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Making Big Change in Small Sizes

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Managing change can be a challenge especially for the SME with limited resources. Here are five factors that have proven to be powerful in execution.

Managing change can be a challenge in any organisation, and especially for the SME (small and medium-sized enterprise) with limited resources. Yet, change in Asia is accelerating with incredible pace as organisations work to not only maximise their market potential, but also improve productivity with the help of technology. Many SMEs operate with less than 50 employees, which does not typically provide for spare capacity to embark on organisational change projects, planning and execution of new initiatives, or implementing new ways of working. However, making some of these changes is critical for the survival of many SMEs. What are the essential elements for effective change management in an SME?

To address this question, we examine five critical success factors based on recent research on change in ASEAN.1 These characteristics may not be surprising in description, but have proven to be powerful in execution.

1 – Showing committed leadership

Successful leaders of change are often seen as upbeat motivators, but they may also be quiet, focused individuals who are passionate about achieving their goals. Regardless of leadership style, it is important for people to understand and see the commitment of the leader – ideally, first hand. This allows others to understand that the change is starting with the commitment and focus of leadership.

A great example of committed leadership is the leader of a third generation family-owned wine distribution firm. To shape the brand image and brand values reflecting honesty, fairness and ethics, he decided to restrict clientele by refusing to supply their wines to karaoke lounges and nightclubs. While this resulted in a loss of revenue in the short run, the family remained committed to their values. The managing director actively shared this commitment with employees and customers, which led to his participation in media activities, community functions, and events. Within the same year, they quickly recovered their lost revenue with new sales.

2 – Sharing authority

Change is not an individual sport and requires everyone in an SME organisation to be involved. To create a coalition for change, one has to get others involved and be a part and an active proponent of the change effort. Our research shows that when leaders provide people with the authority to make choices associated with the change, the more likely that people will experience intrinsic motivation to achieve the goal. In other words, not only involving employees but also empowering them to act will help ensure success.

A recent illustration of this took place in small company with operations in Indonesia. The leader brought together a diverse team. By providing direction and supporting guidance, he effectively elicited the active participation of all members of the team to make use of their insights and abilities for a common purpose. As a successful change leader, he gave his team the authority to make decisions about the change for their areas.

3 – Holding people accountable

Creating accountability does not mean that leaders should be giving out orders to others. Accountability can be simply defined as making and keeping a promise. When people work in an SME and try to achieve a common goal, they become interdependent: each one's actions and attitudes affect all the others. This interconnectedness and mutual dependence requires that they be answerable to each other and to the whole – to keep their promise.

A long established salon faced increasingly sophisticated customer needs and challenging competition. They needed to find new ways to provide clients the best possible service. The management team conducted open communication with all staff members on a regular basis, to clearly define the objectives for innovation. Each of the team members felt accountable developing new service ideas. The highly engaged employees contributed their ideas with expected results and specific timelines.

4 – Measuring the change process

Often times SMEs do not have the luxury of developing intricate change management plans. However, it is important to measure the results along the way. After all, no change can happen overnight. Taking one step at a time allows the leader to acknowledge progress and encourage others to take the initiative.

After a previous failure due to lack of commitment, a restaurant chain tracked the outcome of its process re-design weekly. The company's monthly newsletter communicated to every employee the milestones they achieved and the star employees of the month. Rewards and training/supports were provided to the employees accordingly. The momentum kept all the staff going through the change to a new process and system.

5 – Integrating systems, roles, and processes

Implementing the right technology can often be a challenge as it can have an impact on many aspects of the business. It is critical to consider changes in systems together with structure and processes to achieve integration. Successful SME leaders engage on the 'how' work is done and ensure that the components are all consistent with the direction set.

The impact of a new system changed the processes and the roles of a Singapore fresh food supplier. Linking the accounting software with a cloud-based system allows the 30-year old local company to take orders directly from customers. The company reduced more than 30 percent of its manpower for the accounting work. Now, some of the staff, who were issuing invoices, have been reassigned to help provide more services to customers and some have been redeployed to do higher-value functions.

Conclusion

In this article we outline five critical success factors for managing change in an SME based on recent research in ASEAN. While each change effort will undoubtedly have unique challenges and characteristics, these key factors can help foster teamwork, intrinsic motivation, and a sense of value that can not only be critical during the change process, but also in long-term retention of talent. While these success factors may not be surprising, the results of successfully using them to execute successful change can be pleasantly surprising!

[1] *About the research: During 2011 and 2012, 661 employees responded to a survey administered by a team leader of a change program underway; 585 provided a complete set of responses. Data was collected on ten distinct programs, across seven companies in three countries (Singapore, Indonesia, and Malaysia). All responses were voluntary and anonymous. A sample of 31 team leaders also completed a comparable questionnaire on how they perceived the change on the employees. The average years of work experience was 11.5 and the average years with the company was 6.2 with the average number of direct reports as 5.8. Contact for the research: Richard R. Smith, Singapore Management University.*

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