

**LEADING LARGE SCALE
ORGANISATIONAL CHANGE**

**SHARED SERVICES
CONNECTIONS CONFERENCE**

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**SPEAKER: Professor Victor Callan
The University of Queensland Business School
The University of Queensland**

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Introduction

The Shared Service Initiative (SSI) is a superb example of the challenges in doing well what we can call large scale organisational change. As will be noted at different times at this Conference, the Shared Service Initiative (SSI) has a vision of delivering high-quality, cost-effective corporate services across the Queensland Government. This will be achieved through economies of scale and skill, and critical to the initiative will be the success in standardising business processes, consolidating technology, pooling resources and expertise across government, and in managing change very well.

As you know, shared service providers and CorpTech have been established across the Queensland Government. Approximately, 5000 corporate service professionals now work within these new shared service providers to service clusters of agencies.

The successful implementation of SSI will see larger groups of staff working together and pooling their resources and expertise, reducing duplication and allowing the consolidation of technology. It is planned that common systems and standardised, streamlined processes will create efficiencies and a whole-of-Government perspective on corporate service delivery. The other aspiration is that shared services will promote clever ways of working, and encourage more innovation within the workplace. These outcomes will provide opportunities for staff to expand their skills, and hopefully to re-think in very positive ways their careers and career paths.

The Shared Services Initiative is a large scale change in that it impacts on all Queensland Government departments and their staff, as either providers or clients of corporate services. It is both a significant structural change and as importantly, a significant change to organisational cultures, and to staff and their working relationships.

My purpose in this brief overview is to talk about the challenges in doing large scale change, with the Shared Services Initiative as the focus of my attention. My goal is to provide some food for thought by reviewing what we know from the track record to date from various countries in introducing this initiative, and to conclude with some guidelines that we might debate in this forum.

The “lessons learned” or guidelines that I will report upon come from a variety of sources, including:

- Some 20 to 30 years of organisational change research and theory that gives us many guideposts about what to consider, including choices around evolutionary or more revolutionary change, fast or slower more incremental change approaches, using messier soft system approaches or more planned staged approaches to change, and importantly what leadership styles to consider given the size of the change, the extent organisations are “in fit” or “out of fit” with their environments, and the levels of staff resistance
- Another source is specific research into the planning and implementation of shared services in public sector organisations
- Finally, my own experiences as a change agent, organisational consultant and researcher who is focused upon assisting organisations to do change better.

Findings from past research into the experiences of change around shared services

What is the evidence from past research of the experiences of introducing large scale planned change in public sector organisations around the concept of the shared services initiative?

In a recent survey of senior government executives in 13 countries (including Australia, Canada, France, US and UK), three key findings emerge.

1. Shared services is becoming a common experience in public sector contexts. Two thirds of those surveyed report that they have implemented or are about to implement shared services. The most frequent targets are IT, finance and human resources.
2. Most shared services centres that are created provide their services to multiple agencies. Most governments in-service their own shared services centre, although many rely on using outside expertise during the planning.
3. The nature of government creates some special challenges in the planning and implementing of the structural and cultural changes around the introduction of shared services. These challenges include:
 - A fundamental lack of awareness and skills in managing change to shared services
 - A lack of committed support from leaders of organisations
 - Maintaining service levels during the change

- Meeting user expectations
- Establishing a governance structure with clear lines of accountability
- A lack of cooperation or consensus between government departments
- Insufficient funding to implement appropriately
- A fear of change by staff
- And ensuring that sufficient staff are in place with appropriate skills

These same reports into the implementation of shared services note a number of valuable lessons. I wish to highlight a few of these.

The successful implementation of the Shared Services Model requires building upon existing capabilities at both the organisational, team and individual levels around service delivery and being able to partner, and importantly for organisations and their staff, there is the need to change mind-sets and cultures to support the building and sustaining of these partnerships.

Also, it will not surprise you to hear that a thoughtful and thorough change management strategy significantly contributes to a successful Shared Services implementation. A major challenge in the plan is to create a leadership team that is focused on achieving the objectives of the Shared Services program, preparing employees for the structural and cultural transitions that are required, including most importantly building the new skills they will need to work in this new context. With this plan, it is important to expect resistance as a normal and rational reaction. Past research into shared services identifies the beginning of the Build phase in particular as a critical time, when staff begin to realise that the change program is moving forward. The additional challenge for staff is that are being asked to help create the solution while simultaneously running current operations.

These reports on implementing shared services emphasise the need to create a vision for the “global good”, typically based on a clear definition of the purpose and benefits of Shared Services for the participating organisations and their customers. Throughout the implementation of shared service initiatives, the widespread experience is that groups within organisations will make a case (sometimes a strong case) to keep their functions decentralised and not to move them to the Shared Services model. The advice from research into shared service implementations is for the leaders to emphasize that the solution needs universal

involvement to benefit the organization as a whole. The program needs to stick to the global vision and not permit deviations from it. As you will note from the tone of these assertions from studies of past experiences with shared services initiatives, another part of the story is the use of more directive styles of leadership when resistance gets high. I will return later to this issue of choosing the right leadership style.

Finally, these special investigations into shared services remind us that there is always sensitivity with any large scale change around what to communicate. It is important to be open and honest, and to manage thoughtfully employees' natural anxiety about impacts upon their jobs. While the position generally held is that change management programs can never communicate too much or too often, they certainly can communicate quite poorly. Past research shows that shared services initiatives, like other change programs, have also suffered from this problem. The important tool here is a thorough and flexible communications plan that manages all forms of communication using a wide range of channels that allow options for staff to communicate back to the Shared Services team.

Some Guidelines for Leaders and Managers of Change to Consider in Introducing Change through Implementing Shared Services Initiatives

If we look at these published reports on public sector organisations in Australia and elsewhere and their experiences with shared services planning and implementation, few of these findings genuinely surprise me. They are not are “at odds” with what many larger bodies of change research have been telling us for over the 20 years. You may agree with me, or not.

But, for the purpose of proving a platform from which we can further explore and debate the experiences so far in the Queensland Government with shared services, I wish to now offer **five** guidelines for consideration.

1 Adopt a Staged Approach to Change that Involves Shared Services

Many Australian managers and leaders adopt an n-step approach to organisational transformation because it can seem appropriate to their particular circumstances. It offers a rational model for change, and a sequential framework that helps the planning and implementation of complex change. The approach makes managers and staff feel general quite “up beat” and optimistic about their chances of success. Such models

essentially chart the course of change, and allow the manager to read the navigational signs.

Probably the best-known of these linear approaches to change is the eight-step model of John Kotter. His model is high influential in Australia and elsewhere as demonstrated by the number of organisations that explicitly apply his framework. Kotter instructs managers to plan their change in the following order:

1. Create or increase a sense of urgency
2. Build the powerful guiding coalition
3. Get the vision right
4. Communicate for buy-in
5. Empower action
6. Create short-term wins
7. Do not let up.
8. Make the change stick

2. Choose Carefully Your Change Leadership Style

Putting it very simply, organisational change can be implemented in either a participative (collaborative or consultative) or non-participative (directive or coercive) manner. We know that participation is identified as a key factor that characterizes successful change, as it empowers employees and provides them with a sense of agency and control. Empirical evidence attests to the importance of employee participation during times of large scale organisational change. For example, employees who perceive opportunities for high levels of participation during the implementation of new technologies in their workplace report higher job satisfaction and lower levels of psychosomatic health complaints than those employees who perceived low levels of involvement throughout the change process.

Employees' perception of the effectiveness of leadership during the period of organisational change also has an impact on their work adjustment. We know that if leaders are able to convey a clear vision of the nature and destiny of the changed organisation, are attentive to employees' concerns, and communicate clear guidelines of how this change should be managed, then employees regard the event as low in threat, lower in stress and higher in control.

3. As Leaders of Shared Services Change, You Need to Build a Case for this Large Scale Change

The role of the leader is to build the case for change and to engage people in being committed to the change. This is the core idea of the Harvard Business School Professor John Kotter who sees the important first step as building a sense of urgency. I feel that leaders must have a bone-deep belief that the change is necessary and do-able, and must be well thought-through. Leaders need to set up the reasons and purpose for change, sponsor it and ensure that systems actually support people to deliver quality products and service. They cannot sit back and let others run the change endeavour. There are three things that leaders should never outsource: the vision, values and major change.

4. Large Scale Change Like Those Around Shared Services Requires Excellence in Communication

It is interesting that when we survey managers in our own research about the greatest challenges in making change happen, they report considerable difficulties in the communication of the vision and the plan of change. In a recent study of a major change, we found that employees are highly critical of even the best thought-out attempts to communicate change. You will rarely please them is my advice, but this does not mean that you ever give up. Staff prefer the use of multiple channels of communication to inform them about the change vision, plan and processes, and by far, we know that the most popular channel is face-to-face communication with their supervisors and managers. In addition, communication from supervisors in particular is critical for increasing employees' feelings of personal control during change processes, and the communication from trusted supervisors is one of the best ways to actually improve staff levels of job satisfaction.

5. Plan for Periods of Uncertainty and Even Periods of Chaos

Many organisations find that large scale change is actually less predictable and more complex than they expected, especially if the change is of the transformational type, driven by a need for systemic and revolutionary modifications to the entire nature of the organisation. This type of change is often experienced as an "emergent" process, where events occur in ways that cannot be predicted from knowing what each component of a system is doing in isolation.

I agree with those who claim that to properly understand organisational change, you must allow for emergence and surprise. Organisations are systems and they are also political. We also know that as human beings, we do not like feeling that we are not in control. Taking into account these possibilities, shared services change will have ramifications and implications beyond those initially imagined or planned. Also we know that the relative duration of periods of stability and instability during change varies on a case-by-case basis. There will be differences across organisations, within different parts of organisations, and different reactions by individuals in the same work group, in how they respond to the changes being brought by shared services.

Some writers even talk about the need to get comfortable with operating “on the edge of chaos”, or “managing change from a swamp”. It is clear that change can be planned, but in reality, plans need to recognise the shifting goals, unforeseen consequences and accompanying messiness of many change implementation processes.

In Summary

While recognising the demonstrated value of the step-like models of change, the complex and difficult nature of leading change should not be understated. In implementing shared services in Queensland, I am sure we will hear stories at this conference about its messiness, its periodic lack of manageability, the politics of change, the lack of cooperation that can occur, the need to make decisions with incomplete information, that mistakes do happen and that plans do alter – and that this is the fundamental nature of large-scale change.

I hope some of these ideas in this brief overview are useful, and serve to support the exploration over this conference, and afterwards, of how we can best meet the challenges of delivering corporate services across the Queensland Government.

Thank you.

FOOTNOTE

This paper is based on several sources. While not acknowledged specifically in the paper, the sources include:

Accenture (2005) Driving High Performance in Government: Maximising the Value of Public Sector Shared Services.

Accenture (2007) Managing Shared Services Change: Beyond Communications and Training.

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ABOUT THE SPEAKER

Victor Callan has considerable experience as a senior university manager, organisational researcher and management consultant. As a senior manager, he has led various Schools, Departments and Clusters within the University of Queensland, while as an organisational researcher, he has published several books and over 200 international research articles in psychology and management studies. Victor also serves as a management consultant, and has completed management research and consultancies for some of Australia's largest public and private sector organisations. Victor is currently Professor of Management, and Organisation and Communication Cluster Leader, in the UQ Business School at the University of Queensland. His contacts are 07 33659009; and by email: v.callan@business.uq.edu.au