

# CHANGE MANAGEMENT & BUSINESS PROCESS RE- ENGINEERING

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# INTRODUCTION

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- Founder of [www.nibricks.com](http://www.nibricks.com) (UK)
- On advisory board of Homesfy Realty Limited (India)
- Various leadership positions in AI startups – Rezo.ai and Guavus (acquired by Thales group, France) in product management, technology, strategy, and innovation
- UK Global Talent Visa recipient for global leadership in the field of product and strategy for AI products
- Over two decades in industry, building AI/ML products since 2007 – key enablers of digital transformation
- Worked in startups as well as large corporates – Microsoft, Samsung, Guavus, & Thales
- Two patents, one book
- IIT G alum

# MODULE STRUCTURE

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Pre-read L&T Case Study



Day 1 – Concepts of Change Management  
& Business Process Reengineering

Correlate with case study contents  
Assignment



Day 2 – Assignment presentation & discussion

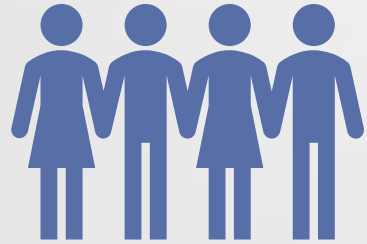
# DIGITAL TRANSFORMATION

The screenshot shows the Oxford English Dictionary (OED) search results for the word "transformation". The search bar at the top contains "transformation" and the OED logo. Below the search bar, it indicates "1 result for 'transformation'". The main result is for "transformation, n.", defined as "The action of changing in form, shape, or appearance; metamorphosis." To the right, there is a section titled "Results for 'transformation' in:" which lists: "Quotation work title (125)", "Quotation text (817)", "Meanings (25)", and "Definitions (254)".

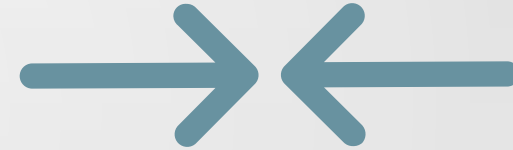
- Change is discomfoting
- Handling organization level discomfort is **very hard**
- Hence, Change Management is absolutely critical for successful digital transformation

# AS LEADERS, WHERE ARE YOUR CHANGE MANAGEMENT EFFORTS EXPENDED?

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80% People



20% Everything else

# CM IN DT IS A SCIENCE AND AN ART

- Science
  - The frameworks and the body of knowledge that serves as a **map**
  - This is a multiyear marathon
- Art
  - Human behaviour lies on a continuum. Everyone is unique.
  - Balancing change with human behaviour while maintaining business performance

# EXEC LEVEL SPONSORSHIP IS CRITICAL

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- Why?
  - Who else can get away with causing org level discomfort?
  - Organizational alignment REQUIRES organizational power
  - You need to rally the troops for a successful transformation – manager Vs leader
- Usually CEO or CEO + board member/advisor form the nucleus

In our case study, sponsor is the CEO – Page 2, Why DT at L&T  
2015 – CEO witnesses the impact and “felt strongly” about the transformative potential.

“... but if we want to move further we needed to do something about using digital technologies”

# KOTTER'S 8 STEP CHANGE MODEL

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An organization wide change management model

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Used to guide the overall digital transformation of the company

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Steps are sequential

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Every step is necessary. Skipping is likely to result in failure of initiative

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Mistakes are expensive

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# I – CREATE A SENSE OF URGENCY

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- Why?
  - Because change is discomfoting
  - If there is no urgency, people will postpone change for tomorrow
- Most fail at the very first step and all further action is setup for failure
- Either inspire people or light a fire under their seats but make it clear that change is **NECESSARY**

L&T Case study:

Became part of 2016-21 strategic 5 year plan, with blessings from McKinsey and Bain.

“It has to touch everybody. It has to touch every function and every site. It **must be seen** as something that is going to be transformative”

## 2 – FORM A GUIDING COALITION

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- Not everyone will buy into the need for change
  - Implies inertia and resistance
  - Important that most execs genuinely buy in and actively support the change
- Put together an influential and powerful group of people with shared commitment to change – functional leaders, board members, customer, new hires, employees etc.
  - Build trust, communication channels, shared understanding of goals and direction
  - Led by a **powerful line manager**
  - Formed and operates OUTSIDE the normal hierarchy – awkward and unsettling
  - Those in existing hierarchy who are part of it see it as evolution, those outside see it as a fad or threat

# GUIDING COALITION AT L&T

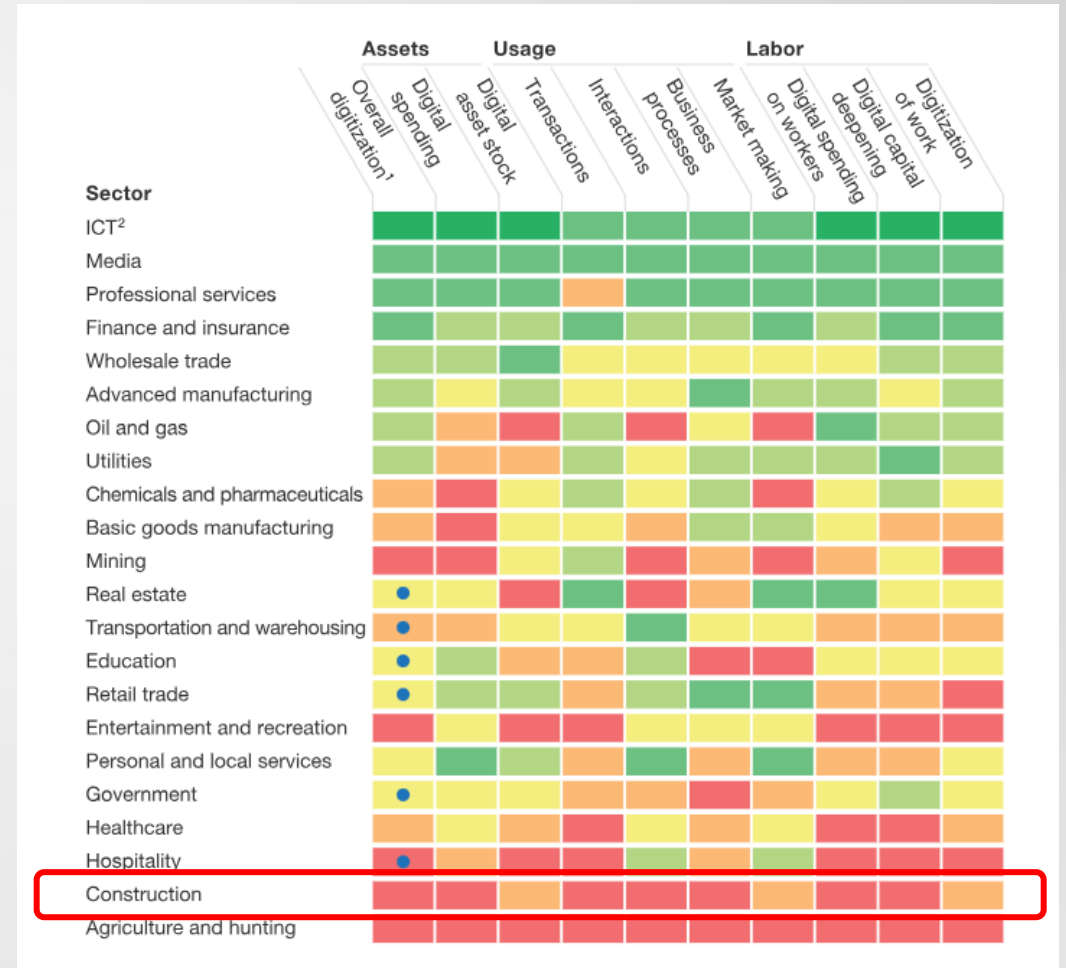
- Limited talent, benchmarks, models
- Invited Anantha, an outsider to lead
- Formed Digital Hub
  - Immediately IT feels threatened
  - Separate floor, domain experts & digital experts
  - Digital officers from business teams
    - Under 35 years
    - Employed at L&T for 5-6 years
    - Digital experience not necessary
    - Enthusiastic engineers with right attitude
- Four senior managers with rich digital experience and no knowledge of domain

How would other execs reacted?

Why?

Why?

Why?



Q: What would have happened if execs had not bought into the need for change?

# STEP 3 – DEVELOP A VISION & STRATEGY

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- Vision tells EVERYONE where are we heading. Provides direction for day-to-day decision making
- Must be clear
  - Must be easy to communicate and understand
  - Must be understood by employees, shareholders, customers
- Often takes time and multiple meetings of the guiding coalition to get it right



# L&T VISION & STRATEGY

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- “Digital will provide us with opportunities to open up new ways of working and move business operations from tedious, manual compilations of data to acting on data captured in real time, provide insights, and be available online in visually rich and intuitive dashboards.”
- Solutions needed to move quickly from pilot to massive implementations
- Permeate entire value chain of construction

The Digital Hub was responsible for the conceptualization, ideation, creation, technology selection, technology development, and architecture of digital solutions.

# STEP 4 – COMMUNICATE THE VISION

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- Every person in the company should understand, hopefully in the same way, where is the company heading and how will it impact them
- Problem is everyone interprets the same message in their own context
  - Employees do not usually have a high degree of faith in the management
  - So one email or newsletter or townhall never does it
- To communicate effectively, the vision needs to be part of every meeting, every discussion, every channel and means available. Unless execs addresses “How this supports our digital initiative” at every meeting and then follows up relentlessly, message will not get registered.
- Walk the talk – actions speak louder than work.

# HOW DID L&T COMMUNICATE?

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- “We believed that digital would be understood by our people only when they started to see it”.
- “In about 6 months, we were able to connect 1000 machines. We also started conducting digital seminars where people started experiencing the impact of digital. When we shared real-time machine utilization data, people were taken aback.”
- “SNS spoke about the need for digitalization at every opportunity ... he even viewed regular business reviews as an opportunity to monitor progress on digitalization ... This was very powerful as the word got around that if you want SNS’s attention, speak about digital”

# STEP 5 – REMOVE OBSTACLES

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- Active or passive resistance
  - Resisting supervisors and inconsistent execs
- Training needs
- Mental blocks
- Identify what are critical roadblocks undermining progress – you won't be able to solve all at the same time

# OBSTACLES AT L&T

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- “... we found that in some cases, the wires connecting the gateway to the sensors had been clipped with a pair of scissors. In other cases, people were resentful that machine utilization data had become transparent; they sent us data to prove that the information on our dashboards was wrong.”
  - It took digital hub over 6 months to fix all the bugs and deliver accurate consistent data
  - Manually recorded data was tallied with dashboard for few weeks to ensure that people could rely on the dashboard
- To gain the buy-in of the people on the site, the Digital Hub team emphasised that it was just providing information and that business managers were the experts ...
- Regularly met with the people involved in the core business and sought their feedback
  - Their adoption of other initiatives was better and their interactions with us were positive because they saw the impact of one significant change.

# STEP 6 – CREATE SHORT TERM WINS

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- Why short term wins?
  - Reduces resistance by proving the benefits – now it is no longer analysis and opinions
  - Can be achieved in a shorter timeframe thereby reducing risks
  - Easier to maintain urgency
  - Stepping stones to building momentum and building commitment
- They have to be designed and planned consciously

“We did not talk about the potential of digital or ask people to change. The dashboard provided people at a particular site information on not only their machine utilization but also the best and average operating times of those machines across all sites for the same project. When people started looking at the information provided on the dashboard, the need to change and improve utilization became automatic. This started a dialogue process. Then we worked with the business verticals to help translate these insights into optimal asset utilization.”

## SHORT TERM WINS AT L&T

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# STEP 7 – CONSOLIDATE GAINS

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- Battle is won but war is still on, do not get complacent
- Build on early wins to take on bigger problems
  - Remember it is 5-10 year journey, do not declare victory yet else troops will go home and fall back to old familiar ways
- Work on transformation of systems and structures that are not consistent with the vision

# GAINS CONSOLIDATION AT L&T

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- Changing roles and processes
- Other digital initiatives
  - Optimal utilization of manpower
  - Material management
  - Project monitoring and controlling
  - HR digitization
  - Building a safer workplace
  - ...

# ANCHOR THE CHANGE

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- The culture or DNA of the company needs to irrevocably evolve to the new way of working
  - Publicly demonstrate and call out positive effects and attribute them to the transformation
  - Leadership structure in the company **MUST** have imbibed the new way of thinking and working
- This allows you to remove the pressure for change and let the company continue down the path – it has transformed.

# L&T'S ANCHORING THE CHANGE

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- Large number of digital tools permeated entire organization – not just construction operations
- Training and upskilling programs
- Competency frameworks
- Incentives and rewards
- Criteria for new hires
- Org structure
- ...

# THE ART OF HANDLING RESISTANCE FROM PEOPLE

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- Change is threatening to everyone, expect resistance & plan for it
- Full spectrum of tools is available – from coercion to co-creation
  - Coercion is quick but gets compliance, not commitment
  - Co-creation takes long but everyone involved is fully committed
- Successful transformation requires ability to use entire spectrum based on:
  - Business urgency
  - Nature of other party

# ADKAR CM MODEL

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- ADKAR (Awareness, Desire, Knowledge, Ability, Reinforcement)
- Looks at change from an individual's perspective
- For transformation, we need individuals to change
  - Commitment is better than compliance

# AWARENESS – OF THE NEED FOR CHANGE

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Why is change **NECESSARY**?



Why is business moving in that direction?



Employees become aware that a change is taking place, they are informed about the management's reason why that change is happening.

# DESIRE – TO SUPPORT THE CHANGE

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- Getting employee's buy in
- Address fears of job security, reorganization, growth prospects
- Share plans for upskilling/reskilling and support they will need to adapt to the change
- Establish how the change aligns with their personal goals

# KNOWLEDGE – OF HOW TO CHANGE

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- Setting expectation about what an employee is expected to do
- Build knowledge about how to do it
  - Training & education
  - Support
  - Information sharing

# ABILITY – TO DEMONSTRATE NEW SKILLS & BEHAVIOURS

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- Successful application of the training and satisfactory performance at the job
  - Practice
  - Support
  - Coaching and mentoring
- Building a competent workforce for the transformed business

# REINFORCEMENT – TO SUSTAIN THE CHANGE

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- Feedback process
- Competency frameworks
- Performance metrics
- Rewards, recognitions, incentives

# BUSINESS PROCESS RE-ENGINEERING

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- What is a process?
  - Well defined steps we perform for repeatable success
- Companies are successful because they have become very good at doing something repeatedly
- In a mature company, each function has its own specialized processes that they have become good at – operations, sales, marketing, HR, customer service etc.
- So changing a process without jeopardizing the function or business requires careful analysis and attention to detail

# BUSINESS PROCESS RE-ENGINEERING

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- When we are adopting new (digital) ways of doing things, the processes aka the way we work will change too
- BPR is a management practice dedicated to identifying what to change and how to change

# FIVE STEPS OF BPR

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- Multi-step process
  - Map the current business processes and identify what process(es) to change
  - Analyse the existing process (As-is)
  - Identify improvement opportunities and re-design the process (To-be)
  - Test the new process
  - Implement and monitor

# BUT HOW WOULD WE KNOW IF WE GOT BETTER OR WORSE?

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## Efficiency

How well a process utilizes resources  
Focus on minimizing waste (time, cost, effort)  
Cycle time, defect rate, MTTR (mean time to resolve), machine utilization



## Effectiveness

How well a process achieves its intended goal(s)  
Focus on qualitative measurement  
Quality of end product, customer satisfaction, compliance, conversion rates

# STEP I – BUSINESS PROCESS MAP

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- Build a visual process map with interconnection points, decision points, detailed steps, tasks, activities
- This forms the basis of analysis and also helps analyse the impact of a change in the whole ecosystem
- Use flowcharts, swim lanes, modelling tools to create a visual representation of the process

# STEP 2 – AS IS ANALYSIS

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- Identify the right metrics for measuring the effectiveness and efficiency of the process
  - Varies from process to process and industry to industry but aligns with the core business value that the process is supposed to deliver
- Get baseline measurements
- Review the process, look for:
  - Steps that do not add value to end goal. These are candidates for elimination (wasteful work)
  - Steps that can be eliminated, replaced, or modified with the new technology – reworks, loops, idle time, resource wastage,
  - Interconnection and decision points where impact of re-design needs to be contained or coordinated

# STEP 3 – REDESIGN THE PROCESS – TO-BE

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- Radical redesign Vs incremental improvements
  - For example, is tier I support moving from current agent centric approach to AI assisted agent enablement approach Vs tier I support being handled by voice bots only
- Interconnects and decision points needs to be handled in consistent manner to ensure business continuity
  - For example, who decides on refunds and on what basis
- Create an ideal version of the future process after you have eliminated the waste and realized tech enabled transformation efficiencies

# INCREMENTAL VS RADICAL RE-DESIGN

Aspect	Davenport's Approach	Hammer & Champy's Approach
<b>Focus</b>	Innovation and incremental improvement	Radical redesign and complete process overhaul
<b>Technology's Role</b>	Technology is an enabler of change, not the driver	Technology is seen as a core driver of change
<b>Change Management</b>	Emphasizes involving employees and key stakeholders	Typically more top-down, with less focus on employee involvement
<b>Risk</b>	Focuses on manageable, sustainable change	High-risk, high-reward approach with disruptive change
<b>Customer Focus</b>	Strong emphasis on customer-centric process design	Less emphasis on the customer experience

# THEORY OF CONSTRAINTS

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- Constraint is a bottleneck or factor that limits the performance of the process
- Correcting constraint will yield higher performance. Five step process
  - Identify the constraint – which step of the process is slowest (a machine on assembly line)
  - Exploit the constraint – improve it with existing resources (e.g. increase machine run time)
  - Subordinate everything else – align others to maximize performance of constraint
  - Elevate the constraint – If constraint still remains, invest to expand capacity
  - Repeat
- Theory of Swift Even Flow (TSEF)

Works well if changes are incremental and there is no overhaul or rearchitecting required

# STEP 4 – TEST AND VALIDATE THE PROCESS

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- Iterative process
- Dry runs and simulations
- SME and stakeholder feedback
- Pilot roll outs with feedback and adjustments
- Parallel setups / parallel real-time simulation
- If available, monitor same metrics identified in As-Is phase

Outcome should be refined process ready for full scale deployment

# STEP 5 – IMPLEMENT AND MONITOR

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- Track performance metrics
- Continuous feedback – stakeholders and users
- Regular audit and review
- Continuous improvement

# THE END

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