INTRODUCTION

The Rationalization Program seeks to result in a government with greatly improved performance, and organizational structures that are highly efficient and results-oriented. The reforms that are to be instituted require government agencies and corporations to redefine their proper roles in society and focus their performance improvement efforts on their core governance functions.

Executive Order No. 366, signed on 04 October 2004 and with Implementing Rules and Regulations (IRR) issued on 20 May 2005, mandates the rationalization of all government agencies under the Executive Branch. It requires a strategic review of their operations and organizations, and allows the provision of options and incentives for those employees who may be affected. The Head of Agency is the recognized lead in this process. To facilitate its implementation, E.O. 366 also requires the setting up of a Change Management Team (CMT) within the agency.

This guidebook applies a change management perspective to the Rationalization Program. It serves as a practical reference for the CMT in managing the process of formulating and implementing the agency Rationalization Plan. This supplements E.O. 366 and its IRR, which provide the legal basis for the Rationalization Program and contain all its technical requirements. A change management perspective is applied here, with this guidebook focusing on the human aspects of implementing rationalization efforts.

Since this guidebook comes months after the issuance of the IRR, it benefits from the experience of some agencies that have already pursued rationalization activities. It is hoped that this will be a useful guide to the CMTs in the iterative process of strategic review, Plan revisions, and in implementing their respective Rationalization Plan. Beyond that, the change management approaches offered in this guidebook may serve some use in future reorganizations or other major reforms in government agencies.

A lot has been written about organizational change and its management over the past decade. The more recent literature has included a presentation and analyses of how various change efforts have been implemented in both public and private sector organizations. It is the intention of this guidebook to bring together the varied approaches, strategies, and learnings generated by different authors over time so the reader can have a variety of options for application in his or her specific context.

Concepts and principles on change and its management are presented first in order to provide the reader with the appropriate conceptual base. Organizational, team, and individual perspectives to change are briefly explained. The content and process of change are distinguished to show the scope of change management. Strategies applicable to each of the processes of change are described.

E.O. 366 defines the technical dimensions of the Rationalization Program. A chapter is devoted to an enumeration of its requirements, to provide a quick reference to the three subsequent chapters which discuss the change processes involved in the major phases of the Program: preparing the rationalization plan, implementing it, and building on the gains obtained from its implementation. These three chapters endeavor to illustrate the change strategies that may be applied to a specific process. It should be noted that change processes are iterative; these strategies may also be applied to the other phases of the Program.

Theories, concepts, and frameworks are reinforced by citing anecdotes and providing examples of what worked in some of the organizations that implemented the Program, and what did not. These and other change experiences are highlighted as (boxed) insets. A Toolkit completes this guidebook. Useful tools and techniques for defining strategic directions, problem-solving and decision-making, communication, assessing change readiness, managing conflict, project management, and managing meetings are provided.

A list of references, from which many of the discussions here were taken, can be found at the end of this guidebook. Authors and sources of specific strategies, approaches, quotes, excerpts, tables, etc., are cited in the text. Still many other references are available to the reader who wishes to widen his or her knowledge and practice change management within the Rationalization Program, as well as beyond.

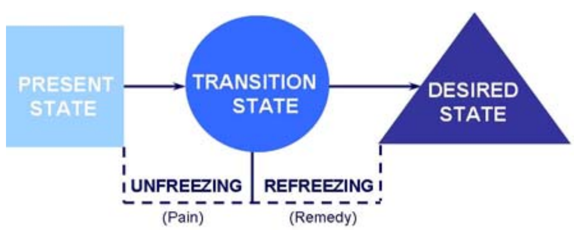
Understanding And Managing Change

Current environmental conditions require individuals and organizations to change if they are to grow. The manner, direction, and rate of growth are better managed if one understands and is able to manage the change process.

The Nature of Change

Change, whether organizational or personal, is a process rather than a singular event. It is the journey from the present state, defined by certain conditions, to another state (the destination), which is hopefully better and more desirable. The transition from the present to the desired state is generally described as painful because it requires the unfreezing of old and hardy practices, habits, rules, and norms.

Change is a Process



In this framework, Kurt Lewin applies the systems concept of dynamic stability to planned change. Both present and desired states are characterized by stability. Between these two states, the organization hangs loose.

Letting go is a disturbing and naturally painful process. To remedy the pain, it is necessary to go in the direction of greater stability, an improved condition which the destination promises. People or the organization would then have to move towards the desired state, acquainting themselves with and getting used to the new practices, habits, rules, and norms. The resilience of an individual or an organization determines the speed/swiftness of the transition.

Change is not always the linear process shown in Kurt Lewin's framework. Sometimes, an organization is already "unfrozen" but may need to go through some rational analyses to decide in which direction it needs to go. Change is a dynamic, iterative process.

Whether planned or unplanned, change may be gradual or incremental, or it can be radical. Sometimes, change is triggered by environments that present crisis conditions to the organization. Change can also be seen as a problem-solving process—moving from a problem state to a solved state, with the latter providing the organization with conditions that enable it to perform better, and deliver products and services to its publics much better.

The Technical and Human Dimensions of Change

However it is initiated, any organizational change goes from a current state to a future state. Going from one to the other requires a structured, organized process. With change being implemented by the persons making up the organization, necessarily also affecting them, it is therefore useful to distinguish the human dimension, or the process, from the technical dimension, or the content.

Basically, change management seeks to answer the following questions:

- *what* (content of the change),
- *why* (purpose), and
- *how* (manner of implementation, strategies, and approaches).

The answers should be able to deal with how people understand the change effort, what their reactions to it are, and what will make them work for or resist change.

Change management, however, is more concerned with the *how* or the process of change rather than with its content. Thus, change management decisions and actions must be anchored on principles that recognize, respect, and protect the rights of persons in the organization: participation, transparency, accountability, equity, and non-discrimination.

Strategies for Managing Change

There is no single best strategy for managing change. Often, a mix of strategies is necessary. Which strategies to apply will depend on the following: target population, degree of resistance, time frame for change implementation, expertise, change outcomes (stakes), and leadership.

Four strategies are shown in the inset. Rationalization, which is a government-mandated change and involves the whole population of the

Four Basic Change Management Strategies*

Strategy	Description
Empirical–Rational	People are rational and will follow their self-interest—once it is revealed to them. Change is based on the communication of information and the proffering of incentives.
Normative–Re-educative	People are social beings and will adhere to cultural norms and values. Change is based on redefining and reinterpreting existing norms and values, and developing commitments to new ones.
Power–Coercive	People are basically compliant and will generally do what they are told or can be made to do. Change is based on the exercise of authority and the imposition of sanctions.
Environmental–Adaptive	People oppose loss and disruption but they adapt readily to new circumstances. Change is based on building a new organization and gradually transferring people from the old one to the new one.

*Source: http://home.att.net/~nickols/articles.html. Change 101, a Primer, as modified from Bennis, Benne and Chin, 1969.

agency in general, requires a mix of all four strategies, to ensure greater success and provide all possible approaches to all individuals.

The Program itself has been designed with an empirical–rational approach, as it relies on people complying with its requirements once they appreciate the improved performance outcomes of a rationalized structure and the incentives offered to personnel who would opt to retire or be separated.

Power–coercive and environmental–adaptive strategies would be most useful where resistance to change is strong. Where people accept the change readily, normative and re-educative strategies could be applied soonest. Where expertise is lacking, or where compliance is the norm, the power–coercive approach would be more reliable.

The unique requirements of E.O. 366 need a careful blend of all four strategies: clear mandates and sponsorship from top management; strong and widespread information dissemination; staff motivation and provision of incentives; training and retooling; redefining work norms and values; and appreciation of the change destination—a more efficient and effective public sector organization. Leadership is a key factor in moving the Program forward.

In his book *Leading Change*, John P. Kotter proposes an eight-stage process of creating a major change:

(1) establishing a sense of urgency,
(2) creating the guiding coalition,
(3) developing a vision and strategy,
(4) communicating the change vision,
(5) empowering broad-based action,
(6) generating short-term wins,
(7) consolidating gains and producing more change, and
(8) anchoring new approaches in the culture.

Oftentimes, the sequence of a major organizational change follows these eight stages; sometimes, they don't. Also, several stages can happen at the same time.

These stages, as well as strategies and approaches presented by other authors, are developed and modified in this manual with the Rationalization Program in context.

In *The Heart of Change*, his recent study of organizations that have undergone major change, Kotter presents two approaches: analyze-think-change and see-feel-change. This work has shown that helping people to see a truth that will influence their feelings and make them change is more powerful than providing them with analysis that will influence their way of thinking. Both thinking and feeling are essential. In the Filipino culture, where people are generally more affective, there may be a need to consciously shift to the emotional approach. Problems and solutions can be visualized to address resistance, complacency, strategy, and other issues.

Change management is founded on the basic principles of respect for the individual and his/her right to work, to be provided with complete and accurate information, and to participate in decisions that affect his or her situation.

An Early Bird

The Technology and Livelihood Resource Center (TLRC) was created in 1977 to leverage technology as an instrument that would advance Philippine industries and make them competitive in both the local and global markets. While it made waves in technology delivery in its early years, by 1998 it had been incurring financial losses averaging PhP 177M annually. The work environment of TLRC had changed greatly since its creation. The losses were caused mainly by the failure of lending programs that had outlived their mandate, given changed development needs, as well as by inefficiencies resulting from a now bloated organizational structure.

Even prior to the Rationalization Program, TLRC was mandated by its Board to conduct a strategic review of its operations. E.O. 366 was a welcome issuance. It catalyzed the implementation of reforms and organizational streamlining because of the incentives that were provided employees who opted to retire or be separated.

TLRC has refocused its operations on technology and livelihood utilization and commercialization and on technology and livelihood information dissemination services. This new lease on life has allowed it to project a net income in its first year of operation based on the rationalized structure.

Initiating Change

"If it ain't broke, don't mend it." This advice rarely holds true for organizations that continually seek performance improvement. To be effective and relevant, the need to change has to be recognized, and conditions that favor it have to be present.

Several critical steps need to be undertaken in order to create a climate for change.

Develop a Sense of Urgency. Where a major reform is introduced, a sense of urgency needs to be developed to ensure that people will participate in its implementation. The growing scarcity of resources and the public's increasing dissatisfaction with Government's services has spurred the need for reform. The benefits of immediate implementation o f performance improvement interventions will also have to be shown.

Rationalization as an Opportunity

Some agencies have easily taken up the Rationalization Program and viewed it from the perspective of benefits that it could bring. This paradigm has encouraged buy-in, helped clarify directions, and hastened Plan formulation and implementation.

- The Commission on Higher Education sees E.O. 366 as an opportunity to position itself to become a more effective agency that is able to contend with the rapidly increasing demands of the growing number of higher education institutions.
- The Department of Agriculture sees the chance to rationalize its attached agencies from being commodity-based to function-based.
- The dwindling subsidy of the Sugar Regulatory Administration (SRA), created in 1986, from an original PhP 250M to PhP30M in 2004 put it in a crunch. Seventy percent (70%) of its budget was allocated to salaries, a third to maintenance and operating expenses, leaving very little for other critical activities. It secured E.O. 339 dated 29 July 2004 and started a slow process of rationalization in 2004. E.O. 366 was a welcome opportunity to further rationalize its operations and separate staff with higher incentives.

E.O. 366, by itself, compels all agencies under the Executive Branch to undergo rationalization. The rationalization of government agencies is the government's way of expressing its accountability for configuring itself and its structures according to the current and emerging needs and requirements of public service, ensuring the best use of scarce resources while delivering the most effective and efficient services.

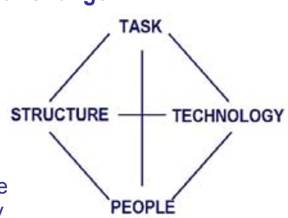
Some agencies are not able to comply as quickly as others. Those who see the benefits that they get out of rationalizing apparently strive harder to complete their Rationalization Plan and have it approved.

To generate support and buy-in, a compelling rationale for implementing E.O. 366 should be stated and communicated within the agency.

Assess the Need for Change. Before any change process can be started, an assessment of whether it is needed has to be conducted. The proponents of the Rationalization Program have attempted to do this for the government in general. The need for the government to deliver quality services yet operate within resource constraints was translated into a mandate for all agencies under the Executive Branch, including government corporations and financial institutions, to review their own mandates, functions, level of performance, organizational structure, and staffing.

Entry Points for Change

Harold Leavitt presents four entry points for organizational change.



Changes at one entry point may also affect the other entry points.

For the Rationalization Program, the initial requirement—review of mandates, core functions and the identification of strategic shifts—seems to show *task* (the organization's purpose, in this case) as the entry point for reform. Subsequently, systems or technology may have to be reviewed. Organizational structure is affected. People—staffing and corresponding competencies—are also affected.

Key stakeholders may be consulted to provide a clear picture of expectations and current performance requirements of the agency. The internal and external environments of the organization are analyzed, and the performance gaps are identified. It is important that the problems to be resolved by the rationalization are agreed upon within the organization. All these activities can be done within the framework of strategic planning.

As early as this stage, all possible information should be communicated to agency personnel. Awareness of everything that is happening and how management intends to go about with the rationalization will minimize their fears and apprehensions. The problem (need to change) has to be sold before the solution (rationalization). People have to be made to accept the functional gaps, redundant functions, over-staffing, low performance levels, lack of resources, and other organizational constraints that can be addressed by a proper Rationalization Plan.

Set Up a Coalition. It is important to identify a group that will bear the responsibility for following through any reform. Generally, in an organization, this is the Executive Committee (ExeCom) or Management Committee (ManCom), composed of the top officers. In the Rationalization Program, the Change Management Team (CMT) is tasked with leading the process of organizational review and formulation of the Rationalization Plan. Regular consultations between the CMT and top management will provide for policy directions and sponsorship.

Except for a specific requirement for rank and file (union/employees' association) membership, E.O. 366 allows agencies to define the membership of their CMT. These CMTs organized have a mixed composition in order to provide for the right level of authority, the widest perspective possible, and the most participation. Some agencies have modified the composition as well as the size of their CMTs along the way to allow for greater discussion and decision-making, or accommodate cultural eccentricities.

Key Roles in the Change Process. Four roles are generally seen in a change process. The ***change sponsor*** would be the individual/group that legitimizes the changes. This would necessarily be the Head of Agency, who works in consultation with middle management. The responsibility for change sponsorship is cascaded down the management line.

The ***change agent*** is the individual or group who is responsible for implementing the change; in this case, the agency's CMT.

The individual or group who actually undergoes change would be the ***change targets***. In the context of the rationalization, these would be the people who belong to units whose functions are either strengthened or declared redundant and units which are merged due to similarities in function. People in these units would be the subject of all personnel actions specified in E.O. 366.

One Size Does Not Fit All

While CMT membership is defined at the outset, several agencies have found it beneficial to modify both size and composition as they moved along the review and decision-making process. Such variation was justified, and was done to accomplish specific purposes.

- The SRA Management, while reviewing 1,128 positions that was reduced to 431, realized it was better to have less people in its CMT: decisions are made faster, discussions are more manageable.
- The TLRC, initially with 699 positions (248 filled), cut down its staffing to 161 positions. They realized that involving more people in the discussions and decisions worked for them. They formed smaller committees to handle issues. Both the CMT (reconstituted from an original study group) and these smaller committees were collegial bodies.
- The Department of Transportation and Communications, in addition to central office services, has four sectoral offices, seven attached corporations, six attached agencies, and regional and district offices. To ensure everyone was informed and consulted, they set up a mother CMT consisting of top officers; sub-CMTs to accommodate the four sectoral concerns; a Technical Working Group to study all areas of the Department; and a Secretariat. The Secretariat provided the link between these groups and monitored the progress of their respective assignments.
- The Department of Environment and Natural Resources (DENR) started with a study group prior to the issuance of the IRR of E.O. 366. Subsequently, in compliance with the provisions of the IRR, a CMT was set up starting with 7 members. This was increased to 13, then to 23 to widen its scope and strengthen the consultation and decision-making process.

Individuals or groups who want to achieve change but do not possess legitimization power are considered ***change advocates.***

The difficulties in implementing organizational reforms calls for people working in teams to properly manage the process. A strong and shared feeling of urgency to rationalize will help bring people together and motivate them to lead or be engaged in the process, even if there are personal risks. The right people with the right sense of commitment, trust, and teamwork should be appointed to champion the rationalization efforts. Strong guiding teams help sustain the sense of urgency and provide the energy, support, and speed to implement the needed changes.

Develop a Change Vision. The agency is required to conduct a strategic planning exercise in order to define all the strategic shifts and project a future picture for itself. This is the change vision, on which will be anchored the organizational structure and staffing of the agency. All reforms that will follow will have to be aligned with this vision. The vision presents an ambitious, attractive, but achievable future of the agency. It engages the stakeholders into participation and commitment to contribute to its achievement.

A *Formula for Change* (Gleicher's Formula) developed by Richard Beckhard and David Gleicher illustrates that the change vision, together with organizational dissatisfaction and the possibility for immediate, tactical action, should be greater than the resistance within the organization in order for meaningful change to occur. Necessarily, to motivate people to work towards the organization's vision and involve themselves in the change process, this vision has to be inspiring and shared among all its members.

Many agencies that have been operating in the same way since their formation/creation already have obsolete or inappropriately delivered functions. The strategic planning exercise will assist agencies in reviewing the currency of their mandates, and enable them to position themselves with respect to the existing and emerging needs of the publics they serve.

The agency is required to examine the main delivery mechanism—its organizational structure—ensuring that it conforms with the efficiency requirements of the Program, as much as it is able to deliver on its mandates and functions.

A problem-solving approach may be applied here, with the knowledge that many of these agencies were created a long time ago, when development conditions and the delivery environments of government were different. It is important to be clear about the assumptions on which the agency change vision is based, and which affect decisions concerning its mandates or functions.

The vision will steer the agency rationalization in the right direction. This vision will therefore have to be clear, communicated to all, understood and shared. The kind of performance and the roles required to achieve that vision will have to be defined. The CMT will have to lead in discussions that will help people let go of the past and embrace the new picture for the future. Constant communication with stakeholders will engage them in this vision.

The Hows of Change: Managing the Process Issues

Change management concerns itself with process issues. Change-related information is shared and cascaded throughout the organization. Relationships that support change have to be established and strengthened. Managerial and technical capabilities to handle the change should also be strengthened. Planning, decision-making, and problem-solving that involve the necessary number of people, expertise, and representation, should be done.

How do we gain support and commitment? The creation of an atmosphere of trust and confidence between employees and their superiors contributes to the acceptance of the changes that are being implemented. People have to be informed of the reasons for and the advantages of rationalization because it relates to personal issues of job retention, abolition of one's work unit, separation of work groups, and disruption of personal relationships. They need to be involved in the process, to be allowed to contribute, and for their contributions to be recognized. Celebrating short-term wins and milestones will strengthen commitment.

Honest communication and regular, concrete feedback about the progress of the change program is important. Employees affected by the rationalization should be allowed to express their apprehensions and fears and provided assistance in dealing with transfer and separation, finding options for investing the incentives that they will receive, or dealing with their emotional responses.

Change Sponsors and the CMT should always model support and commitment to rationalization. Constancy of belief in the benefits the Program will bring to the agency and to the government in general will inspire the commitment of the other employees.

How do we enlist participation? People will participate if they feel they are listened to and respected for their feelings and opinions, whether they are supportive of or opposed to the rationalization. Open, complete, and continuing communication about progress will, sooner or later, encourage interest and trigger acceptance. Consultations are done and responsibilities delegated.

People who have the appropriate experience and skills and a keen knowledge of the sub-cultures within the organization can be utilized in soliciting involvement. Formal and informal venues for sharing information may be used. In our culture, the grapevine is a very convenient source of information; this can be used constructively to disseminate accurate and realistic information about the Program.

How do we handle conflicts? Intra-CMT conflict would have to be handled differently from rationalization-related conflict between the CMT and other groups or between and among other members of the organization. Conflict internal to the CMT may have to be handled within the team and by themselves unless an external arbitrator or facilitator is necessary.

Conflict in itself is not bad, and may in fact be an effective way for the team to make the best decisions. A constructive approach to conflict would entail talking about disagreements, listening actively to the other members of the team, and trying to understand different perspectives.

Consider the following guidelines in managing differences and preventing conflict:

- Ask questions and clarify discussion points.

- Try hard not to "personalize" your opinions. Look at the issues, not the personalities, and always relate the arguments to the team's purpose.
- Negotiate in order to come to an agreement, but avoid a quick compromise that will lead to a mediocre decision.
- Don't be defensive about your opinion, but instead, be open.
- Pay attention to feelings and distinguish them from rational judgment.
- Respect the other person.

The CMT is to model support for the rationalization efforts. Actual or perceived conflict within the team, as well as behaviors that imply disinterest—like absence or lackluster participation in meetings—will discourage the other employees from participating.

How do we solve problems and make decisions? At the outset, the CMT members can agree on how they do this. Various tools are available for problem-solving and decision-making, which involve both logical thinking, as well as right-brain, creative activity. It would be useful for the team to review these tools and agree on what tool is appropriate to use for certain types of problems and decisions, and for their group.

Some tools are presented in the toolkit.

How do we build capability to cope with change? The effects of a change effort on an individual can be anticipated and identified. Rationalization is expected to result in retention in one's position, separation, or transfer from one unit to another or from one government agency to another. These may require retooling, re-education, provision of possible alternatives, or, at the minimum, orientation to new functions, roles, and tasks.

For those individuals who opt for retirement or separation from government service, the financial compensation may be the initial attraction. They can be assisted in preparing for a life of retirement and for judicious use of their retirement or separation benefits. The CMT is to line up programs that will equip them with the necessary business, financial management, livelihood, and investment knowledge and skills.

Even those who remain in their positions/units are affected by the rationalization, since they are witness to the possible concerns that their co-workers and friends could face. The familistic culture of Filipinos reinforces this reaction. Their feelings and thoughts should also be heard. For them, and especially for those who transfer, retire or separate from the organization, counseling services can be made available.

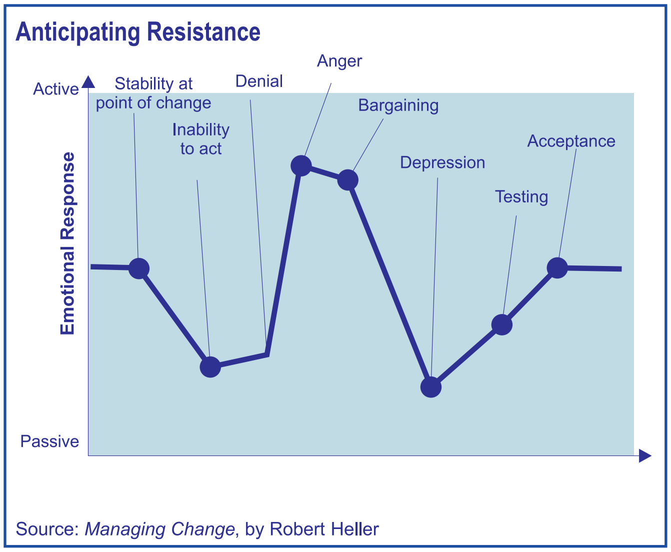
How do we handle resistance? Resistance has many faces. It is the task of the CMT to anticipate resistance, seek out its various faces, understand and confront them, and manage them.

Resistance may be caused by any one of the following:

- unclear purpose for rationalization;
- lack of documentation;
- people who are affected by the change are not involved in its planning;
- lack of information about the progress of the rationalization efforts; disruption of work groups;
- additional work load;
- issues and anxieties about job security have not been addressed openly; and
- concerns about failure in the new position or new office have not been allayed.

Resistance can be passive or active; it can be open or hidden (covert). The hostile questions raised during an assembly, open letters, facial expressions of people, or outright refusal to perform a task, are examples of open resistance. For these, honest and direct dialogue would be the first step to uncovering the cause, building trust, and reducing the resistance.

Covert resistance is more difficult to identify, more so manage. This is exemplified by an employee who apparently joins change-related activities, nods in agreement to discussions, smiles approvingly, yet displays a quiet stubbornness in performing required tasks.



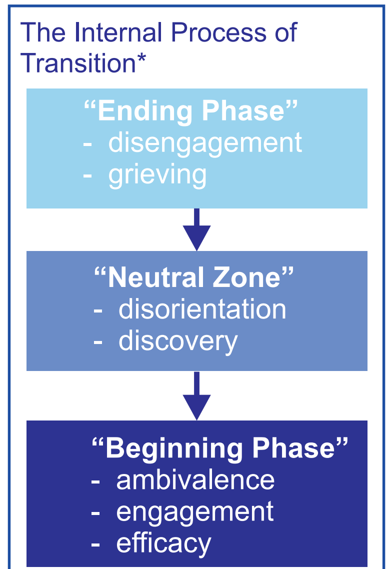
The manifestations of resistance vary across time and personalities in a planned change effort. This is because the change disturbs the individual's equilibrium and stability brought about by comfort in and the constancy of work conditions.

Many times and for many people, the provision of complete, accurate, and up-to-date information about the progress of the change effort is enough. Constant interaction or one-to-one talks may ultimately break down an employee's wall of resistance. Once this happens, affirm the employee and urge him or her to deeper involvement.

For those whose resistance is caused by the inability to cope with the change, training and education may work. For the very few who, despite complete knowledge and understanding of rationalization and the ability to cope with its requirements, still show resistance, focused attention is required. One-to-one coaching and laying out clear performance objectives may be helpful.

The Internal Process of Transition

"It isn't the changes that do you in, it's the transitions," says William Bridges. He distinguishes between the actual changes that happen—the restructuring, the transfer from one office to the other, the new boss—and the psychological changes that happen within a person as he or she tries to come to terms with the details of the situation that the change brings about.



*Taken from *Managing Transitions: Making the Most of Change*, by William Bridges.

The heart of change is in our emotions. Regardless of the content of change, individuals who are involved in a change process go through an internal process of transition. This is made evident through behaviors that range from shock to denial, passive resistance (absence in meetings or assemblies, silence) to active resistance (complaints, rallies, strikes, open letters), testing, and, much later, acceptance.

The Ending Phase. Transition is said to start with an ending phase, where the individual recognizes what in his or her present situation needs to be left behind, and what can or cannot be brought forward. This is a time for grieving and it should be respected. It will serve the change process well if the change agent allows the individual going through transition to say goodbye to the past, while guiding him or her through a discovery of what the future offers.

Attitudes to change are personal. In our culture, "pagpapahalaga" is a core value. This is applied to people as much as to work: employees appreciate it if their contributions to organizational performance are recognized.

Under the Rationalization Program, where functions that are no longer relevant will have to be identified, it is important to recognize that these functions (and therefore the people who performed them) served their purpose significantly at one time. This may have to be celebrated, and a ritual to show this may help those individuals concerned to accept the passing of time, cope with feelings of loss and fear, and move on to new performance requirements. The ending phase provides closure to things of the past that need to be changed or cannot be carried on to the future.

Transition Realizations

During Rationalization Plan (RP) formulation and implementation, the TLRC experienced varied reactions among its employees. The work atmosphere was challenging for the people who were retained. People immediately assumed their multi-tasking functions, being motivated by their aspiration to see TLRC's operations improve and generate net income, after years in the red.

It was realized that waiting for complete implementation of the Program required careful attention to personnel—their motivation to continue working, skills needed, and the individual transition processes that they went through. The importance of an effective personnel program involving skills improvement and counseling was seen. People needed to continue retooling themselves to adapt to rationalization. Effective management of the transition process was necessary to create a positive work environment. Promises linked to the RP, like facilitated retirement services, had to be kept.

The Neutral Zone. The neutral zone is, for many, that time between the formulation of the Rationalization Plan and its full implementation. There is a general fear of displacement and job loss, though it is not yet clear how the new structure will look like, whether it will be approved at all as submitted, and what revisions there will be.

If the offer of an incentive felt attractive, the transition question will be when will the people receive it. It is during this phase that people may feel lost between an established past that they need to let go of and an uncertain future. Assurances will have to be provided; constant communication is necessary.

The Beginning Phase. The beginning phase, with which internal transition ends, is characterized by trying out new ways of doing things and developing new habits. This is the "destination" or the end of the change journey, and many times is the focus of change plans.

While it is correct to design the destination well—it is, after all, the organization's desired state to be in—jumping right into it without change agents looking at the journey or the transition process most often leads to failure.

A major concern of personnel in an agency undergoing rationalization is his or her retention. These are some of the questions that they may ask:

- *What was wrong with what we were doing before?*
- *Will I be out of work, if my position is declared redundant?*
- *Is my separation right, by the requirements of E.O. 366?*
- *What will I do with the financial incentive and retirement package that I will receive?*
- *When will I receive the incentive?*
- *If I transfer to another government agency, will my skills still be useful?*
- *Will I find friends there? Will people accept me?*

When answered, these and other process and content questions will help them cope with the rationalization.

Change management interventions are usually designed for each of the three phases of the transition. Resistance most often arises when the transition process is not managed well.

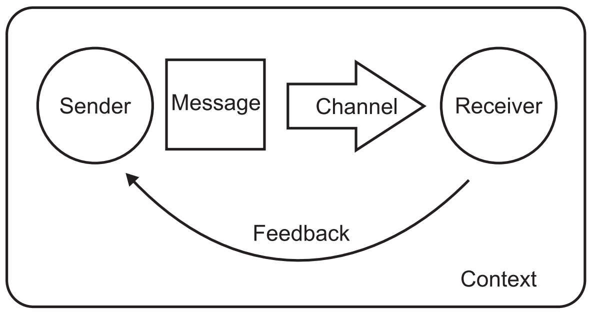
Communication as a Tool for Successful Change

The Rationalization Plan is accompanied by a Communication Plan that specifies the main communication strategy that will be employed.

The Elements of Communication. Communication is effective only when the message is heard, listened to, understood correctly, accepted willingly, and applied truthfully in the manner the message sender intended and acknowledged. Any change intervention is best supported by a communication plan that considers very carefully the following elements of communication: the sender, the message, the communication channel, the receiver, feedback, and the context. Timely implementation of communication activities will contribute greatly to the management of resistance.

The Communication Process

Communication is a two-way process that involves both verbal and non-verbal modes of expression.



Source: www.mindtools.com.

Communication messages are linked to the strategic purpose of rationalization. These messages are made realistic and honest, proactive rather than reactive. Messages are repeated consistently and constantly throughout the life of the change process, through varying channels. This ensures that all employees are reached and that better understanding is achieved.

Communication Channels. Messages that are relevant to the rationalization may be issued in the organization's newsletter, bulletin boards, by telephone, internal e-mail, or discussed in meetings and assemblies. Though formal channels may be more visible and easier to manage, people within an organization still utilize informal channels like the grapevine for dissemination and acquisition of information. It would be to the CMT's benefit to consciously include informal channels in order to better manage information that may be relayed in this way.

Addressing Issues through Communication

In the middle of formulating its Rationalization Plan and having it approved, the DENR received several questions and issues raised by the employees' unions in the Program. To address these issues, its CMT has conducted the following:

1. Held a *Talakayan* on the merits of the Rationalization Program;
2. Held consultations, in-depth discussions, and meetings with its sub-CMTs nationwide;
3. Released CMT advisories, both in print and electronic forms, through which employees could get necessary information on critical CMT decisions; and
4. Participated in the DBM-initiated Perception Study Survey in order to better appreciate employee reactions to the Program.

There was greater progress in formulating the Rationalization Plan as a consequence of improved communication efforts.

Mechanisms for employees to send in complaints, raise questions, clarify issues, or simply just express how they feel, should be available and open to everyone.

Source of the Messages. It is best that change-related messages are issued by the Change Sponsors, or top management, even if the actual release of the message or information is done by a communications department. This shows ownership and full accountability for the Program by top management, and ensures that pronouncements carry their full authority. Insufficient communication from senior leaders often results in middle management killing initiatives and changes that are seen as temporary or reversible. Even if the Program is in its final stages of implementation, communication channels are to be kept open and updates provided to all.

Barriers to Communication. These can be classified into three: physical, personal, and semantics. Physical barriers, which include external noise, people going in and out of a meeting room, availability of communication equipment, and other physical distractions, can be controlled very easily.

Personal barriers are within the change target and are based on their preconceived ideas, emotions, and social values. A change agent can only influence these barriers. Semantics refers to the meanings that people put to words, pictures, actions, and other symbols associated with the organization and its rationalization. A message that may elicit the desired response in one organization may not be as effective in another. That may be because the internal environments, or the work culture, differ. Context and shared meanings are considered in designing the best communication plan.

One role CMT members may have to take is that of being a speaker for the Rationalization Program—to explain E.O. 366, how it is going to be implemented within the agency, who may be affected, timetables, etc. It would be advantageous to assign a specific member to a particular group of offices, so people in these offices know who to expect updates from. Again, messages are to be agreed upon and should come from one source. All possible communication channels, formal or informal, are to be utilized.

The Skills Needed to Manage Change

The Change Management Team is assigned to lead the identification of the needed changes in the agency, its documentation and writing up into the Rationalization Plan, and its communication to stakeholders. For the members of the CMT to be able to act as agents of change, certain skills are necessary. Many of them have been mentioned in the discussion on process issues. A few more are mentioned here.

It can be noted that each of these skills may have to be applied at all three levels of change: the self, the team, and the organization. It is also assumed that all these skills are in addition to the technical skills of the organization's specific sector.

Political skills. Perhaps more than most organizations, government agencies are intensely political. A good change agent is able to recognize and understand internal politics in the context of the Rationalization Program, but not join it. Understanding the motivations of people and managing their dynamics will do the change agent well. The change agent should have good, if not excellent, leadership skills in order to secure buy-in, participation, and engagement in the change process.

Analytical skills. This is one set of skills in which the CMT member excels. A good change agent is able to take apart and reassemble operations, structures, and systems in creative ways, and then explain its financial and political implications. Conversely, the agent is also able to start with an outcome or output, and come up with the operating systems, procedures or structures that will result in them.

A rational, well-argued analysis of the mandates of the agency, its functions, operations, and proposed structure and staffing, will have to be presented in the Rationalization Plan.

People skills. How a change agent interacts with others in the organization is important in making people accept the change being implemented. A good change agent has interpersonal skills that will help people understand and accept the change, as well as clarify issues consequent to it. The see-feel-act approach to change requires the change agent to be able to empathize with others. He or she may also need some counseling skills for employees who have difficulties coping. Other cases, however, may have to be referred for professional counseling assistance.

One people skill that has already been discussed is conflict resolution. This is needed during discussions and meetings, when an employee raises an issue or a grievance, or when one simply is presenting a different point of view. The change agent facilitates the reconciliation of differing views. He or she is always respectful, courteous, and sincere in the efforts to resolve the conflict.

Leadership. This is one skill that is essential. The ability to motivate people and inspire them to work towards the implementation of rationalization efforts is critical to its success.

The challenge of managing change is best approached by involving, if not putting in charge, people with leadership skills. Effective leadership is needed in determining what needs to be done differently and how to execute them.

Effective leaders are capable of getting others to see the vision for change and implement this vision within time and budget constraints.

Information skills. A good change agent has the skills to read and find the needed information quickly and easily, make notes, review the information, and recognize how this information can be used in the rationalization of the agency. Especially in the formulation of the Rationalization Plan, the CMT will be deluged with data about the agency's mandates, functions, past and current performance, structure, staffing, financials, etc. which they need to sift through, review, analyze and reconstruct.

There are tools for securing, storing, and reviewing data about the organization and its environments, as well as showing relationships among them and other variables, in order to generate useful information. The tools of information technology are available to many agencies. A technique like mind mapping can be used. This technique is presented in the toolkit.

Communication skills. It is important to get the message across when implementing a major change. With communication being a two-way process involving both sender and receiver, there is room for interpretation and error. The channel or mode of communication used also affects the quality of communication. Acceptance, ownership, and engagement in a change process is elicited by making use of the proper channels, constructing the right messages, and consistently delivering them in the most effective way.

A good change agent is an effective communicator. He or she is able to:

- listen attentively,
- clarify statements without interrogating,
- draw out even the quietest employee to speak,
- lead and encourage discussion,
- plant and develop ideas, and
- reflect.

To establish oneself as an effective communicator, a change agent first establishes credibility with respect to the Rationalization Program, and model ownership. He or she displays knowledge about E.O. 366 and its IRR, as well as familiarity with the organizational context for its application. The agent is able to explain the rationalization effort, present it clearly for people to understand its requirements and desired outcomes, and encourage others to support and own the Program.

The change agent is able to put himself or herself in the shoes of the listener and see the change process through the other's eyes. This is especially important if the other person is affected by the rationalization and is going through his or her own process of internal change.

For the Filipino audience, non-verbals are as effective as verbal communication. It is not just what is said, but how it is said—the overall body language, even the appearance at the time of the exchange—are significant, therefore a change agent needs to manage his or her non-verbals very well while speaking for the Program.

Feedback is a key component of communication. Listeners will provide feedback as they are, immediately after, or long after they are spoken to. The feedback could either be verbal or non-verbal. A good change agent pays attention to all these ways of giving feedback; creates a climate of openness and sincerity so that feedback is expressed promptly, clearly, and respectfully; and responds to feedback appropriately.

System skills. An organization is an open system—it has component units, each with a function, that relate with the other units and contribute to the organization's overall purpose. A good change agent knows how to look at the whole system, as well as its parts, and their relationships. He or she has the capability to relate structures and resources, and align them with the agency's functions, Mission and Vision.

Business skills. One desired outcome of the Program is greater allocative efficiency even as the agency delivers its services at a much higher level of quality. The change agent understands the financials of the agency, as much as its performance requirements, and relates these with the costs and benefits of rationalization. He or she is able to balance the cost of personnel reduction with service delivery requirements.

It should be recalled that the Rationalization Plan has to comply with the personnel size and cost requirements of the Program, and, in the case of government-owned and/or controlled corporations, provide financial projections in support of the rationalized structure for the next three years.

A Hypothetical Conversation

Consider the following questions referring to process alongside the content of rationalization, and try to answer them:

- What does E.O. 366 require my agency to do?
- Why do we need to do it?
- What benefits will it bring us?
- How do we go about deciding what we want our agency to be?
- How will our clients and service beneficiaries see it?
- Who will lead in our agency's rationalization?
- How do we tell all agency personnel about our plans to implement E.O. 366?
- How do we involve and engage our key stakeholders?
- Who will be affected?
- How do we inform those who will be affected?
- How do we secure acceptance and participation from those who will be affected?
- How do we handle complaints?
- How do we make sure we are getting to where we want to go, to what we want to be?
- How do we sustain the benefits of rationalization?

Many other *how* questions can be asked as each technical dimension of rationalization is defined.

The Content Of Change: E.O. 366 and Its Requirements

The various sections of E.O. 366 and its IRR specify the following major activities in the Rationalization Program of all departments/agencies of the Executive Branch of Government:

1. Creation of a Change Management Team;
2. Strategic review of the operations of the agency;
3. Rationalization of service delivery, which means agencies should:
   a. Focus efforts on the agency's vital functions and channel their resources to these core services, and
   b. Improve the efficiency of their services, within affordable levels, and in the most accountable manner;
4. Preparation and submission of a Rationalization Plan that contains an implementation timetable and the following details:
   a. Strategic directions of the agency – Mission and Vision statements, functions that will be retained, strengthened or declared redundant, and other strategic shifts,
   b. Rationalized structure – units that will be retained, strengthened, abolished,
   c. Proposed staffing pattern,
   d. Identified options for personnel whose functions and positions will be affected, and
   e. Benefits of personnel who opt to separate or retire from government service;

5. Identification of strategies that will mitigate the impact of separation, to include:
    a. Livelihood programs,
    b. Skills improvement or training programs,
    c. Business and investment development/enhancement programs, and
    d. Counseling;
6. Setting up of an appeals mechanism and identification of responsible personnel; and
7. Formulation of a communication plan that will accompany the rationalization efforts and ensure cascaded information, greater acceptance, participation, and ownership of the Program.

The following constraints are provided in the Program:

1. Hiring personnel during plan preparation;
2. Declaration of redundant functions, merging of related ones;
3. Abolition of redundant positions; and
4. Prohibition on the rehiring of retired or separated personnel.

The rationalization is expected to result in a structure and staffing that is leaner, more efficient, and with greatly improved performance. The total number of plantilla positions, as well as the Personal Services (PS) cost should at least be equal to, but not greater than, the number of filled positions and PS cost at the start of the rationalization efforts.

The challenge for the CMT is to make sure the change vision is well defined, the strategic shifts are in accordance with this vision, and the organizational structure and staffing are carefully aligned. The CMT also has to ensure that all these are communicated to all personnel of the agency, understood by them, and accepted. Expressions of commitment at all levels to support and sustain the rationalization efforts should also be secured.

Preparing the Rationalization Plan

The CMT is expected to lead in the formulation of the agency Rationalization Plan, which is, essentially, the change plan. For greater acceptance, the major activities that will result in the definition of the change vision, review of mandates, and other strategic shifts that are to be stated in the Plan, should be done in a workshop, through focus group discussions, or some other participatory manner.

Assess Readiness for Change

The openness of an agency to change can be seen through the presence of certain factors. Success of a major change effort like rationalization is actually dependent on whether these factors are present or are reinforced through the change management interventions.

An instrument for assessing the presence of these factors is presented for possible use in the Toolkit at the end of this guidebook.

An organization that has a strong track record for managing a major change successfully would be more ready to implement the rationalization than one where no change has happened over decades, or where reform has been mishandled. The former would have contributed to greater individual and organizational resiliency, so that people can go on with their usual tasks and at the same time take on change-related tasks. The latter would have made people wary of or resistant to change.

Reforms that cause minimal disruption would be more acceptable than those that require people to go through radical changes. Frequent change, no matter how small, also helps contribute to openness to further change.

A History of Restructuring

The Civil Service Commission (CSC), though a Constitutional body, chose to comply with E.O. 366. It was one of the agencies that submitted its Rationalization Plan early and was approved for implementation. The ease with which the Commission and its people accepted the Rationalization Program was due to a history of structural change.

Chairperson Patricia Sto. Tomas started the Balangkasan in 1987 by virtue of E.O. 292. It was a series of restructuring programs expected to strengthen the efficiency of service delivery. It was continued in 1995 during the time of Chairperson Corazon Alma De Leon.

Upon assumption in 2001, Chairperson Karina Constantino-David led the validation of the outputs of the Balangkasan, to enable the Commission to affirm its policy directions and to formalize the organizational structure and staffing pattern. The review was done in five phases, and with the participation of employees at all levels. When E.O. 366 and its IRR were approved for implementation, the Commission organized a CMT which ensured completion of the validation process, alignment with the requirements of rationalization, the installation of mitigating measures, resolution of issues, and documentation.

Change readiness is strengthened by a change vision that is well-communicated and shared across the whole organization. People participate if they have access to and are provided with all the information relevant to the agency's rationalization. They have to know why it is necessary to rationalize; they also have to accept the problem before they can accept the solution. Seeing the benefits that come with rationalization will also help secure their support and commitment.

The value of knowing how ready the agency is for rationalization is in finding out which of the readiness factors should be strengthened. The activities that will reinforce weak areas will make up part of the change management intervention and help establish the climate for change.

Create a Policy Base for Change

E.O. 366 requires that the government agency be managed strategically. This means reviewing the organization's mandates, redefining its functions and objectives, developing policies and plans to achieve these objectives, and allocating resources to implement these plans. In the process, the organization is required to examine the main delivery mechanism—its organizational structure—ensuring that it conforms to the efficiency requirements of the Program as much as it is able to deliver on its mandates and functions.

> **Strategic Directions: The Importance of Clarity and Policy**
>
> The Department of Trade and Industry has articulated that the formulation of the Rationalization Plan is best achieved if the Change Management Team is guided by strategic policy directions. The results from the strategic planning exercises or from parallel processes are best translated into policy statements that explicitly describe the agency's Vision, Mission, Core Values and major strategies. These statements would engender management commitment to pursue rationalization.
>
> The Department of Labor and Employment (DOLE) decided that the Central Office would focus on policy and program development while regional offices would be responsible for implementation.
>
> For TLRC and SRA, the Rationalization Program was further spurred by decisions as to areas to cut down on, and how many people would be affected.

The formulation of the Rationalization Plan is best achieved if the Change Management Team is guided by policy. The results of the strategic planning exercise are best translated into policy statements that explicitly describe the agency's Mission, Vision, Core Values, and the main strategies that have been identified to accomplish them. These statements would serve as concrete proof of management commitment to pursue rationalization.

Engage Key Stakeholders

All the policy directions and strategies for rationalization should be communicated to all stakeholders to ensure understanding and buy-in. The goal of these communication efforts is to get as many people as possible to act in order to implement the Rationalization Program and make the change vision a reality.

The strategic planning process which the agency needs to go through in order to define strategic directions would have carefully considered expectations and requirements for service delivery as expressed by the agency's customers. A clear two-way communication mechanism would have to be set up to elicit these inputs for the planning process as well as for customers to be constantly informed of the reforms going on in the agency.

The CMT has to set up open and accessible channels for the internal exchange of information, ideas, and issues concerning rationalization. These could include regular meetings and dialogues, a suggestion box, an internal website, a newsletter, etc. Efforts should be exerted to make the communication continuous and two-way. It may be important to prioritize audiences when communicating about the rationalization.

Relocation and Resistance

The restructuring of one government organization required the movement of employees to offices in other geographical locations. The organizational chart was carefully drawn up and functions, roles, and responsibilities defined. A system for identifying employees for relocation was developed, with an employee given the opportunity to identify his or her priority areas. A timetable for implementation was presented and the transfers soon implemented.

In time, the agency received requests for people to go back to their original areas of assignment. Some of those who were relocated were observed to be less productive and their health suffered. There were impending threats to strike, both by relocated people as well as those who were retained in their original units. The team in charge of the restructuring had to review the events that led to this situation.

It was found out that many who agreed to be relocated simply did so because they were afraid to lose their jobs. Some of them did not see any value to their relocation and thought they could contribute more in their original areas of assignment. Others refused to accept the fact that their skills were more appropriate in the new units. Still others, including those who were not relocated, did not really understand why the restructuring had to take place and why people had to be transferred out of their work units.

The change management issues here concern the lack of understanding of the purpose of restructuring and inadequate explanation as to why relocation had to happen. The following transition concerns were seen to be inadequately addressed: the breaking up of work groups, fear of loss of a job, and the capability to cope with new responsibilities.

Every opportunity to involve employees in planning, problem-solving, and the design and conduct of impact-mitigating interventions should be made use of. With proper supervision, the CMT may delegate the design and conduct of some interventions to employee teams so that they can express stronger support for the Program.

Other stakeholders could affect the success of the Rationalization Program. The Government Service Insurance System (GSIS), which provides the retirement/separation benefits of government employees, is expected to be able to facilitate the release of these benefits to those affected by the Program. Problems in data reconciliation, processing and timeliness of release will reinforce resistance.

Media has also been found to have some influence on the implementation of the Program. Accurate and complete reporting on the effort as a whole and on specific updates at the agency level will promote support and participation.

Choose the Appropriate Time Scale

E.O. 366 specifies a timetable for the rationalization of an agency: two months for Rationalization Plan formulation, another two months for the evaluation and approval of the Plan, and still another two months for implementation. Different agencies would have different contexts; the prescribed time scale may be applicable to one and not to another. Where there are many technical and transition issues, it is possible that more time is required.

For an organization undergoing change, the time scale for specific phases of the change will depend on the kind of change, its magnitude or scope (number of organizational units involved, number of people affected) and the desired outcomes. It is wise to mix slow and quick phases, so people have breathing space in between. Activities to drumbeat and mitigate the impact of the more painful parts (not necessarily associated with speed) of change interventions can be done. Where many interdependent units are involved, implementation may be staggered or phased, so that there is minimal disruption of services.

E.O. 366 has specific time requirements with respect to detailed implementation. Where it is necessary to conduct activities more quickly, communication should be strengthened. Activities that can mitigate the negative impact of activities that are fast-paced, or slow yet painstaking, should be conducted.

The timing of implementation has to be carefully thought of: resistance will find weak points along time and will always reassert itself. More support interventions will have to be done when the change is painful, pervasive, or drastic. Leadership roles may have to change during various times in the process.

Another view of timing is seen in the release by management of congratulatory messages for accomplishment. Premature announcements of success may result in disappointment. Too frequent celebrations may signal a stop to the change efforts even when it is not completely implemented yet.

Manage Resistance

During the preparation of the Rationalization Plan, the CMT is required to move about the agency and organize workshops, discussions, meetings, and dialogues. These interactions with agency personnel should be taken as opportunities to find resistance, identify its various forms, and develop strategies to address them.

The discussions on the management of process issues and internal transition in this guidebook have already offered examples of resistance and its various forms of expression. Many of these reactions offered as examples were observed in change efforts that have been implemented by other organizations and not related to the implementation of the Rationalization Program. These may include apathy, absenteeism, tardiness, equipment sabotage, more idle time, low or poor quality outputs, labor strike threats, etc.

The reasons for resistance need to be sought out. Some people may resist rationalization simply because of lack of the right kind of information, or lack of concern. Others may fear losing their jobs or going through the burden of transferring or relocating. Still others may have a general feeling of insecurity and are not confident that they could adjust to the new structure, the new work patterns, or a new supervisor.

Knowing the forms and causes of resistance early on in the rationalization process will help the CMT come up with the necessary change management interventions and include these in the Rationalization Plan.

Mitigate the Impact of the Rationalization

Alternative livelihood and counseling programs are to be made available to personnel who would opt to retire or be separated from government service. This will include the following:

- Skills/livelihood training,
- Provision of credit and investment services,
- Job facilitation, and
- Counseling.

The Department of Budget and Management (DBM) organized a Skills/Livelihood and Investment Program (SLIP) Team, which is subdivided into three groups:

SHOWing the Alternatives

The DOLE-CMT organized a series of SLIP road shows for their employees, in coordination with the relevant government agencies and private sector/business organizations, as follows:

1) Luzon Roadshow (employees from NCR and Regional Offices I-V): 19-21 April and 17-19 May 2006;
2) Visayas Roadshow (employees from ROs VI-VIII): 29-30 May 2006; and
3) Mindanao Roadshow (employees from ROs IX-XIII): 7-8 June 2006.

The CMT of the Department of Public Works and Highways also conducted a SLIP road show for its Regional Office IV-A employees in April 2006.

Likewise, the CMT of the Department of Science and Technology (DOST) has conducted two SLIP road shows for affected employees from the Central Office, Regional Offices, attached agencies, service and R&D institutes in May and June 2006.

The following, among other topics, were discussed in said road shows:

- Salient features of E.O. 366
- Payment of financial benefits
- Skills trainings
- Job placement (local and overseas)
- Emerging business opportunities (e.g., franchising, retailing, food cart business, subcontracting of export products)
- Livelihood workshops (e.g., soap making, perfumery, beads/jewelry making)

- Jobs Generation,
- Job Facilitation, and
- Investment Services.

Each of these three groups include agencies that have the resources to provide training, credit assistance, job placement, and guidance regarding investment and financial products, as well as trust services. The Primer on the Rationalization Program identifies these agencies.

To provide a model for the agencies, the DBM conducted two (2) Skills, Livelihood, and Investment Road Shows in February 2006 which presented the services that could be provided by each of the three groups of the SLIP Team. This was participated in by the CMTs and human resource representatives of a total of twelve (12) agencies. These and other agencies are expected to conduct similar, though scaled-down and needs-based, activities in their respective offices.

The SLIP Team has also come up with a brochure describing the Skills/ Livelihood & Investment Program. The brochure

Moving On With SLIP

The following can be cited as offshoots of the SLIP road shows:

- Two DOLE-Central Office (CO) employees started subcontracting the production of abaca lamps for export.
- Another DOLE-CO employee is in the process of putting up a food cart business (i.e., Belgian Waffle).
- Interest in further skills training to be conducted by the Technical Education and Skills Development Authority was generated for the following:
  - Reflexology – two DOLE-CO employees have already undergone said training
  - Sewing machine operation – conducted in September 2006
  - Automotive mechanics
  - Computer graphics
- CSC retirees formed a cooperative that is providing loans for capitalization to current employees. Some retirees have volunteered their services for free in the monitoring and implementation of some programs and projects of the Commission. Some services are also outsourced to them for a fee.
- About 50 DOST personnel visited the farms of the DVF Corporation and the Talavera Dairy Cooperative Inc. in Talavera, Nueva Ecija on 28 July 2006. These farms offer investment opportunities to affected personnel who would like to acquire dairy animals for milk production and propagation. Care and management will be done by a farmer-member of the cooperative. The milk will be purchased by DVF Corporation and the revenue will be shared as follows:
  - 20%: cooperative;
  - 40%: farmer; and
  - 20%: investor.

includes guidance on getting into a new career, discussions on entrepreneurship, and franchising. It also lists down useful courses that an amateur entrepreneur might find useful, like quality and productivity improvement courses, export management, e-commerce, business management, and product-specific courses like those related to food, crafts, and garments. A lengthy list of organizations that can be of assistance in providing financing, skills development, and industries are also included.

An employee who is affected by the agency's rationalization will be able to face a more certain future if these alternatives are made available to him or her.

Anchor Change on the Culture

Greater acceptance of rationalization and involvement in it will be elicited if the right organizational climate is present. A culture of change or of continuing improvement will favor faster acceptance. The organizational work culture may have eccentricities or inherent characteristics that promote resistance to change.

In the Filipino culture, reciprocity is an important value: we work harder provided we are given or are assured of something better. The WIFM (What's In It For Me?) principle operates in most, if not all, interactions, and will do things provided they see the benefits that accrue to them.

Filipinos also need to understand and appreciate the reason for doing things and see how these affect them before getting involved. The office is treated as a second home; workmates become family. Any disruption in these arrangements, unless carefully explained and their benefits or value appreciated, will be met with resistance.

The CMT should therefore take care that the specific technical requirements of rationalization are supported by change management interventions that address unique cultural elements. Initially, characteristic Filipino values can guide the CMT in designing these interventions. The communication activities, for example, have to be designed so that they help preserve the listener's "amor propio," self-esteem, or "hiya." This is especially true when informing people that their functions or positions are declared redundant. Care not to hurt the ego of employees has to be taken.

Filipinos are impressionistic. The "dating" of the Rationalization Program (how it initially occurs to and is perceived by people) will already determine largely whether people will be open to it or not. Giving the wrong signals or messages in the beginning can spell major resistance to the Program. People will have to go through a whole process of "pakikiramdam, pag-uusap, pagpapaliwanag, paghihikayat, pagkakasundo, pagpapahalaga," and, ultimately, "pagbabago." That these terms are ensconced in our language show we have a culture of careful adoption of change.

Rationalization also poses a threat to feelings of economic and social security that have been established by long-term government employment. These feelings have to be addressed. "Pakikiramay" is also part of our nature as a people. We sympathize with and feel for those whose situation may not be as good as ours. We are quick to take up the cudgels for others. Even if an employee may not be adversely affected by rationalization, his or her feelings of empathy may have to be addressed.

The sub-cultures of work groups whose functions or members are affected by the Program also have to be considered in the design of impact-mitigating measures.

Implementing The Rationalization Plan

The DBM will review an agency's Rationalization Plan within two months after it is submitted, at the least. During that time, the agency is expected to continue communicating updates to its personnel and implementing other impact mitigating measures like business and livelihood programs and counseling. The agency can conduct discussions with the employees concerned and assist them in finalizing their options: whether to transfer to another government agency, separate or retire from government service. The amounts due separating or retiring employees would have to be computed.

Moving from the Current to the Rationalized Structure

Changing the structure is said to be relatively the easiest and the fastest change that can be implemented in an organization. Management can simply announce that, effective a particular day, the work units will be so and people have to start reporting to their respective work units. Where the scope of change is wide, staggered implementation may have to be done.

For rationalization, change implementation could mean new work units, old work units with new functions, separating people and giving them their incentives, or transferring them to other government agencies. It is in this phase of the Program where management takes the lead.

Successful implementation of the Plan will need interventions that empower the employees for broad-based action—making sure that they have the power to act on their involvement in the rationalization by providing them with the needed skills for coping with new positions, roles and responsibilities, or facing life outside the organization. As management leads in the deployment of the

Rationalization Plan, the CMT ensures each activity is properly supported by change management interventions that mitigate negative impact.

The CMT has to design and implement interventions that will remove or neutralize barriers to empowerment, like rigid structures and systems that prevent participation, unsupportive supervisors, and inadequate skills. Again, communication efforts have to be continued, and skills building, retooling, and re-education interventions have to be conducted.

Systems aligned with the new structure should be identified and developed. This is needed to provide support to the new structure and ensure its sustainability.

Set Up an Appeals Mechanism

It may not be possible to please everyone, even in the short term. An appeals mechanism, in addition to being required by E.O. 366 and its IRR, is a visible strategy for employees to see the openness of management to questions and discussions. This mechanism would "hear and settle the issues and concerns that may be raised by personnel who may be affected by the (rationalization) effort." As the appeals body of the Program, the CMT needs to clearly define the systems and procedures for filing complaints and resolving them.

Such issues as non-notification of affected personnel, deviations from the order of placement stipulated in R. A. 6656, violations of the provisions of the IRR and the implementation of actions that are not in the approved Rationalization Plan, are the subject of appeals to the CMT.

It has to be recognized that the CMT is placed in the unique position of defining the technical content of this major effort called rationalization and at the same time hearing appeals related to its implementation. The communication efforts therefore have to establish the openness and willingness of the CMT to listen to complaints and resolve conflict, its objectivity, and integrity. The process for filing complaints should be well-communicated and made known to everyone.

The following questions may be asked to help in the setting up of an appeals mechanism:

- *Are employees familiar with the objectives, policies, and procedures on appeals?*
- *Do they have enough assurance that the CMT is open to listening to complaints and questions and is committed to just and speedy resolution?*
- *Is the membership of the committee and/or sub-committee on appeals representative of employees with respect to rank, gender, and culture?*
- *Are processes and decisions made in such a manner that the rights of those concerned are protected?*
- *What kind of support does the CMT get from top management?*
- *Are the members given sufficient time and resources to do their job thoroughly?*

Generate Short-Term Wins

Filipinos love to celebrate—a cultural trait that has been carried into organizational life. It would be good to mark certain accomplishments in the Rationalization Program—those that are visible, unambiguous, and clearly indicated as a major activity—for recognition as a significant step in the rationalization process. These could include the following: creation of the CMT, agreements on strategic directions (or the completion of a strategic plan), translation of the strategic directions to policy, and the submission of the Rationalization Plan.

The CMT may have to identify the milestones that can be marked to show progress in Rationalization Plan implementation. Care should be taken, though, to distinguish between a milestone and the culmination of the Program. Communication messages should announce these appropriately.

Other smaller activities along the Program can be conducted in a celebratory mood to foster support and continue generating energy.

Manage Work Groups

Work within an organization is generally delivered as a collective effort, with individuals working together as a team to produce the required outputs. During a change effort, these work groups need to be managed as much as individuals. This is consistent with the familial attitude with which Filipinos approach their work groups (i.e., unit, section, division).

Work groups may be disrupted because of additional rationalization-related tasks or the actual separation of a member. It is important that these changes are also explained to and understood, and that roles and responsibilities are clarified, or, if needed, redefined. Tasks have to be designed more efficiently and allocation of resources improved to enhance the productivity of these work groups.

Though the CMT will have an eye on work teams and how they are affected by rationalization, immediate responsibility still falls under their respective managers. Group dynamics will have to be managed to promote team building. Other desired outcomes for managing the work team through the transition would be: reduced turnover, absenteeism and burn-out, enhanced morale, a stronger and better quality team life, and increased productivity.

To prepare for team management, the following questions may have to be asked during the planning phase of rationalization:

- *Which work teams will be affected?*
- *How will they be affected?*
- *What are the challenges that need to be faced by these teams as they go through transition?*
- *How should these challenges be addressed?*
- *What are the opportunities? How can these opportunities be capitalized?*
- *What kind of support, and from whom, is needed to ensure successful team transitions?*

The benefits of rationalization to the work team also need to be explained, understood, and appreciated. This can be done at all levels, from the organization down to the smallest work group expressing a particular function.

Building On The Gains From Rationalization

Short-term wins mark progress. Whatever successes are attained in the implementation of the Program should be recognized and built on. After the restructuring and re-staffing that are consequent to rationalization are implemented, the greater challenge would now be to ensure that the structure delivers as intended and that efforts contribute to the achievement of the agency's Mission and Vision. The question that needs to be answered is: *How do we sustain the change?*

Consolidating change is about maintaining momentum and building on the gains after implementation begins. To maintain momentum, it is important for the organization to allocate responsibility for realizing each benefit of the change effort.

Review Assumptions

A necessary consequence to the implementation of any plan is the monitoring of its progress. The Rationalization Plan contains the strategic directions of the agency and the key strategies to their implementation. After the rationalized structure has been set up and the employees and teams have started working, the next questions to ask are:

- *Are we going to where we want to go?*
- *Has the structure that we designed met the requirements of rationalization in terms of effective delivery of services at lower cost?*

The assumptions on which the strategic directions of the organization were based have to be reviewed periodically to check whether they are still current. Any major change in the environmental conditions that affects organizational performance would have to be taken into consideration in the improvement of strategies for the delivery of products and services. Generally, a strategic plan is reviewed annually for accomplishment before the organization's annual operational plan is formulated. A regular and periodic review of both these plans will ensure that the directions and purpose of rationalization are met in the medium term.

Measure Performance

Delivery performance of the rationalized structure has to be measured against client satisfaction and the efficient utilization of resources. Where the agency does not have measures of organizational performance, it has to first design an effective measure upon deployment of the new structure. A system for linking individual contributions to work unit or team performance has to be established. This should be aligned with the measures for determining the accomplishment of the agency's Mission and Vision and the effectiveness of its strategies.

Presently, government agencies are required to identify their major final outputs (MFOs) and desired outcomes at the societal, sectoral, and organizational levels. Performance targets and indicators are identified for these outputs and outcomes. These measures have to be aligned with the outputs of the rationalization.

It will always be helpful for the agency to have a system for securing feedback from their customers on the delivery of products and services. This system should include a process for incorporating improvements based on the feedback generated. When employees and customers see that performance is being measured regularly, and feedback is used to design further improvement efforts, they will see the seriousness of management to promote continuing improvement. This will contribute greatly to sustainability of the change efforts.

Change the Culture

A major change effort like rationalization may require some changes in the organizational culture. Work values may have to be redefined as much as beliefs, practices, and habits. Changes in the culture of the organization that will sustain the structural changes would have to be identified in the Rationalization Plan.

In addition to redefining work habits and practices, some other things can be done to establish a specific work culture. The physical environment may be changed. This may include: the implementation of workstation productivity techniques, clustering of office tables around shared outputs, identification of work teams using distinct symbols, etc.

Systems that highlight continued support to rationalization may be established. These may include: the setting up of a rewards and incentive system for individuals and teams who contribute most to the achievement of the new vision, the conduct of innovative methods for acquiring new competencies for continued individual development, activities that would promote greater team cohesion and productivity, etc.

Lastly, but most importantly, management should have a way of acknowledging engagement in the rationalization process and celebrating success.

Document the Process

For recording purposes, and so that the agency will have a guide for future major reforms, it is best that the whole process of rationalization be documented. This is different from preparing the Rationalization Plan.

The documentation that is needed is one that presents all the change management issues that surfaced at all stages of the Program, and how these issues were handled by the CMT, by management, and by the employees in general. Successful as well as not-so-successful strategies should be recorded. The process of writing them up will necessitate an analysis of why some strategies worked, and why some did not.

This document would also be a valuable repository of all the learnings gained by the people and the organization as they implemented E.O. 366.

Create More Change

Organizations should never stop growing. Continued change ensures improved service delivery and client satisfaction. The best way to sustain major change efforts is to continue changing.

Continued implementation of a major change effort or the continuing implementation of change can be assured if there is an established mindset within a responsible group, if not in the organization as a whole. It is the nature of government organizations to have frequent changes in leadership, and this may affect the organization's change paradigm. It will therefore pay well if change agents are identified within an agency and charged with the responsibility of pursuing continuing growth and development to attain the agency's strategic directions.

"Progress is impossible without change, and those who cannot change their minds cannot change anything."

– George Bernard Shaw

TOOLKIT

USEFUL TOOLS AND TECHNIQUES

Even as the concepts of change and its management distinguish between the technical and human dimensions of change, it is obvious that one dimension is intermeshed with the other. It is people who are affected by or implement the changes. People experience changes within themselves when they do so, and their perspectives, attitudes, and emotions change correspondingly.

The tools and techniques that are presented here, scanty as they are, are classified into areas which come across as technical, but which are generally seen as affecting the implementation process greatly. The tools share several common characteristics that promote the principles of equality, transparency, and participation, which this guidebook upholds. These tools and techniques were chosen for their ability to support the basic principles on which change management is founded: respect for the person, the right of an individual to work, to be provided with complete and accurate information, and to participate in the decisions that affect his or her situation.

Defining the Strategic Shifts

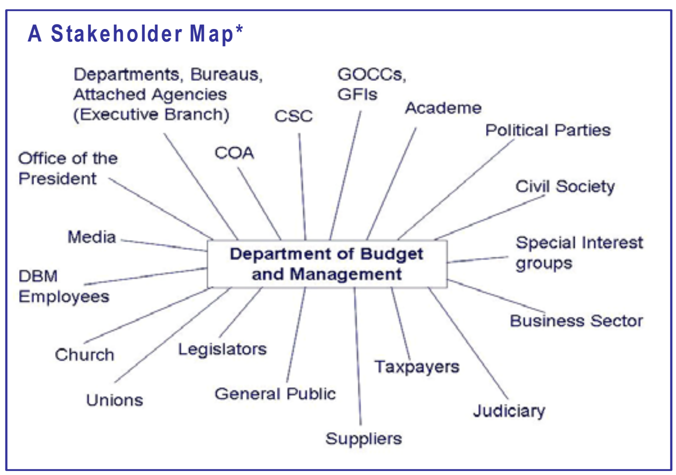
Mandates Review. Very few employees may have read the law, charter, or whatever legal document there exists that created their organization and outlines their formal mandates. Acceptance of a rationalized structure will have to start with an appreciation of what the agency was originally mandated to do, the contexts for which it was designed and the current environmental conditions that dictate changes in its operations. All the pieces of legislation concerned with the mandates of the agency and its operations need to be reviewed against environmental data.

PESTLE Analysis. This is sometimes referred to as PEST analysis, to stand for political, economic, social, and technological. PESTLE is a mnemonic for political, economic, social, technological, legal, environmental. This tool provides for an appreciation of the macro environmental conditions that affect the performance of an organization, and may be a useful prelude to defining the Mission and Vision of the organization.

Stakeholder Analysis. Knowledge of what an agency's stakeholders require of it will help the agency decide on what it can do and how it can do things. A carefully constructed stakeholder map will assist in clarifying the Mission of the agency, the internal and external environments, and the strategies that the agency can use to achieve its Mission and Vision. The key to success especially in the public sector is the satisfaction of the key stakeholders of the agency.

Stakeholders are individuals or groups that have a stake in or greatly influence the agency and its performance, or are greatly influenced by it.

The illustration on this page is a sample stakeholder map for DBM, for which stakeholders are presented with lines drawn from the center. The stakeholder groups are then ranked according to their value to the agency. The initial listing may result in groups that can be further clustered because they have similar relationships to the agency or similar expectations. It would be good to limit the final analysis to about seven most important stakeholder groups.



Note: This map is shown only to illustrate process, and has not benefited from discussion. It may not include all the stakeholders which the DBM will find key to its successful performance.

The ranking will show the organization which stakeholders can be given most attention.

In a workshop setting, groups are asked to wear the hat of a particular stakeholder group and asked to identify their requirements and expectations. Better still, representatives of these stakeholder groups can be asked to attend the workshop or interviewed to get a real picture of how they view the agency's performance. The data gathered are used to determine performance gaps—how well the agency performs based on the stakeholder's criteria—and then to identify strategies for improvement.

SWOT Analysis. This is a process of matching the agency's internal factors (strengths and weaknesses) to performance with external environmental circumstances (opportunities and threats). The core idea was introduced by Philip Selznick in 1957 and it was developed into the analytical process it is now by Learned, Andrews, and others at the Harvard Business School General Management Group. The organization's strengths and weaknesses (internal conditions) are reviewed in light of the opportunities and threats provided by the external environment.

Problem Analysis

As has been mentioned, a key step to managing change is identifying the problem and selling it to the stakeholders before selling the solution. A proper and credible process of identifying organizational performance gaps may have to be done. People will own the solution, in this case, the rationalized structure, if they fully appreciate what was wrong with the old one.

Both problem-solving and decision-making involve left- and right-brain thinking processes. The first is needed for analysis, logic, and rational identification of possibilities and the evaluation of options, while the second is important for the creative generation of alternatives.

Fishbone Diagram. This is sometimes called the Cause and Effect Diagram. Identify the problem you want to solve. Be as detailed as possible in its description. Draw a horizontal line across the middle of a blank sheet of paper and write the problem at the right-side end of the line. Identify the factors or possible causes of this problem, and write them on lines that are drawn off the spine. These factors may include people, resources, systems, materials, technologies, external forces, etc. Identify a possible problem cause that is related to each of these factors. Where the cause is complex, draw secondary or tertiary lines to show sub-causes. Hierarchies of causes can be shown with successive lines drawn from the spine. The diagram is then analyzed to see which cause is the most important and can be addressed.

Brainstorming is applied in the generation of possible causes. The usefulness of this technique is that it encourages the discussants to consider all possible causes of the problem, rather than just the most obvious ones.

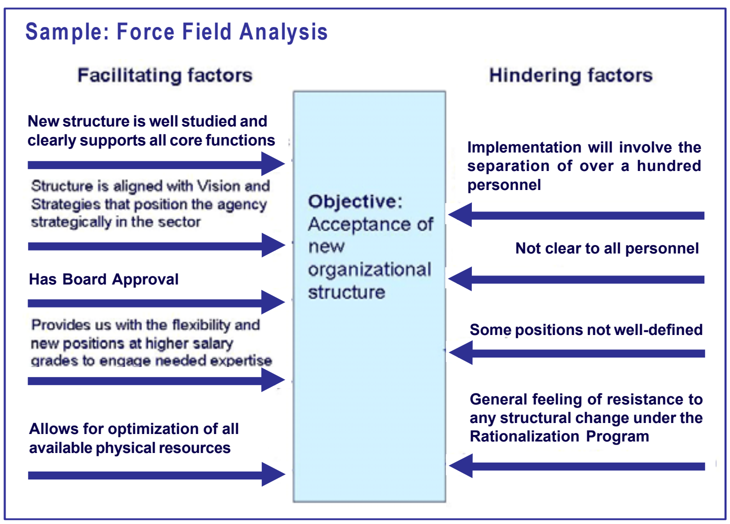
Decision-making

The same techniques may be found for both problem-solving and decision-making. There are many techniques that can be used: force field analysis, Pareto analysis, paired comparison, decision trees, the six thinking hats popularized by Bono, and, where financials are important, cost-benefit analysis.

Force Field Analysis. A situation is generally described as being influenced by forces that drive movement toward a goal (facilitating factors) or forces that block movement towards that goal (hindering or restraining factors). The principle was developed by Kurt Lewin, and has contributed significantly to the fields of social science, psychology, social psychology, organizational development, process management, and change management.

This is actually an elaborate method of weighing the pros and cons of an issue. Knowing what favors the occurrence of a particular option will guide you as to what forces or factors to strengthen to make sure it happens. Knowing the cons or restraining factors will also guide you as to how to go about reducing opposition or its impact. A list of all restraining and facilitating forces is made through a brainstorming process.

The inset shows how the force field can be constructed. The desired change is placed in the middle. The facilitating factors, represented by arrows, are shown pushing it in one direction. Hindering factors are shown pushing the desired change in the opposing direction. The relative intensities or impacts of each of these forces are indicated in the graphic by the size of the arrows.



The value of this technique is in agreeing as to what factors will favor the implementation of a course of action, and what will prevent it. More importantly, decisions on what interventions will have to be done to ensure implementation and the mitigation of negative impact will have to be made.

Pareto Analysis. This tool shows what the most important changes you need to make are (or the most important problem to solve), while showing the relative importance (or severity) of that item. This is useful when many possible courses of action are evident. This tool uses the Pareto principle—the idea that by doing 20% of the work, you can generate 80% of the advantage of doing the entire job.

Write out a list of the changes (or problems) that are possible. Cluster similar items. Score the items or groups, using an agreed basis for scoring. For example, if you wanted to increase employee participation in the rationalization process, you might want to score based on the number of people that a particular solution would reach. The highest score would go to the option that would reach the greatest number of people and encourage most involvement. This would be the first option to discuss. This will give you the biggest benefit. The lower scorers may not be worth discussing.

Grid Analysis or Decision Matrix. This is used where many factors have to be taken into account for each of the alternatives. To prepare a decision matrix, first list down all the alternatives and then the factors that need to be considered to make a decision. Agree on weights for each factor (e.g., 0–poor, 3–very good) to show the importance of each to your course of action.

Then make a table, using the alternatives as row labels, and the factors as column headers. Work your way across the table, scoring each option for each of the important factors. Add up the weighted scores for your options. The highest scorer is the winning option.

Other authors propose techniques that combine both rational and intuitive processes. A simple technique of tossing the coin to choose between two options that have been carefully studied, and then checking how one feels about the choice that the coin presents before making the decision, is one such example.

The tools presented here are aids to proper decision-making. Most important is for you to finally decide, regardless of the tool that is used, on the course of action that is worth taking.

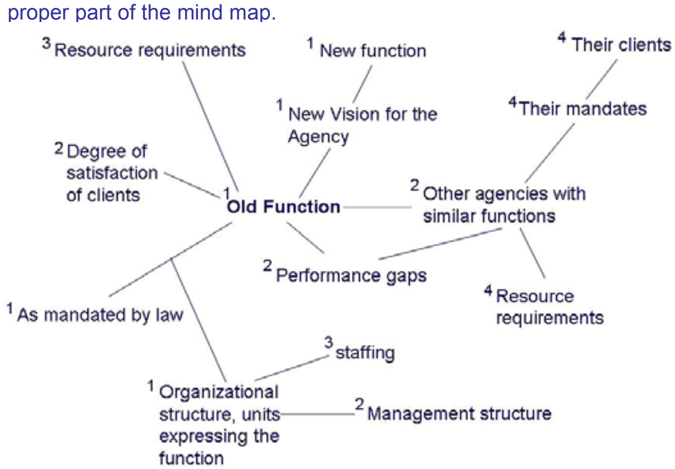
Securing Information

Getting the right data or information and making the best use of them contribute to successful change. There are several tools and techniques available to the change agent. One is illustrated here.

Mind mapping. This is a note-taking technique (during a discussion or from readings) popularized by Tony Buzan that improves the way one picks up ideas, shows relationships, and documents these. As the word connotes, the map helps the note-taker identify and understand the structure of the subject

How to Make a Mind Map

A sample mind map is shown to illustrate the major areas that need to be thought out during rationalization. The main subject is written in the center of the map and other ideas are written around it, with lines that radiate from the main subject. Ideas are linked to each other as they come. Levels of information can be indicated by proximity to the main subject or to another idea, or by numbers that can be added on when the mind map is done. Ideas of similar levels are assigned the same numbers. As you come across new information, link them to the proper part of the mind map.



and the way the pieces of information fit together. A good mind map can show relative values of factors or points and lead to an integration of the key ideas. It can provide a compact summary of information.

Different people think differently and may therefore construct varying mind maps using the same information. There is no wrong or right construction. What is important is that the members of a group agree on how to view each piece of information, their value and relationships, so that they will come to an agreement on the elements of a problem or the factors that affect a certain decision.

Removing the Barriers to Communication

The change agent needs skills to recognize the physical, personal, and semantic barriers to communication and design the appropriate strategies to eliminate or neutralize them. Physical and semantic barriers, because they are visible and expressed, are generally within your control and can be eliminated. Personal barriers are in the minds of the message receiver, and are actually factors that cause the receiver not to listen, understand, accept, or act on the message in the intention meant by the sender. These barriers, which can range from dislike for the speaker or the main figures in the rationalization, to a past change experience that was traumatic, can be influenced if they are properly identified, acknowledged, surfaced, and discussed.

Credibility. Establish yourself as an expert on the Rationalization Program; display knowledge of the technical aspects of the change and how your agency intends to go about rationalization. Know the audience you are talking to and what their stakes are in the change process.

The message. It has been suggested that the content of the messages relative to rationalization or any major change effort come only from one source. All communications, whether written, oral or nonverbal, are affected by the tone, method of organization, validity of the argument, completeness of information, as well as communication style. The intellectual or content component of the message should be clear. Its emotional component should be designed to change mindsets and actions. Make your message brief, organized, accurate, and simple. Use body language that is consistent with the message being sent.

Feedback. Verbal and non-verbal feedback can be obtained from the message receiver. This can be done by watching behaviors during a meeting, or by securing reports or letters through a suggestion box, by e-mail, internal courier, or the newsletter. In a meeting, you can ask the listener to repeat what you have just said, or say what they understood of the discussion. It is important to check what part of the message was understood as intended.

Sensitivity to context. People in an organization have different experiences and backgrounds. It is possible that the sender and the receiver may view the message from different perspectives, allowing for wrong interpretations and miscommunication. It is important for the change agent, as a communicator, to put himself or herself in the shoes of the message receiver. Know your audience. Develop the ability to empathize with your listeners. Recognize and acknowledge any resistance that your listeners show. Tune in and understand their ideas and feelings and show understanding for them. Retell your message with a full appreciation of the context of your listeners. Deliver only as much as you think your listeners can appreciate at a given time.

Effective listening. This means listening without judgment, evaluation or probing, and is sometimes referred to as active listening. As you listen to questions, issues, complaints raised, do so without inferences of bias and prejudice, so you can learn about the speaker's values, perspectives, and view of his or her world. This way you, can really put yourself in the shoes of the speaker. You may not agree with what he or she is saying; what you need to do is understand him/her. Listening effectively will help you find out reasons or causes for resistance.

Modeling. Actions speak louder than words. You can elicit participation and involvement only if you show in your daily behavior that you are committed to the change process. As a member of the CMT, people will look at you not only for knowledge and instruction, but also as a model of the behavioral changes needed by the rationalization. Walk your talk.

Using redundancy. Humans generally do not retain for long the things that they hear. Since average listening effectiveness is also quite low, you can imagine that in a few weeks or months, the rationale for E.O. 366 and how the agency intends to implement it would have been forgotten. Repeat your messages about rationalization and its timetable in your agency as often as possible, using various channels and various ways of explaining. Be consistent with the messages you release. Provide necessary updates to information.

Managing Conflict

Conflict refers both to the position or condition of opposition or antagonism as well as the emotions that result in this condition. Conflict is not intrinsically bad, as proper handling may lead to more creative solutions to problems. To prevent a difference of opinions and perspectives from escalating to disagreement, and, ultimately, conflict, techniques in active listening, feedbacking, and self-disclosure may be useful.

The following questions may be asked to help in appreciating the other person, his opinions, feelings, and expressions:

1. *What is the other person really saying?*
2. *What is the other person's investment in the idea? What does it really mean to him/her?*
3. *What are the other person's feelings?*
4. *What are the other person's feelings about me?*
5. *What are my feelings about the other person?*
6. *What are the strengths of the other person's ideas or position?*
7. *How might they be applied to my ideas?*

Objectively answering the above questions, while listening to the other person, will facilitate understanding of the other person's contexts and may lead to a productive discussion.

Bargaining as a tool to agreement. The table* that follows tries to compare the soft and hard approaches to bargaining, and provides an alternative, principled approach.

PROBLEM Positional Bargaining: Which game can you play?		**SOLUTION** Change the Game—Negotiate on the Merits
SOFT	**HARD**	**PRINCIPLED**
Participants are friends. The goal is agreement.	Participants are adversaries. The goal is victory.	Participants are problem-solvers. The goal is a wise outcome reached efficiently and amicably.
Make concessions to cultivate the relationship.	Demand concessions as a condition of the relationship.	Separate people from the problem.
Be soft on the people and the problem. Trust others.	Be hard on the problem and the people. Distrust others.	Be soft on the people, hard on the problem. Proceed independent of trust.
Change your position easily. Make offers.	Dig in to your position. Make threats.	Focus on interests, not on positions. Explore interests.
Disclose your bottom line.	Mislead as to your bottom line.	Avoid having a bottom line.
Accept one-sided losses to reach agreement.	Demand one-sided gains as the price of agreement.	Invent options for mutual gain.
Search for the single answer: the one they will accept.	Search for the single answer: the one you will accept.	Develop multiple options to choose from; decide later.
Insist on agreement.	Insist on your position.	Insist on using objective criteria.
Try to avoid a contest of will.	Try to win a contest of will.	Try to reach a result based on standards independent of good will.
Yield to pressure.	Apply pressure.	Reason and be open to reasons; yield to principle, not pressure.

*Source: Fisher, Ury, and Patton, *Getting to Yes: Negotiating an Agreement Without Giving In.*

Leadership Motivation

A good leader is able to motivate employees and inspire them to work towards certain goals.

Need–Effort Bridge. Everyone behaves according to the WIFM (What's In It For Me?) Principle. An individual or group can be made to follow a certain course of action only if they see and appreciate the benefits they will get out of it. This tool, the need–effort bridge, is a way by which the change agent can facilitate participation and engagement in the rationalization process by helping the individual identify his or her need that can be satisfied by the changes that will be implemented. Once it is recognized that a need is fulfilled by participation, the effort will be much easier.

The need–effort bridge may have to be seen at several levels. At the most basic level, there is the need for an individual to have work that brings in money to fulfill his or her material needs and those of family. This would have to be recognized. Issues of job loss and skill upgrading would have to be addressed. At a higher level, there is the need of the individual to be able to contribute to group or organizational outcomes.

To encourage ownership of and engagement into the Program, the change agent should identify the needs especially of resistant employees and design the proper approach to address them.

Assessing Change Readiness

The implementation of rationalization would be easier if an agency is ready for it. It has been observed that successful change happens in an organization if it has one or the other factors that contribute to change readiness. These factors are expressed as questions in the instrument that follows, which may be used to survey the employees as to how they see their organization with respect to the change readiness factors. The organization is scored from 1 to 4, with 1 as the lowest, and 4 the highest. A high score favors change. The results may also be used to identify in which areas the organization is weak. You may include these weak areas in the design of interventions (activities) that will favor successful implementation of change.

Change Readiness Questionnaire

1. **Vision.** Is the vision known, understood, and shared by all people in the organization? 1 ☐ 2 ☐ 3 ☐ 4 ☐	2. **Benefits.** Do people see this change as beneficial to the organization? Is it seen as beneficial to the individual? 1 ☐ 2 ☐ 3 ☐ 4 ☐
3. **History of Change.** Does the organization have a good track record in implementing and handling a major change? 1 ☐ 2 ☐ 3 ☐ 4 ☐	4. **Status Quo.** Are the foreseen disruptions mild? 1 ☐ 2 ☐ 3 ☐ 4 ☐
5. **Cooperation and Trust.** Is there an established atmosphere of cooperation and trust between and among subordinates and superiors? 1 ☐ 2 ☐ 3 ☐ 4 ☐	6. **Culture.** Is the established work culture one that is supportive of risk-taking and change? 1 ☐ 2 ☐ 3 ☐ 4 ☐
7. **Resilience.** Considering that people are already doing a lot of work can people handle the additional work required by the change efforts? 1 ☐ 2 ☐ 3 ☐ 4 ☐	8. **Respect and Face.** Will people be able to maintain dignity and self-respect? 1 ☐ 2 ☐ 3 ☐ 4 ☐
9. **Teamwork.** Do assigned teams have clear objectives and strategies to achieve them? Do they work together well? 1 ☐ 2 ☐ 3 ☐ 4 ☐	10. **Leadership.** Is the leadership consistent in providing support and inspiration to the change efforts? 1 ☐ 2 ☐ 3 ☐ 4 ☐
11. **Information.** Is the information about the change simple, complete, and accurate? 1 ☐ 2 ☐ 3 ☐ 4 ☐	12. **Communication.** Is the communication timely and complete, and does it reach all the key stakeholders? 1 ☐ 2 ☐ 3 ☐ 4 ☐
13. **Progress.** Are the results visible? 1 ☐ 2 ☐ 3 ☐ 4 ☐	14. **Rewards.** Is there recognition for supporting the change vision and its implementation? 1 ☐ 2 ☐ 3 ☐ 4 ☐

Managing Resistance

Resistance to change has varied causes and various forms of expressions.

Dealing with Negative Reactions to Change. There is no one strategy that is absolutely effective. A mix of strategies may be needed to help the individual go through his or her own internal process of transition, understand the need for change, see its benefits, and finally accept it and commit to its implementation.

Dealing with Negative Reactions to Change

TYPES OF NEGATIVITY	WHAT TO DO ABOUT THEM
RATIONAL Misunderstanding of details of plan, belief that change is unnecessary, disbelief in planned change's effectiveness, expectation of negative consequences.	• Explain plan with greater clarity and detail. • Project what would happen if the change program was not introduced. • Involve everybody in quality improvement teams to demonstrate effectiveness of managed change. • Institute a bottom-up programme for reorganizing systems and processes.
PERSONAL Fear of job loss, anxiety about the future, resentment about implied criticism of performance, fear of interference from above.	• Stress much-improved prospects for the future for everyone. • Present plans for improvements which people are likely to find positive and exciting. • Accept management responsibility for past failures. • Present a scenario showing the anticipated benefits of the main changes.
EMOTIONAL Active and/or passive resistance to change in general, lack of involvement, apathy towards initiatives, shock, mistrust of motives behind change.	• Show, with examples, why the old way no longer works. • Stage a series of meetings to communicate details of the change agenda. • Demonstrate that the new policy is not merely a "flavor of the month". • Explain the reasons for change, and promise involvement. • Be completely honest, and answer all questions.

Source: *Managing Change*, by Robert Heller

Project Management

E.O. 366 prescribes specific timetables for the Rationalization Program in a given agency. It requires an agency to formally indicate the official start of the process of organizational review, and stipulates the period for its preparation of their Rationalization Plan, submission, evaluation and approval, as well as its implementation.

For a series of activities with the rigors of time that E.O. 366 provides, it is suggested that a project management approach be applied.

Microsoft Project®. This software provides tools that guide the user in planning, tracking, closing a project, as well as communicating the results. It provides tutorials, with appropriate definitions that will guide the user through the process of defining the objectives of a project, its assumptions, scope, activities, resource requirements, costs, risks, as well as security and communication requirements. Various templates that relate tasks or activities with time and other resources are provided. These include a calendar, a network diagram, Gantt charts, resource diagrams, relationship charts, and tracking charts. This software may have to be purchased.

Gantt Chart. One of the most useful templates, the Gantt chart shows the time frames defined for a particular activity. A carefully constructed Gantt chart, in the absence of any other software-generated template, may suffice in terms of guiding the rationalization team through the activities they need to conduct. Because time frames are indicated, this would also serve a monitoring or tracking purpose. The Gantt chart may be built on another template that shows relationships between

Task	Month 1				Month 2			
	1	2	3	4	5	6	7	8
1. Execom meeting to discuss requirements of E.O. 366								
2. Execom to identify members of the Change Management Team within the Department, including Bureaus and attached agencies								
3. Top management to announce to personnel intentions of management to comply with E.O. 366 and explain what it is all about								
4. General Assembly to announce members of the CMT and the general plans for Rationalization Program implementation								
5. Agency Head to inform DBM of start of agency rationalization and appointment of CMT members								
6. Conduct of initial meetings by CMT to draw up the schedules and activities for implementing E.O. 366								
7. CMT to draw up plan for communicating Rationalization Program progress to all stakeholders								
8. Secure policy directions from top management (possibly in a strategic planning workshop)								
9. CMT to lead in the conduct of organizational review based on policy directions								
10. CMT to gather documents and other data for consideration in the organizational review process								
11. CMT to identify additional personnel who may be needed in the review process and secure their participation from top management								

tasks or specific activities, the duration for their implementation, start and finish dates, predecessor activities, and resource requirements.

A sample Gantt chart is shown for the initial phase of rationalization planning.

Managing Meetings

For a change process as big as an agency rationalization, meetings of various sizes and purposes will have to be organized in order to secure ownership, sponsorship, and engage all the stakeholders in its implementation. The success of the Program is dependent on how well these meetings are managed, and whether their objectives are achieved.

The size of a meeting can vary from one-to-one, to small groups, to assemblies. The first two can be conducted formally or informally, whereas the last, because of its size, would have to be formal and well organized. Both the size and the manner of conduct depend on the desired results of the discussion. Clearly, smaller meetings could be venues for dealing with information (giving or receiving reports, making announcements, giving instructions, explaining), making a decision, sharing ideas, or coming up with creative solutions to problems. Assemblies are generally for making announcements, explaining, securing participation, and consultation.

A smaller group may come to agreement more quickly than a larger group, but will not have the diversity of ideas and opinions that a larger group may have. In contrast, a large group will be more difficult to manage: culturally, cliques happen very quickly in much bigger groups, making it more difficult to manage. Also, people who would otherwise speak up in a small group may find it difficult to speak up in a large assembly.

The following tips may be useful in handling meetings that may be called for purposes of formulating and cascading the Rationalization Plan:

1. Define the purpose (objectives, desired results) of the meeting. Consider urgency and the need for actually setting up a meeting. It is possible that written (letter, e-mail, chat) or phone communication between individuals concerned may already achieve the objectives.
2. Identify the meeting participants who could best contribute to the accomplishment of these objectives. If it is a Team or Committee meeting, individuals outside of the group who have a major stake in or who can contribute greatly to the discussions may be invited.
3. Depending on purpose and attendees, decide whether the meeting can be conducted formally or informally, how long it can last, and the venue. Decide too whether visuals (overhead, PowerPoint™) are necessary.
4. Decide whether a particular seating arrangement is necessary to indicate hierarchy, minimize opposition, or create a free-flowing atmosphere for discussions, and other purposes. Be sensitive to cultural differences as well as individual dynamics. Provide enough distance between chairs. Chairs cannot be too comfortable as to encourage lethargy.
5. Room temperature and direct lighting that is favorable for discussion can be considered. Cooler temperatures would be more favorable to larger groups that smaller ones.
6. Provide prospective attendees with the agenda and other necessary information way before the meeting for their information and comments. Incorporate suggestions as to how the agenda can be structured into a final agenda, which is re-circulated so those invited will be prepared for their participation.
7. Make sure attendees know each other and their respective reasons for being in the meeting.
8. Clarify objectives (agenda) and the time spent for discussing each item with all the attendees at the start of the meeting.
9. Decide which discussion points contribute to the agenda, and which can be taken up in another venue. Bring the discussants politely back to the original agenda if discussion strays. A discussion template such as

the one shown below may be helpful. (This template may be the same document circulated to attendees before the meeting to inform them of the agenda. The first two items would have benefited from this pre-meeting review of the agenda.) This could be shown on-screen with the aid of a computer and an LCD projector, and changes, including agreements, added on to it as the discussion goes along. A visual display of the proceedings stimulates clarification, understanding, new ideas, as well as seals agreement.

Agenda Item	Status	Discussion Points	Agreement/Action to be taken
1. Conduct of a general assembly to update personnel on status of agency Rationalization Program	▪ According to plan, can be scheduled on Wednesday of the second week of the month ▪ Proposed organizational structure still needs more work and is not yet approved by top management ▪ Employees' Union representative still has questions about the structure	▪ Top management has scheduled a meeting with CMT on Monday of that week ▪ Client information may have to be reviewed ▪ There is perceived resistance by employees to the draft structure	▪ Move to Friday of the second week of the month ▪ Union rep to discuss with Union officers the unfinished structure, make suggestions, clarify areas that need further work one week before CMT meeting with Mancom ▪ Union officers to cascade agreements to members before the General Assembly so resistance will be managed ▪ CMT to finalize structure after inputs are given by Union Rep and a review of client data ▪ CMT to present structure for Mancom approval ▪ CMT to call general assembly and present approved structure there

The first column in the template lists all the items for discussion. It is important that the agenda—nature and complexity of discussion points—be balanced against duration of the meeting. The second column, on status, may indicate pre-meeting conditions or factors that may affect discussion. Any change, new considerations, factors, assumptions and issues raised during the meeting, are placed in the third. All agreements and post-meeting actions to be taken are placed in the last column.

10. In a small meeting, allow for each attendee to participate in the discussion. In large meetings or assemblies, carefully note any sign of desire to speak and call the individual concerned. Having someone to help you identify people in the audience who may have something to say would be useful.
11. Identify confidential issues. Secure commitment to confidentiality.
12. Recap at specific points in the discussion so participants are aware of what agreements have already been reached.
13. Avoid overload by being selective with information.
14. Ensure someone is taking notes of the discussions.
15. Listen empathetically: keep eye contact, be sensitive to body language, show interest in what is said, and allow the speaker to finish. Even if a speaker's views or opinions are not carried, the fact that these are listened to and considered will carry weight and minimize resistance to the final decision.
16. If you are the chairperson, listen to all sides of an issue; do not show bias. Obtain all possible ideas and opinions, then move to a decision or resolution in a calm and assertive manner.
17. Recap all the agreements, note next steps, and close the meeting, thanking everyone for their participation.
18. It may be necessary to call a one-to-one meeting with individuals who, verbally or by their body language, continue to show disagreement or unresolved conflict even at the end of the meeting.

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