

EXAMPLE OF SUCCESSFUL CHANGE IMPLEMENTATION: WILL WOOD SELLING E-LEARNING FOR TRAINING

William (Will) Wood, head of Division A Training Services, or DATS, at a large financial services company, Consolidated Financial Development Company (Confideco), was promoted to the job when the unit was a “mess.” There were many programs, but no performance measures for the 37 people, which he was intuitively certain were more than needed. There was no easy way to figure out what each was doing or should do, and how productive they were. The reputation of the training unit was not very good. He was expected to clean things up, but exactly how?

That challenge led him to think about adopting a form of e-learning that he had introduced in his previous job at Confideco. The company was organized into numerous quasi-independent divisions, each with its own portfolio of non-competing product/service lines—organized as “companies” within the divisions—separate budgets, and ways of operating. Will’s experience at his previous job in Division B had been positive, though that was no guarantee that anyone would listen now. To help sell his ideas to the current training unit, he would try to use the history of success.

But in a company with so many independent divisions, successful examples in one part were no guarantee of interest or support in others. Will would not only have to convince the skeptical managers of the trainees that e-learning would work, he would have to convince more senior managers, especially in Finance, to invest the large amount in the necessary software at a difficult time for any new expenses, get the information systems people to make his requirements a priority despite their enormous backlog, tightly manage the schedules of trainers used to considerable autonomy, and fend off the competitive jealousy of Human Resources people in other parts of the company and at headquarters.

He needed a change strategy heavily dependent on influence skills to get anywhere.

Will agreed to talk with us about how he did it, though he was concerned that he would come across as “playing people.” In his view, however, he was just using good managerial change skills to accomplish an important goal: “I defined an education/influencing strategy...identifying key individuals and what they value (ranging from sweatshirts to requisitions to my being able to talk on their level), and then decided an order of conversations.” Because of the sensitive nature of the process, we agreed to disguise him and his company, but the rest is as he explained it. Think about the methods he used and how you would have gone about it.

HISTORY

Will had started at Confideco in a small division, B, managing 11 people. When the company had introduced a particular new product line through Division B, it was very complicated to explain to customers, and therefore hard to sell. Will tackled the problem

by analyzing the sales process into phases, identifying the best people at each phase, and getting them to teach the others in groups of 25 sales representatives. For example, he would get the #1 performer at understanding the customer's needs for the product to explain his/her technique.

After three months, he saw an increase in the representatives' ability to present this complicated product with meaningful conversations to the customers. He translated this approach to the division's call center; collected people who listened well to customers, and used the best ones to train the rest while they were at their desks, via e-learning with specialized software. Everyone loved that, because it moved away from "one size fits all" training, and it could be delivered in small doses. It became a business mandate in Division B to buy the software, and his area became a possible model for other Confideco divisions delivering e-learning.

During his interview for his current position at Division A Training Services (DATS), based on what he had heard about the problems at DATS, Will talked about how he would want to develop a business proposal for utilizing e-learning as one of the training methods. He had committed to a difficult challenge.

Once he was selected he was eventually successful. It took him three months to build a business case, and then through careful change planning, considerable influence skill, and some calculated maneuvering, he was able to overcome skepticism and tight budgets. He obtained the large funding needed to purchase the right software, and successfully implemented the e-learning as part of the training offerings. He has now been given much larger responsibilities. Here is how he did it.

E- LEARNING

Will analyzed the new situation, and realized that there were inherent inefficiencies in the way training was delivered. The products were so distinct that it was impossible to cross-train instructors, and the class sizes were so varied that they never had the right number of trainers or classrooms.

Will wanted to get rid of what he saw as "artificial inhibitors" to efficiency. He aimed to reduce learning time from 99 percent in the classroom to 50 percent (which would also reduce classroom expenses). With new software, a trainer could teach the content to any number, and from a different location if necessary. The business could grow, yet his organization would not have to expand the number of employees. The savings would pay for the investment in software and its use over the long run.

IDENTIFYING AND DEALING WITH KEY STAKEHOLDERS

Will was given his budget through an allocation methodology from user areas, (nine "companies" representing Division A products), so he set out to learn their key metrics and how to influence and impact those. Helping them meet their measured performance was a way to impress the managers he was dealing with, and to give them what they cared about. To educate his business partners, (the line managers of the areas he did

training for) he set a performance goal with these metrics, and then marketed his goal to anyone who would listen (training team, business partners, others).

He wanted to get the training organization up and running again, but he needed the business partners' honest personal commitment. Everything was linked to improving the performance of the call center, one of the main activities DATS did work for. Will wanted to reduce off-phone time of call center employees, which was expensive, by offering an alternative to classroom training. He talked about a better strategy to change what was happening in the classroom. He said to them, "I am here to fix the training problems, but this is what I need from you..."

To ease managerial worries about the effectiveness of e-learning for the people he would now train, he assured them that while e-learning is "sexy," classroom training would not be going away for those who preferred it. Most important, he could help the managers meet their goals.

GAINING HIS MANAGER'S SUPPORT

Will was passionate about the vision, but he was also looking for his manager's support. He needed to engage her to talk up the vision to other members of the Confideco community. Also, he would need her enthusiasm and support with the Divisional leadership team in order to get them to go along with the big capital expenditure for software and related changes. Will needed her to think that this way of delivering training was critical to the business, help people feel comfortable with the decision to invest in new software, understand the need for Systems support, and generally give the project top-down backing. He spent a lot of time with her and developed "a great relationship."

As he was new to the role, his manager defined whom he should meet with. Who was pulling the levers? He set up meetings with the key members of the current organization, directors and VPs for various units in Division A. (He had met many of them in the process of being interviewed for the job, so he had a head start). At first, he did not focus too much on this upper tier of the organization. He needed to first deliver something useful and cost effective to the product managers the call center served. He also didn't bother to talk about the changes with the first-level supervisors in the centers; they were "just 23-24 year olds who had their heads down trying to manage the staff. I didn't want to use my best "A" material with them." He needed to use his "A" material with Finance, which controlled the purse strings.

FINANCE

When he became head of DATS, there were nine Division A presidents that owned his budget allocation. He needed to understand the details of his budget and how the presidents related to each other. Observing carefully, he realized that Division A company presidents might be formally in charge of key decisions, but that they sought considerable input from Finance when spending was involved. He would have to win over the finance managers by learning to talk their language: "A common mistake of

heads of HR is to try to sell a vision on HR merits instead of the business and financial considerations.” But finance was not a subject Will felt totally conversant with.

He talked to his father (a former financial company executive), who linked him to the former chief financial officer (CFO) of a large insurance firm. Will realized that he needed some extensive coaching due to the intricacies of how finance was done in Confideco, so would have to hire this consultant for some in-depth learning. Will had been in Confideco long enough to know that asking for the \$30,000 he would have to pay would “never fly” as an additional budget item. After clearing with his boss that he could manage the resources within his budget any way that would accomplish his objectives, he juggled his own operating funds, cutting where he could, to free up the money.

In order for Will to persuade a finance person, he needed to learn about that person’s group, costs, key drivers, and the impact on the company. How does a CFO view training? The work of the ex-CFO consultant helped Will understand the views of finance and get the answers to his questions. He talked with Will’s staff, internal customers, and the people in Finance about their work. He took apart the budgets, and figured out all of the things that managers used to measure performance. Will realized that this was the key to the way the managers thought, and how finance would view him. Basically, less spending is better than more. Once Will saw how margin was critical—the outcome between revenue and expenses—he recognized that his group fell on the expense side and he needed to manage it better. In general, to impress Finance, it is desirable to increase margin—either sell more than your plan for the year, or decrease budgeted expenses.

Training organizations were often perceived as large and expensive. All of training’s costs must be allocated to division heads responsible for Profit & Loss statements; they absorb the costs, so it is an emotional issue.

DISCOVERING THE KEY MEASURE

Finance measured him by the ratio of expenses divided by number of participants trained. If his group was growing, it negatively impacted this ratio. As the business increases, the total cost of training increases. He wanted to control costs so that while total training costs grow, the cost per participant would go down or remain flat. Now he saw that the goal should be to “flatten the curve” by stemming key drivers of costs and activity. It confirmed to him that he could do this through e-learning. Classroom training was dependent on classroom and instructor availability, when at most only 18 people can be trained at once, unutilized capacity is a large expense.

Will confirmed that reducing costs would demonstrate his desire to be more efficient. He could now make the case that in return for approving the software investment, the CFO would get efficiency. Will would need to track efficiency over time to keep his credibility. He knew he would have to continue to work with the Finance head.

He figured that since Finance people controlled the resources, and no big decisions involving spending happened without them, they needed to believe it was right for the company. So he needed to educate them. He approached in a dignified way, inviting them to lunch. Since in his view they yearned for connection, this drove the relationship. Will wanted to build partnerships with key Finance individuals who controlled his budget. He would spend most of the lunches building relationships; sharing the vision and aligning it to business goals, not making specific proposals.

When he was building relationships with everyone from business analyst to senior leaders and doing it over a bite to eat, it made the conversation less formal. He would admit that his department had been expensive in the past, but that he had a way to cut cost per trainee, and eventually explain his plan. After he had done that, and started demonstrating actual savings, he was at the point where he needed to buy some technology to deliver training at each desk. He knew that the e-learning software had an "a-ha" aspect to it: people read about it but until they see it for the first time they can't really visualize the benefits. He built a business case for Finance and they liked it.

Will internalized what he learned, and has used hard measures ever since. They made a lot of sense for his training operation, which imparts basic knowledge of how to do the work of the multiple businesses and functions. And it provided him with data to judge the need for and performance of each person in his unit. He could tell how they were using their time, whether they were fully occupied, and so on. That let him decide how many people to lay off, and how better to use the people he had. It also allowed him to show how the numbers he required were closely correlated with numbers of new hires the businesses were making, and that helped him justify increases to his staff as he went along. It became an easy sell.

He now gets credibility around effectiveness and efficiency. Senior managers understand that they are getting their money's worth. The end result is that the training division is viewed as a business. They understand his intent, which goes a long way. He makes a budget for Finance, so they understand that he contributes positively, with expenses under control.

INFORMATION SYSTEMS

In order to implement e-learning and install the needed software, he needed the technical support from Information Systems. Technology employees want to know there is a business case for doing things and that the group had already been working with Finance. It was therefore important to have the support from the CFO, who agreed that this training business was critical.

Will needed to understand the implications of this project to the technology infrastructure because he knew it would add a huge amount of work. He would be cutting into a queue of technology team priorities, so he had to build a business case and get ongoing support. The Systems VP was concerned with percentage of full-time employees (FTE) that this project would consume. His objection would be that he did not have enough resources.

Yet if Will did this technology implementation right, he could reduce the number of trainers that he needed to hire—was there a way to shift resources?

Will knew that Systems was at capacity, “dying out there” with too much work, so he went in to the SVP with an unfilled requisition slip for a position in his own training organization (saved by his earlier moves to efficiency). He offered the requisition to Systems to use any way they wanted, as long as when he needed service they would respond without undue delay. The SVP could use this position for Systems, but this employee should be dedicated to DATS when needed. Will also brought names referred by the software company of skilled people that Systems could hire. Just as with Finance, it was important to build relationships to share in the vision and to have some ownership.

His predecessor had not been technical or scientific. In the branches where Will had previously worked, it was a “guys' club,” much like the Systems people that he now had to deal with. He used his experience as a way to establish rapport. He would try to find something like a hobby that would help him relate to his business partners. He also related by acknowledging the views Systems might have of his area, so Will would make jokes about golf, such as that he “hated to be at this meeting because it was interfering with his tee time.” At other times, Will would mock plead, “I’m dying, guys, throw me a bone.” He knew he could be successful in what he promised, but he needed to convince Systems that he could be more efficient through e-learning.

He sent humorous gifts to Systems, like sweatshirts and desk plaques that said “Love, Nurture & Care for DATS.” He also would buy them lunch once in a while. In his view, that worked better than any other form of persuasion.

HUMAN RESOURCES

The real challenges arose with the corporate HR community, which resented that he had acquired groups of trainers and clients that they previously controlled. HR had organizational and territorial reasons for not supporting him. They wouldn’t respond to the business case that worked on other key players.

However, Will’s organization is better because of its credibility. DATS merged with the last training group in his location. The ideal ratio is 1 trainer to 100 people; the other training groups had a very inefficient 1 to 17. As a result of his adding several units to DATS, and his growing reputation with the business heads, the HR community felt like they had lost control to him. They believed that Will was gaining, and was empire building.

Since HR had little influence in the organization, Will concluded that he didn’t have to spend valuable time trying to convince them of his true intentions. However, there was one HR person who really opposed Will and could be a major obstacle. Will used all of his influence material (A, B & C) to try to convince this person, but nothing worked. Will was ready to go to the CFO and say that he had a blocker, and would like some coaching on how to deal with the person. Will planned to explain what had been

happening, and that he was confident that the CFO would solve the problem. Fortunately, Will didn't have to resort to such hardball tactics because the HR person decided to retire.

IMPLEMENTING THE CHANGE

Now that he had more of a business mindset, Will realized he had to have hard conversations around adding people because of changes in market conditions. When he made his original business case for e-learning, the economy was in a bull market. However, he was preparing for the inevitable downturn.

His predecessor had left a loose organizational structure. Since Will was in the business of human capital management, he needed to know how he should rebuild the location's training group and make sure he had the right people. When he joined in July, he planned for reorganization in October. He was considered "the Cleaner" because it was necessary to lay off people and fix the reputation of the training department. As he had claimed in his job interview the toughness and ability to fire people, he needed to prove that he could do it. Even though there were no existing measures and record around performance of his team, it was necessary to eliminate roles.

During the reorganization, Will wrote a letter to everyone on his staff about their role. He wanted to link their goals to the call-center business of reducing error rates and time spent on each call. Because he had put time into understanding their roles and had statistics regarding the business units functions, he could link each individual's work and performance to a key driver.

He also took the time to educate his team in business metrics. When he had the full story to tell on how they contributed to the bottom line, he took road trips to the different Confideco sites to explain profit and loss concepts to his team. The team was engaged. He was delighted that all levels of his organization could understand this business vocabulary. Now, his direct reports understand profit and loss, liquidation, and ledgers and how they contribute to the bottom line. His team used to be order takers. They went from "firefighters to smoke detectors." They are now proactive and understand the key business issues of the call center. This increased their credibility with the business units.

DELIVERING ON PROMISES

The return on investment Will's manager got from the new efficiency was additional credibility for having hired Will. She could feel comfortable that his part of the business was running fine. Now, Will uses e-learning for 40 percent of DATS training. However, there are huge financial costs when the e-learning system is not up and running, so it needs constant attention.

Currently, the CFO is responsible for the call center, Will's biggest client. Recently, Will's people were supposed to train abroad during the SARS epidemic. As a back up plan, he arranged to train the entire population at the overseas site via e-learning, so as to

not expose his employees to any danger. With the foresight of this CFO in supporting e-learning, he is well equipped for most circumstances.

Will's business plan is now a role model for Confideco and other companies. His division is a benchmark for AT&T and Gillette, which helps make them satisfied customers for Confideco's products.

FUTURE

Next year, Will expects to manage over 100 people. If it goes right, he could reduce that to 60 people in the future, because a number of his people would be transferred to corporate training to benefit the whole company, not just the divisions he manages. He thinks that would be the right thing to do for the company, to get the benefit of the efficiencies he has created.

If that happens his job would shrink, so he anticipates a problem in two or three years. He'd like to stay with Confideco, though due to the opposition in the HR group, he might not get to move to corporate HR to manage the combined programs. Instead, he may get a job in the business side of Confideco outside of training since he has become more of a businessman than a training man.

CONCLUSIONS FROM THE EXAMPLE OF IMPLEMENTING E-LEARNING

This example shows how it is possible to gain support for a change that could have raised plenty of opposition, by:

- Creating a vision of how the change to e-learning would be more efficient and more convenient.
- Identifying key stakeholders, using diagnosis and a consultant to determine what was important to them, building credibility through better performance in terms they cared about, then showing how the move to e-learning would provide the lower cost per participant that finance valued, and using saved resources to offer an extra person for the overloaded Systems area to service it.
- Clarifying what was needed from his manager, and working to get that upward support.
- Building and continuing to reinforce relationships with key stakeholders through social events, small gifts, and using an interaction style that fit.
- Trying to deal with the political implications of getting his change accepted, and how it affects not only his future, but also who his allies are.

These conclusions raise more questions.

PLANNING, OR CALCULATION?

Will, the driver of the change, operated in a way that also raises interesting questions about planning vs. calculation. As he feared, going through the planning for a major change can sound quite cold and calculating from a distance. He was responding to questions about how he did it; reading a transcript rather than observing him can drain the human feeling from the words. Nevertheless, since relationships are an important part of being effective at influencing, it is worth some exploration.

There is definitely a difference between a) taking stakeholders to lunch to get to know them, using the conversation to better understand them and in the process feeling closer, and b) being totally instrumental in the conversation, mechanically feigning interest but only going through the motions. Occasionally you will encounter someone so hungry for attention that they are easily fooled, but much more often, the recipients of phony interest sense it, and are turned off. Once they suspect that they are being courted just to get them to do something, they become more resistant.

FURTHER IDEAS

Because organizational change can be so complicated, there are related issues raised by this example (and any major change effort) that require looking further. Will Wood was able to get help in understanding the CFO who held the purse strings, which enabled him to do what he had to, but that isn't always easy. Sometimes the decision makers are hard to reach, or unlikely to pay much attention to what you want without considerable ingenuity. Will didn't have this problem, but it arises often enough. For more on ways of coping with this challenge, see the chapter on indirect influence in the revised edition of *Influence without Authority*. In larger organizations, there can be many complexities of introducing change that arise from the varied interests and power of different groups, departments, divisions and geographies. The reaction of corporate HR to Will's gaining control of previously centrally managed training groups was just an example of how a victory from one point of view can cause other stakeholders to become opponents. The book's chapter on organizational politics will also be helpful.