

How to manage change in your business



As a small business owner, you'll encounter change all the time as your business evolves. You can minimise stress, avoid possible negative outcomes and take advantage of new opportunities by identifying any issues, and assessing how changes are likely to affect your business.

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We face change all the time, driven both by internal or external influences. Words like growth, innovation, redundancy, outsourcing, relocation, diversification and competition all signal change.

The trick lies in making the necessary changes before they are forced upon you – minimising change that can impact on profitability and maximising change that creates opportunities. Most people, in particular employees, are uncomfortable with change because it interferes with their routine and exposes them to the unfamiliar.

Driving change

It's better to drive change than let change control your business. It's also important to identify any need for change early on. Think ahead to where your business needs to be in one, three and five years' time. What do you need to do to get there?

For instance, a publishing company won a government contract to run workshops. But looking ahead, they knew the contract for government funded workshops wouldn't last, so they diversified into online training before the contract came to an end. Implementing this change lessened the impact of losing revenues from the contract once it ended.

It's also important to monitor what your competitors are doing, specifically, what do they do better than your business? Consider benchmarking your performance in key areas, such as customer loyalty and cost per sale. What can you adapt or improve?

Look at parallels in other industry sectors. For example, have competitors invested heavily in websites? If selling over the internet works for other businesses, could it also work for you? Many businesses 'reinvent' themselves as a result of change.

Prioritise changes

Decide which changes are most important and focus on the changes with the biggest potential benefits - not the easiest ones to implement.

Aim for continual smaller changes rather than a few large ones. Large changes are harder to digest and can interfere with one another, while small-scale changes are easier to manage. Focus on getting some small wins on the board. A string of successful small changes will breed a positive culture of change in your business.

Remember to consider both the personal and business implications of the changes. The end objective can seem so desirable that important details can be overlooked. For example:

- Change usually involves extra work and expense. Is your cash flow strong enough or will you need some financial assistance?
- Will any existing skills and experience become redundant? If so, how will you overcome the resistance from those affected?
- How will your employees embrace any new technology?

Get advice

Change usually involves going into unknown territory, but others will have been there before you, so seek their input and advice. Talk to business associates and learn from the experience of people who have made similar changes.

Trial the change

If the change you're contemplating is risky, run a pilot project and evaluate the results to identify any necessary adjustments before rolling out the full project.

Establish a timetable for change, and preferably phase in the change as it allows you to address any problems early on.

Selling the change

Whatever the area of change, you will need the co-operation of your employees. However, resistance from employees is often the biggest stumbling block to successful change. Some possible sources of resistance include:

- Natural wariness of change. Never underestimate people's fear of change or of moving outside their comfort zone. Acknowledge that employees may not want to give up familiar and long-established working patterns.
- Suspicion based on misunderstanding. When employees aren't told enough they may think there's a hidden agenda, such as downsizing or loss of jobs at the end of the change.

If you're implementing change for a good reason, you should be able to sell your idea to the people affected:

- Explain the benefits to employees and to the business.
- Make people understand the cost of not changing, such as losing customers.
- Point to examples of successful change carried out in the past by you or your competitors.

Avoid overselling the benefits and to maintain your credibility stick to what is achievable.

Communicate clearly and often

The key to managing change successfully is to keep staff informed. Start communicating the change as early as possible, so people have time to come to terms with it. Avoid communicating any ideas that aren't concrete as to avoid confusion. Allow time for feedback and listen to the views of any sceptics – they may help you avoid costly mistakes.

Even small changes can backfire if they're not handled sensitively. Consult with those affected before implementing any changes. Those involved may be able to suggest alternatives that deliver the same results more effectively or more cheaply.

Be inclusive

Talk to everyone who will be affected, including customers and suppliers. Make sure everyone knows their role in the change process and encourage employees to get actively involved and 'own' the change. Resentment can grow if people feel left out.

Spell out the implications of change for everyone, such as revised job descriptions, and be clear about how the change will affect individuals, teams and the whole business.

Make sure you address people's concerns. Your biggest allies can be your cynics so don't be put off by their style – they often know the pitfalls and difficulties. Get help from the early converts in selling change to the cynics. If you can persuade them, persuading other employees becomes easier.

Implementing change

Make some bold early moves to let people know that change is really happening.

Making change stick

It's critical to follow through on your plans. Keep monitoring and reinforcing the change. When completed, point out the benefits achieved from the change and how the business has moved on so employees see the value of change.

Create a culture of change

If change is seen as the norm, employees are less resistant to it. They'll begin to see that any system or process can be improved.

Encourage continuous input from employees. Ask for suggestions on other areas for improvement. Give feedback and credit for any ideas implemented and reward people for their contribution to success.

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