

ILM Level 5 Leadership & Management

Leading Innovation & Change

8607-504

Also covering units 8605-504



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Contents

Contents	1
Unit Specification and Learning Outcomes	2
Introduction	4
Defining Change	5
Benefits of Innovation and Change	7
Innovation and Creativity	11
Creating an Environment that Encourages Innovation	13
Environmental Scanning	16
Barriers to Change	25
Identifying and Evaluating Options	26
Managing Change	33
Planning Change	36
Communicating Change	43
Taking People with You – Leading Change	48
Conclusion	55
Bibliography	56
Appendix:	57
Tools and Techniques for Creativity & Innovation	

Leading Innovation and Change 8607-504	
Level: 5 Credit value: 5 Unit Guided Learning Hours: 24	
Learning outcomes The learner will	Assessment criteria The learner can (in an organisation with which they are familiar)
1. Understand the need for innovation and change management within an organisation	1.1 Explain the importance of innovation for own organisation 1.2 Explain the importance of managing change within own organisation
2. Be able to propose innovative solutions to improve organisational performance	2.1 Assess an opportunity for innovation and improvement in own organisation 2.2 Justify the improvement identified, in the context of organisational objectives 2.3 Use a range of techniques to generate innovative options to deliver the improvement identified 2.4 Evaluate options for generating the proposed improvement to determine feasibility and viability
3. Be able to lead and manage change within an organisation	3.1 Create a change management plan that is designed to meet stakeholders' expectations 3.2 Implement the change management plan, monitoring progress against agreed targets
Unit purpose and aim(s): To develop understanding and ability of leading innovation and change as required by a practising or potential middle manager.	
Indicative Content:	
1	<ul style="list-style-type: none"> • Innovation and business performance • Financial and social benefits of innovation • Radical and incremental innovation • Innovation as a form of competitive advantage • Need for effective management of change • Continuous Improvement Techniques • The difference between Kaizen (continuous or incremental change) and breakthrough change (e.g. business process re-engineering) • Leadership and change, transactional/transformational leadership and other leadership models relevant to change • Concepts of creativity and innovation and the conditions and processes required to encourage them

Indicative Content:	
2	<ul style="list-style-type: none"> • Need for environmental scanning and organisational analyses (PESTLE, core competencies, SWOT, etc) • The nature and role of vision in the change process • Techniques for critical decision-making • Methods of determining feasibility and viability of opportunities and options, and of contingency planning • Problem solving and decision-making techniques including the use of quantitative and qualitative information • Identification of human and financial factors in the consideration of change • Techniques for monitoring and evaluating outcomes of change • Methods of assessing the risks and uncertainties associated with proposed changes
3	<ul style="list-style-type: none"> • Stakeholder mapping • Ways to identify stakeholders in change, and the benefits and costs to stakeholders, in order to overcome resistance • Skills and competencies required to manage innovation and change • Principles and practices associated with managing creativity and innovation • Direct and indirect effects upon other people, departments and organisations • Ways to organise and co-ordinate resources and activities to achieve planned change, including use of Gantt charts and network planning as tools for planning change • The role of communication in overcoming barriers and other difficulties

This table is extracted from the ILM Qualification Specifications.

Introduction

To understand change and the concept of innovation within in an organisation is fundamental to the role of a middle manager. To be able to successfully implement change in the workplace, managers need to be aware of the different types of change, the origins of change and the way in which people react to and cope with change. Pivotal, and, arguably, essential in the roles of senior and middle managers is the need to be able to lead change. Within the leadership dynamic, senior and middle managers are responsible for identifying and implementing new ideas; this is often referred to as innovation.

First, we need to recognise and acknowledge that change is not a new phenomenon. Over the centuries, as man's understanding of the world has grown – from the Age of Enlightenment, to the Renaissance, to the Industrial Revolution – we have seen significant change occurring. Indeed, let us consider the following 2 quotes from the 19th Century:

'Change is inevitable. Change is constant.'

Benjamin Disraeli (1842)

and,

'It is not the strongest species that survive, nor the most intelligent, but the ones who are most responsive to change'

Charles Darwin

In one sentence, Darwin asserts that change has been here since time began. In primitive times, we know that humans changed and adapted to their environment to survive. As we shall see, the need and desire to survive still drives change. Indeed, from the organisational and business context, an inability to recognise the need for change and to make change that sticks can be the difference between success and failure.

The events of the last 30 to 40 years can sometimes lead us to believe that change is a recent phenomenon. The reconstruction of Europe post-World War II, the Cold War, and the Fall of the Berlin Wall – momentous events all – to the rise of globalism, and in particular the emergence of the Pacific Rim as an economic powerhouse, coupled with the inexorable march in technological growth makes the early part of the 21st Century an exciting and challenging world in which to live.

This Workbook introduces students to the concept of change, the importance of innovation and creativity and explores how to implement change within the workplace taking into account the 'human factor'; that is, how to take the people who are affected by the change with you.

Defining Change

In any study of management it is important to establish a set of definitions for relevant concepts. Change is a word we come across frequently in a wide variety of settings. In its purest form, change is '*making something different*'. Webster's Dictionary offers the following definitions:

- To make different in some particular way – *to alter*;
- To make radically different – *to transform*; and,
- To give a different position, course or direction.

These definitions offer some immediate insight into what change in the workplace might look like. In simple terms, change can take many forms and have different levels of impact, depending upon both the type of change and the timing. It is implicit that each type of change will be perceived by those affected as carrying some level of threat. Typically, we find that there are 4 types of change that take place. Each of these has a corresponding indicative level of threat, namely.

Types	Threat Level
Incremental	Low
Annual	Low
Step	Significant
Metamorphosis (Major)	High/Very significant

(Based on Russell-Jones)

Activity: Consider the types of change that you have experienced in your organisation or company, or, indeed, change that you have observed elsewhere and make a list of examples for each type of change:

Type of Change			
Incremental	Annual	Step	Major

In completing the table, you are likely to have identified that a significant number of change initiatives which take place in organisations, are as a result of something happening elsewhere. Indeed, in every organisation there are a myriad of things that can drive change; these are often called 'change drivers'.

Activity: Looking at your own organisation, list potential drivers (i.e. the need) for innovation and change:

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Drivers for change might include some or all of the following:

- New technology;
- Government legislation;
- The appointment of a new chief executive or senior figure;
- Customer demand for new and improved products and services;
- Internally-driven improvements in productivity and/or profitability;
- Need to reduce costs;
- Financial recession;
- Local and (increasingly) global competition;
- Competitor innovation;
- Product obsolescence;
- Loss of market share;
- Loss of revenue;
- Higher taxation;
- Mergers and take-overs; and,
- Organisational inefficiency.

The drivers do not of themselves, however, necessarily set out *what* change has to be made to survive or *how* that change could be made.

For example, a reduction in the annual budget for a given department within an organisation might be addressed in a number of ways: money could be saved by reducing the number of people employed within the Department or by changing the output in some way or, possibly, by doing less of whatever the Department does.

Benefits of Innovation and Change

Taking, as a starting point, the Darwinian view that change is essential for survival, the logical conclusion would be that change is a good thing. In an organisational context, any proposed innovation or change must bring *benefit* if it is to be meaningful. The concept of derived benefit can be difficult for some organisations to grasp. By failing to understand the benefit(s) to be obtained from a proposed change, and by not being clear about the benefit, these organisations run the risk of failing to successfully deliver the change.

One of the biggest challenges organisations face in identifying the potential benefits of an innovation or change is the definition of a readily understood measure of success. For example, a company decides to manage one of its support functions differently by outsourcing that function. To quantify the benefit in this case is relatively easy since a comparison between the cost of in-house delivery and the cost of an out-sourced service would reveal a cost saving. This easily quantified benefit is defined as a *tangible* benefit.

Where things become more difficult is where there is a significant payback period – that is, the benefit of the change will not be derived for several years – or where the benefit is *intangible*. An intangible benefit is one which is not easily quantified. For example, a company proposes to allow staff greater freedom to choose their own working hours arguing that staff morale will be improved. Finding measures to confirm that the benefit – improved morale – has been achieved is challenging and, indeed, imprecise.