cynical company culture that fights change by waiting it out.

COMMUNICATION

A company will adapt to change most readily if it has many means of two-way communication that reach all levels of the organization and that all employees use and understand. If communications media are few, often trashed unread, and almost exclusively one-way and top-down, change will be more difficult.

ORGANIZATIONAL HIERARCHY

The fewer levels of hierarchy and the fewer employee grade levels, the more likely an effort to change will succeed. Thick layers of middle management and staff not only slows decision-making but also creates

large numbers of people with the power to block change.

PRIOR EXPERIENCE WITH CHANGE _____

Score three if the organization has successfully implemented major changes in the recent past. Score one if there is no prior experience with major change or if change efforts failed or left a legacy of anger or resentment. Most companies will score two, acknowledging equivocal success in previous attempts to change.

MORALE _____

Change is easier if employees enjoy working in the organization and the level of individual responsibility is high. Signs of unreadiness to change: low team spirit, little voluntary extra effort, and mistrust. Look for two types of mistrust: between management and employees, and between or among departments.

INNOVATION _____

Best situation: The company is always experimenting; new ideas are implemented with seemingly little effort; employees work across internal boundaries without much trouble. Bad signs: lots of red tape, multiple signoffs required before new ideas are tried; employees must go through channels and are discouraged from working with colleagues from other departments or divisions.

DECISION-MAKING _____

Rate yourself high if decisions are made quickly, taking into account a wide variety of suggestions; it is clear where decisions are made. Give yourself a low grade if decisions come slowly and are made by a mysterious "them"; there is a lot of conflict during the process, and confusion and finger pointing after decisions are announced.

TOTAL SCORE: _____

IF YOUR SCORE IS:

- 41-51** *Implementing change is most likely to succeed. Focus resources on lagging factors (your ones and twos) to accelerate the process.*

- 28-40** *Change is possible but may be difficult, especially if you have low scores in the first seven readiness dimensions. Bring those up to speed before attempting to implement large-scale change.*

- 17-27** *Implementing change will be virtually impossible without a precipitating catastrophe. Focus instead on (1) building change readiness in the dimensions above and (2) effecting change through skunkworks or pilot programs separate from the organization at large.*

— Taken from "Rate Your Readiness to Change," *Fortune Magazine*, February 7, 1994