



Good Practice Briefing Note Number 2

Managing Change Results

"We will know we have been successful if transfers and ALMOs produce thriving neighbourhoods in which decent community housing offers a real and positive choice for all people."

Sarah Webb: Head of CHTF

Really good housing transfer and Arms Length Management Organisation (ALMO) proposals seize opportunities to link the process of change with the delivery of a whole set of outcomes designed to make a positive difference to customers and communities. As well as achieving these broader benefits it is widely recognised that putting people into a new organisational context such as a new LSVT RSL or an ALMO, which imposes new roles, responsibilities and relationships on them, creates a situation which forces new attitudes and where different behaviours can be generated. But achieving real change is known to be complex and difficult.

This Briefing aims to support those involved in this activity by outlining the key stages in approaching the development and implementation of change management plans. For further information and/or assistance please contact your Task Force Advisor or the Task Force's lead in this area: Joanne Drew – Joanne.drew@dtlr.gsi.gov.uk. This is the first part of a series of briefings and support we will be developing to encourage good change management practices.

Change management should be an integral and ongoing part of managing the business but it is particularly important at times of major change. Planning should start from the options appraisal stage and implementation should extend to well beyond setting up the new organisation, addressing the needs of those transferring and those remaining with the local authority. It should also deal with a situation where the transfer ballot is lost, where the ALMO funding application is not successful and where a transfer is to an existing RSL with its own systems and culture.

What can go wrong without good Change Management

Some social housing organisations have been set up without sufficient understanding of the challenges they face in terms of managing change and the full set of skills and expertise necessary for doing so.

For some this has meant they have missed out on opportunities for developing as quickly and smoothly as they might otherwise have done. For others the consequences have been more negative.

While it would be invidious to specify particular organisations the following examples are drawn from real-life cases:

- An LSVT RSL had Board members who continued to look at issues as if they were representing specific interest groups from which they had originally been nominated rather than in terms of the corporate interests of the new RSL; this led to disunity and lack of strategic focus and direction with adverse effects across a wide range of the RSL's functions. After informal discussions the Housing Corporation decided to take formal action with regard to the RSL's Board membership so as to help it develop coherent strategic leadership.
- Another LSVT RSL assumed that it did not need to strengthen its management team with the acquisition of someone with experience and knowledge of private sector finance. In the event the RSL found that its access to private funding and other business plan objectives required financial know-how of a high order – which had not been the case under the former local authority framework. Eventually the Board recognised the need to recruit new senior finance staff, but if only such appointments had been made much earlier – ideally or at the outset of the new RSL – many difficulties would have been avoided.
- Experiences at a number of RSLs indicate that many of the early LSVTs tended to underestimate the impact of changes for staff and the need to support staff through the transition with training, briefings and effective performance management systems. This area has been found to be crucial in terms of delivering improved levels of customer service to tenants and leaseholders.

Conclusion

The Personnel and Human Resources function within RSLs, therefore, needs to take on added significance and roles. The change management process needs to be driven not only by clear strategic vision from the top, but also supported on a day-to-day basis by effective staff development and performance management systems. In this context the role of HR has to be pro-active and relevant to helping deliver corporate aims through effective support to line managers and staff.

Factors affecting success

Potential Barriers

Many change management programmes both in the public sector and wider industry are perceived to have been unsuccessful. The main barriers to success are outlined below and are provided to highlight some of the general issues you may come across. However, your own barriers will very much depend on local and historical factors which must be assessed.

Change leaders should also be aware that a typical response to change programmes is a drop in organisational performance and general feelings of unrest within the workforce. It is important not to be discouraged by early disappointments as this is a natural part of the change process. In order to gain the full benefits of change, organisations will need resilience, stamina and a continuing level of internal and external support.

Resistance to change

For staff, new ways of organising housing services can mean a period of uncertainty and potentially fear about what they stand to lose or whether they can deliver against different expectations. This may also be true for Housing Directors, managers in the transfer team, tenant and council representatives and employee representatives including Unions. It is important to understand the hopes and concerns of each group of Stakeholders and to include in the Change Programme actions to address these needs. Research and analysis can be carried out to identify potential concerns and aspects of the change that are likely to be viewed positively. This information is vital to inform the development of the change programme – see General components of the Change Programme.

The most frequently encountered barriers

% of respondents citing the barrier

Inadequate leadership	51%
Competing resources	48%
Functional boundaries blocking action	44%
Lack of change management skills	42%
Middle management opposition	38%
Long IT lead times	35%
Inadequate communication	34%
Failure to address people issues	33%
Initiative fatigue	32%
Unrealistic timescales	31%

Source: a 1997 global survey of 500 multinational and government organisations.

Individual response to change

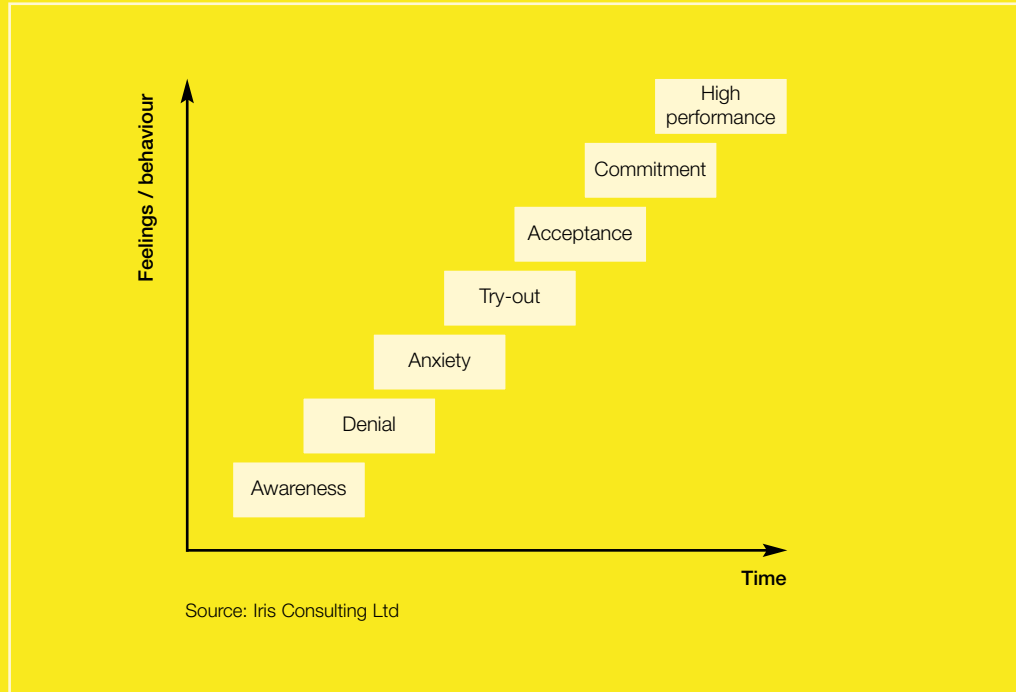
People go through the following set of emotions when faced by change. How people respond to change depends on many factors including the level of change they have previously experienced, the amount of concurrent change in other parts of their lives, their perceptions of change and whether this will have positive or negative implications for them. Individual responses can include cynical attitudes, dishonest communication (“I’m fine”), anxiety and a reduction in self-confidence. It is important to recognise these natural emotions and the fact that people will experience them at different times, reacting differently and staying in stages for different periods of time. A person centred approach to change management will be very important.

The organisation going through the change programme will want to ensure that its staff do not linger in the initial stages, or plateau in the middle of this process. Targeted support and development activities will enable the majority of employees to move through the different stages to achieve the high performance that will be demanded of them in the new organisation.

The role of change leaders

Successful change leaders will exhibit the behaviours shown in the table.

Development of these characteristics should be a core component of training and development plans for senior leaders. This could be achieved through coaching, mentoring, self-directed learning and workshops – one example of the way that the CHTF is supporting this kind of development is Learning Alliances. These groups of new and potential senior managers from different organisations meet to work through their development needs as a group over a specific period. For more information about this scheme, please contact Joanne Drew at the Task Force. The NHF also offer a range of services in this area.



Visionary

- Builds a compelling vision which inspires others, capturing hearts and minds
- Releases energy in others
- Encourages creativity and innovation
- Has a clear personal vision of his/her role, skills, and how to behave

Courageous

- Shows confidence in his/her authority, presence and impact
- Shows resilience in face of conflict and change
- Constructively confronts issues and emotions which hinder performance
- Is willing to work beyond comfort zone
- Sets challenging targets and goals for self
- Takes calculated risks

Open

- Is sensitive to the opinions and emotions of others
- Respects diversity and individuality
- Encourages teamwork and a sense of belonging
- Invites personal feedback and embraces new ways of learning to develop self and team
- Builds strong relationships

Supportive

- Honours commitments to others
- Is tenacious in supporting and challenging people to reach personal goals
- Integrates coaching and learning into all work situations
- Shows integrity and honesty
- Gives reward and praise for high quality work, openly celebrates others, success
- Encourages others to balance work and home life

Organisational culture

The table shown below highlights the need to have a strong culture that supports delivery of business aims. As part of assessing your current position it will be useful to consider how your authority currently measures up.

In the case of a housing stock transfer to an existing RSL, it will be necessary to examine culture compatibility and how far the partner RSL's culture will support the achievement of the change programme's and business goals. It will be useful to compare the features of each organisations culture to identify compatibility and aspects likely to pose difficulties to managing the change process and potentially the delivery of other business objectives. This is already likely to have been carried out as part of assessing prospective partners.

Resourcing change management initiatives

In housing transfers Section 25 grant can meet the costs of identified training, communication and involvement activities.

It may be possible to seek funding from the local Learning and Skills Council or link work to the Investors in People initiative.

Staff resources should also be identified to lead and develop change management plans. External consultants or Task Force advisors can also assist through providing specialist expertise or in facilitating the organisation to deal with this work – for example, through our Learning Alliances or Management of Change resources. However, it is important that it is seen as an integral part of managing the business.



Source: The Paradox Principles, Price Waterhouse Change Integration Team, Irwin, Illinois, 1996

General components of the change programme

The potential barriers and drivers of change need to be identified so that a programme can be established to respond to concerns and build support. Such a programme will need to address the concerns of staff, tenant and council representatives, community partners and staff and tenant representative bodies.

To analyse current attitudes from each of these groups, it is recommended that an attitude survey be carried out, to give a general steer as to the areas of concern so that resources can be targeted to these areas during the programme. The CHTF is developing model attitude surveys that can be adapted and used with staff, tenant representatives, elected members and community stakeholders. The use of these surveys at an early stage of the programme, followed up with a repeat survey at the conclusion will show whether or not the programme has been effective. In the interim, the programme can focus on creating drivers for change amongst these groups, particularly targeted at the perceived weak or problem areas of the transfer or ALMO process.

Drivers for change can be created through:

- Involvement of staff – people are more likely to support something they own. Create opportunities for stakeholders to be involved in designing the future. Ensure that those leading the change visibly respond to ideas and avoid over centralising decisions and power. Find and support individuals with commitment and belief to champion changes. Ensure that opinion formers are identified and won over.
- Challenging existing practices – leaders of change need to put the organisation into constructive tension creating dissatisfaction with the current order. However, care must be taken to ensure that this is not seen as a

reflection of failures in any stakeholder group, which can lead to low morale sapping positive energy and enthusiasm.

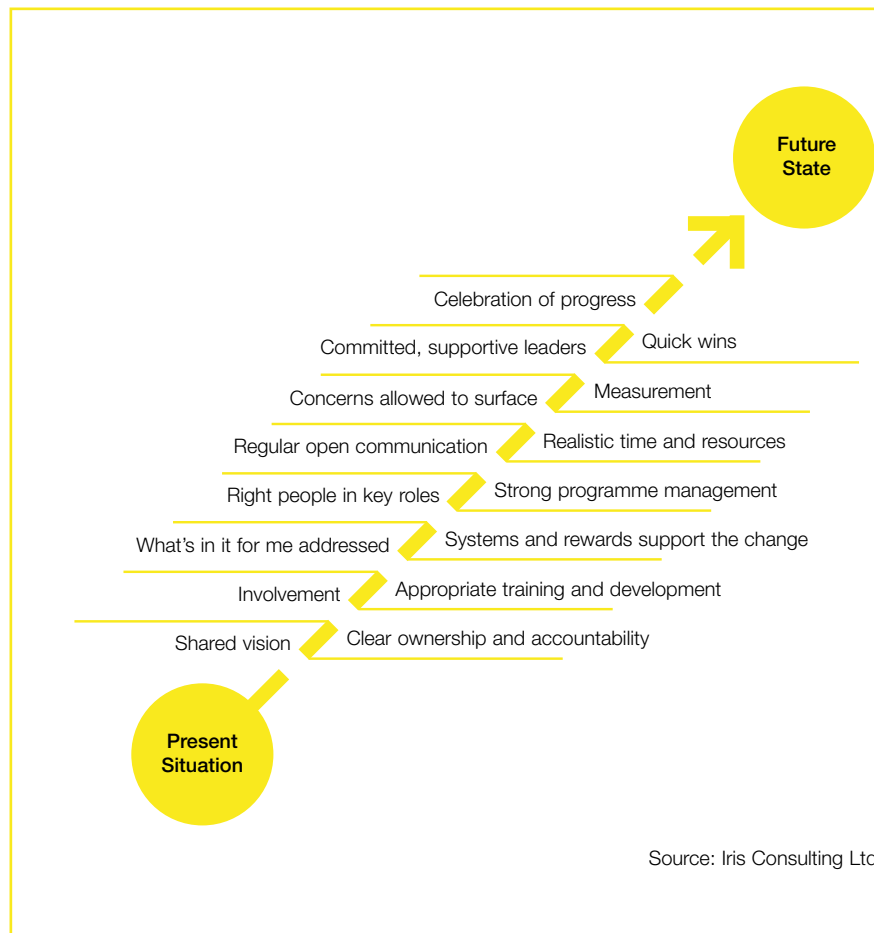
- Rewarding and recognising behaviours that support change.
- Future security – where possible it is useful early on to clarify who will move, work or represent others as part of the new organisation.

Minimise resistance by:

- Leading change well – the leaders of change must be trusted and people must feel that the future is in good hands. A good leader will recognise that individuals have different aspirations – the future must be seen to respond well to these.
- Making change manageable – too rapid change or high levels of change within the workplace and outside causes flight/fight responses in individuals and generates unproductive stress.

- Communication – Formal two-way communication systems should be established together with the opportunity to allow people to express their feelings at an informal level. Access to an impartial counselling service can assist people finding it difficult to come to terms with what change feels like for them. Managers who can encourage 'possibility thinking' amongst their staff, where fears are acknowledged but then opportunities identified, can help turn around negative perceptions of change.
- A training and development programme that responds to skill and knowledge gaps.

In summary, a successful change management programme will have the ingredients shown below.



A really effective organisation is likely to include the following values and behaviours, which can be achieved through a successful change management programme.

Adding value to our clients, our people, our firm				
Learning	Delivering to clients	Leading	Caring	Sharing
Development Creativity Challenge	Quality Results Relationships	Leadership Focus Integrity	Lifestyle Respect Recognition	Networking Support Shared Aims
We get better <ul style="list-style-type: none"> • We develop our professional & knowledge capital • We are creative • We question 	We help our clients succeed <ul style="list-style-type: none"> • We build long term relationships • We go for the best • We measure results by the value we deliver 	We run our business professionally <ul style="list-style-type: none"> • We lead our people • We concentrate our efforts • We work to the highest ethical standards 	We care about each other <ul style="list-style-type: none"> • We seek to balance work and personal life • We value individual and cultural diversity • We recognise and reward excellence 	We work as one team <ul style="list-style-type: none"> • We share our expertise and experience • We support each other selflessly • We share the same aims

Good Practice Example:

Amicus Group took on the ownership of Swale Borough Council's housing in 1990 following a ballot of the tenants. Originally it was set up as an LSVT housing association with 7,352 dwellings transferred from the Council.

After a few years Swale Housing Association underwent management changes which introduced a different organisational and change management approach.

The association adopted a more pro-active approach towards both its customers and its staff. A performance management system was introduced supported by new approaches on customer care and staff appraisal and development.

The association successfully bid to take on the management of other local authority housing and today manages some 11,000 homes including some 3,500 for Lambeth Council.

Having undergone an internal culture change programme the association re-launched and re-branded itself as Amicus in 1999 with a new group structure. The Group provides administrative support and focus for its subsidiaries thereby better enabling them to focus on their core businesses. The services provided by the Group to its subsidiaries include financial services, strategic business planning, IT, tenant participation, personnel, housing development and an advanced, knowledge-based customer service centre (known as Amicus Response).

Amicus is currently in discussions about including the Hastings-based 1066 RSL as part of its Group which would bring the total number of homes managed by the Group up to nearly 16,000.

This example illustrates how a well-managed and sustained effort on internal change management can embed a continuous dynamic for improved performance and customer satisfaction.

Change Management at Ashton Pioneer Homes

Tim Pinder, Chief Executive of Ashton Pioneer Homes

Clear, shared and embedded Vision and Values have underpinned APH's successful change management since Transfer.

APH took an estate based transfer of 900 homes from Tameside Council in February 1999, with approximately 1/3 of its staff transferring from the Local Authority-most of whom were delivering front line services.

It was clear from day one that in order to turn around areas previously stigmatised as sink estates required us to have a clear vision of how we wanted them to look and feel if people wanted to live there in future.

The Chief Executive and Shadow Board were clear about their priorities-responsive, high quality, tenant focussed services. These would be delivered by staff that were flexible, creative, able to offer a right first time approach and who would have high levels of personal responsibility.

With so few staff having worked for the Local Authority we had no lead-in opportunity to prepare staff, so Day 1 of transfer was unusually lively. As our 13 front line office staff turned up for their very first day with us, they had to fight a way through the usual lawyers and funders finalising the deal, but also a queue of curious

tenants coming to pay their rent to their new landlord.

As soon as we could catch our breath a few day's later, we held an all staff visioning session; some of whom had never been involved in joint training with their managers. We brought in a facilitator whose task was to challenge us to break out of any comfort zones, be courageous and identify the potential that a new, independent organisation could achieve. Together we articulated our Vision "Working Together Towards a Better Place to Live". Hardly original, but for us each word is loaded with meaning and an APH context and was debated long and hard by staff who very enthusiastically set about shaping the company's future.

We then moved on to our values, starting with a blank piece of paper and asking staff to describe how this new organisation taking shape should behave and most fundamentally how they would reflect these values in the job they did. They had to be able to visualise what these values would look like to tenants and others in the way they received our services.

Through this open and inclusive process we had established clearly what we stood for and where we were going. The next layer was how to get there.

This was achieved through 1:1 and group sessions explaining the business plan targets and setting detailed individual targets monitored through subsequent 1:1s. We undertook a detailed training needs analysis to determine whether staff had the skills to deliver these targets.

Having worked hard at the outset to determine what we wanted to achieve, the secret was to constantly reinforce our vision and values and hold people to account for the way in which their behaviour reflected them. This has been down to line managers monitoring and measuring individual progress against targets. It has also meant a relentless communication process of regularly and repeatedly reporting to all on progress against key targets. This was done at our weekly team briefings where we have enjoyed many a bucks fizz breakfast to celebrate successful achievements such as a reduction in voids from 30% to 6%.

Change management hasn't been entirely successful; we've lost people along the way, who haven't been able or willing to deliver what we have collectively set out to achieve. However, this outcome is better than compromising on our standards drifting towards mediocrity.

Steps in Change Management Planning

1. Agree the objectives of the change programme and how they will be measured – these will include short and long term goals and may include:
 - a. Generating support and commitment to the transfer/ALMO
 - b. Delivering a more customer responsive service tailored to meet individual needs
 - c. Improving core business performance – in the case of ALMOs to achieve the appropriate performance rating from the Inspectorate.
2. Appoint a Project Manager for the change programme – typically this will be someone who is part of the wider transfer/ALMO project team.
3. Appoint Change Leaders and the Change Team – this will involve:
 - a. Identifying people with appropriate skills, experience and credibility within the organisation that can work together as part of the team
 - b. Plan development to address gaps and help them to develop skills
 - c. Hold a team building event to agree roles and responsibilities, how to measure progress, behaviour needed for team success and a future programme of team development activities.
4. Spend time getting the Change Leaders and Change Team up to speed on the objectives and need for the change programme. If these people are to be credible in convincing others to support the change, they must themselves be absolutely convinced of its value. This could include:
 - a. Visits to successful examples of previous transfers/ALMOs to experience the benefits at first hand
 - b. A workshop to work on the draft vision, values and business case for the change programme
 - c. Include opportunities to role-play dealing with questions from stakeholders and persuading them that transfer/ALMO is the right way forward.
5. Take the temperature' of the organisation and its partners – what are the feelings of staff and stakeholders towards the transfer or ALMO – use attitude surveys to find out. What are the local political implications of success or otherwise? What are the really good things about the organisation as it stands, and how can these be preserved? What are the attitudes and practices that must change during this programme? What is the objective of the change and how many people actually know this?
6. Brainstorm all the activities that need to happen as part of the change programme, using the analysis gained above. Map out each activity as a work stream that will go through five stages: Preparation, Analysis, Design, Implementation and Review. Appoint a member of the Change Team and a Change Leader to be accountable for the successful delivery of each work stream. Some of the activities that may be appropriate to address internal needs are outlined above. The following aspects should also be considered:
 - a. Other stakeholders (Tenants, Unions, potential landlords, community partners) – assess their current attitudes and needs, what they will need if they are to support the change, plan how they will be involved and receive ongoing information during the process, what information or skills development is required, implement and review
 - b. Links to other change plans impacting on the transfer/ALMO – obtain the project plans for all other relevant projects with which the change management plan has an interface. Note interdependencies between timings and actions.
7. Focus on communication – using a variety of methods, include in all plans ways that objectives, actions and decisions can be communicated to everyone involved. A key aspect of managing change lies in managing the perception of change – to gain buy in, and get over 'change fatigue', open and honest communication needs to take place wherever possible.
8. Produce a project plan for the change programme using MS project or a similar planning tool.
9. Agree the process and structure through which project will be managed to include:
 - a. How progress will feed through to the overall project team – consider use of an exception reporting system
 - b. Identifying ways to motivate those to deliver the work streams and support them in keeping the programme on track and how will successful progress be celebrated.

Further information

Requirements for a Change Management Plan in the DTLR Housing Transfer Guidelines 2002.

Facilitating Change – Ready-to-use training materials for the Manager. Written by Barry Fletcher and published by Gower.

The Human Dimensions of Housing Stock Transfer – Published by the Housing Corporation.

Surviving or Thriving? – Managing Change in housing organisations – Written by Holder, McQuillan, Fitzgeorge-Butler and Williams – Published by the Chartered Institute of Housing.

Written by:

Joanne Drew (Community Housing Task Force) and Iris Consulting (currently contributing to Departmental research into the implications for employees of transfer)



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This Good Practice Briefing Note is one of a series jointly produced by CHFT and the National Housing Federation

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