RESISTANCE IN CONNECTION WITH CHANGE MANAGEMENT PROJECTS AT AIRLINES

PROLOGIS
Experts in Aviation Consultancy

News, Trends and Topics from the Airline and Tourism Industry

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INTRODUCTION

When an organization undertakes projects or initiatives to improve performance, seize opportunities or addresses key issues, it often requires changes – changes to processes, job roles, organizational structures, and types and uses of technology.[1] When addressing such changes within the organization, it is important to properly handle and supervise them. This is why the term 'change management' has become more and more established and well-known in the modern business environment.

But what is change management exactly? "Change management is a systematic approach to dealing with change both from the perspective of an organization and the individual."[2]

This is a general definition and not very precise, due to the fact that change management includes at least three different aspects: preparing for change, managing change and achieving change. A proactive approach to dealing with change is at the core of all three aspects.

So change management means designing and implementing new procedures and/or technologies in a company or organization to deal with changes in the business environment. The goal is to improve and profit from these opportunities within a certain period.

> *The goal of change:*
> *To improve an organization by*
> *modifying how its work is done*

"In an information technology (IT) system environment, change management refers to a systematic approach to keeping track of the details of the system."[3]

Aviation consultancy PROLOGIS recently backed a survey that was undertaken to investigate current practices, challenges and solutions in change management within the airline industry. Over 34 airlines with different business models from all over the world participated in this survey and the results will be presented on the following pages.

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[1] https://www.prosci.com/change-management/what-is-change-management, 28.09.2016
[2] http://searchcio.techtarget.com/definition/ change-management , 28.09.2016

[3] http://searchcio.techtarget.com/definition/ change-management, 28.09.2016

Overall Increasing Importance

Gone are the days when there was one large change every five years. Globalization and the intensification of competition are forcing organizations and companies to adapt more quickly, dynamically and flexibly to changing market conditions. "Today's business environment requires companies to undergo changes almost constantly if they want to remain competitive."[4]

Accordingly, change management teams primarily implement change due to external reasons, such as economic downturns, economic growth issues, inflation, political, social and/or technical conditions. But internal reasons can also play an important role. Some organizations do not have sufficient internal strength to sustain their position.[5]

Today's organizations are facing faster, more complex, more interdependent and more cross-functional change than ever before. And change is never constant!

It is a variable process and it appears to be happening at an ever increasing rate.

On the one hand, some changes can be relatively minor — as in the case of installing a new software program. On the other hand, many change management projects have a major background — as in the case of refocusing an overall marketing strategy, fighting off a hostile takeover, or transforming a company due to persistent foreign competition.[6] However, being able to deliver results on multiple changes allows an organization to achieve their strategic vision and be successful in today's changing environment. So implementing change management allows companies to deliver results on every change more efficiently. Moreover it can help to create competencies that build up the organization's capacity to deal with more changes at one time. In the end, changes should serve, and are undertaken, to improve constant performance inside the organization.

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[4] http://www.inc.com/encyclopedia/managing-organizational-change.html, 28.09.2016
[5] Laurer, 2010

[6] Cp. http://www.inc.com/encyclopedia/managing-organizational-change.html, 28.09.2016

Areas of Change Management: Organization, Strategy, Culture and Technology

On its website, Inc. magazine, the "premier print publication for entrepreneurs and business owners", provides a clear explanation of the different areas of change management:

"Organizational change occurs when a company makes a transition from its current state to some desired future state. Managing organizational change is the process of planning and implementing change in organizations in such a way as to minimize employee resistance and cost to the organization while simultaneously maximizing the effectiveness of the change effort. […]

Organizational change initiatives often result out of problems faced by a company. In some cases, however, companies change under the impetus of enlightened leaders who first recognize and then exploit new potentials dormant in the organization or its circumstances. Some observers, more soberly, label this a "performance gap" which able management is inspired to close.

Students of organizational change identify areas of change in order to analyze them. [Some] single out strategy, structure, and organizational power. Others add technology or the corporate population ("people").

All of these areas, of course, are related; companies often must institute changes in all areas when they attempt to make changes in one. The first area, strategic change, can take place on a large scale — for example, when a company shifts its resources to enter a new line of business — or on a small scale — for example, when a company makes productivity improvements in order to reduce costs. There

are three basic stages for a company making a strategic change:

1) realizing that the current strategy is no longer suitable for the company's situation

2) establishing a vision for the company's future direction

3) implementing the change and setting up new systems to support it.

Technological changes are often introduced as components of larger strategic changes, although they sometimes take place on their own. An important aspect of changing technology is determining who in the organization will be threatened by the change. To be successful, a technology change must be incorporated into the company's overall systems, and a management structure must be created to support it. Structural changes can also occur due to strategic changes — as in the case where a company decides to acquire another business and must integrate it — as well as due to operational changes or changes in managerial style. For example, a company that wished to implement more participative decision making might need to change its hierarchical structure."[7]

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[7] http://www.inc.com/encyclopedia/managing-organizational-change.html 28.09.2016

Changing People

Regardless of the type of change, it is the employees who are most affected by organizational changes and transitions. The work environment is the first area to be affected as rumors develop about upcoming changes. However, "changing people" is the most difficult and important part of the overall change process.

One major factor which impedes the change management process is people's natural tendency for passivity. People are not open to change in organizations because it can be uncomfortable. "The idea of doing things this way, because 'this is the way we have always done them', can be particularly hard to overcome."[8] Furthermore, in cases where a company has seen declining business, for a manager or executive to view themselves as a key part of the problem can be very humbling. This issue is a particularly strong one in countries where "saving face" plays a large role in interpersonal relations, such as Asian countries.[9]

A major error in change management is failure to set out the gravity of the situation to the affected employees. Failing to create a strong sense of seriousness causes a change movement to lose impulse before it has even started. Establishing a true sense of importance without creating a state of emergency is the first hurdle that needs to be taken.

Change management requires people to feel the problem!

Nevertheless, the result is often low employee morale, weak commitment or ownership, loss of team play and, in extreme cases, employees leaving the company altogether. During times of change the issue of keeping key performers becomes predominant.

Another factor that hinders change can reside within the organization itself. Corporate culture normally helps to establish common norms and values within an organization. This is essential for a company's success, especially if they are organized as a network where people have a larger degree of freedom of action. The dilemma of a strong corporate culture becomes clear when undergoing a change program. Questioning both official and unofficial rules and values can quickly lead to people rejecting any sort of change. The strong solidarity that was supposed be the basis for the company's success suddenly becomes an obstacle in turning the company around. This is particularly true during a merger or an acquisition when two different sets of corporate cultures clash.

On top of this, people may disapprove of change if they believe it has been brought into the organization from an external party, such as a consultancy. Again, a strong corporate culture usually assumes that members of the organization will themselves be able to find the perfect solution to any problem. And said members believe this, too. That is why the 'not-invented-here' syndrome can be quite difficult to overcome.[10] What consultancies need to consider is integration. Integrating the

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[8] "Of Newton and Ostriches or; what I've learned from a change management project". *Salo Impera-Strategy consulting-business strategy-Malaysia-Singapore*. Retrieved 2016-07-13.

[9] http://www.revolvy.com/main/index.php?s=Change%20management, 28.09.2016

[10] Doppler, K., Lauterburg, C. (2014): Change Management – Den Unternehmenswandel gestalten, 13. Aufl., Frankfurt am Main 2014

members of the organization at an early stage and jointly working on the solution helps to foster people's commitment towards the change initiative instead of rejecting it. Knowing the company's business in order to help people come up with the best solution is of course essential for the consultancy.

In conclusion, the first step in change management is for people to see, and then feel, the problem. People are not going to consider anything until they are convinced that there is a problem that truly needs to be addressed.

"The process used here is "See, Feel, and Change", as opposed to "Analyze, Think, and Change". The latter is all head, no heart, and often fails to motivate people to recognize the importance of a given problem.
Both thinking and feeling are essential, but the heart of change is in the emotions. The flow of see-feel-change is more powerful than that of analyze-think-change."[11]

1. See
2. Feel
3. Change

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[11] https://www.torbenrick.eu/blog/change-management/change-management-require-that-people-feel-the-problem/ 28.09.2016

Relevance to the Aviation Industry

Compared to other industries, the aviation industry faces several unique challenges in terms of business processes and take-up of available and new technologies. There are numerous reasons for this, such as the historic relationships between 'national carriers' and governments, industry regulations, compliance and safety issues.

As a result of this, the potential of strategic initiatives is often not fully realized. In addition, if we consider companies like airlines that fail to change, they are generally troubled by lengthy transitions and increased costs.

To give an example: an airline which announced the details of an extensive cost-cutting program in February 2012 has since failed to demonstrate either the skill or the culture to execute its plan effectively.[12] "Alienated employees have waged ongoing strikes that have inconvenienced customers and increased costs.

As the pace of change continues to increase, an organization's change capability will become a greater requirement for sustainable performance."[13]

[12]http://www.bloomberg.com/news/articles/2013-05-01/the-key-to-managing-change, 28.09.2016
[13]http://www.bloomberg.com/news/articles/2013-05-01/the-key-to-managing-change, 28.09.2016

Survey Results

Prologis recently backed a survey that was undertaken to investigate current practices, challenges and solutions in change management within the airline industry. This survey was conducted as part of the Master's program at the FOM University of Economy and Management, and was designed as a quantitative questionnaire. In total, thirty-four airlines located in nineteen different countries worldwide participated in the survey. The different business models Charter, Leisure, Low-Cost, Network and Regional, were equally represented. The airlines' representatives who participated in the survey were of different seniority within their organization, ranking from CEO, VP and Director level to project and change managers. They also worked in various areas, such as Finance, HR and IT.

Importance of Change Management

One of the first results of this survey is that change management will be even more important for airlines in the future than it is today. Only very few participants believe that it is a topic of low importance. One reason for this could be the growing number of changes undertaken at most airlines.

Whilst there are some obvious examples for strategic change programs in the market – like some legacy carrier's business transformation towards Low-Cost Carriers or the growing importance of alliances and cooperation – the survey went into more detail.

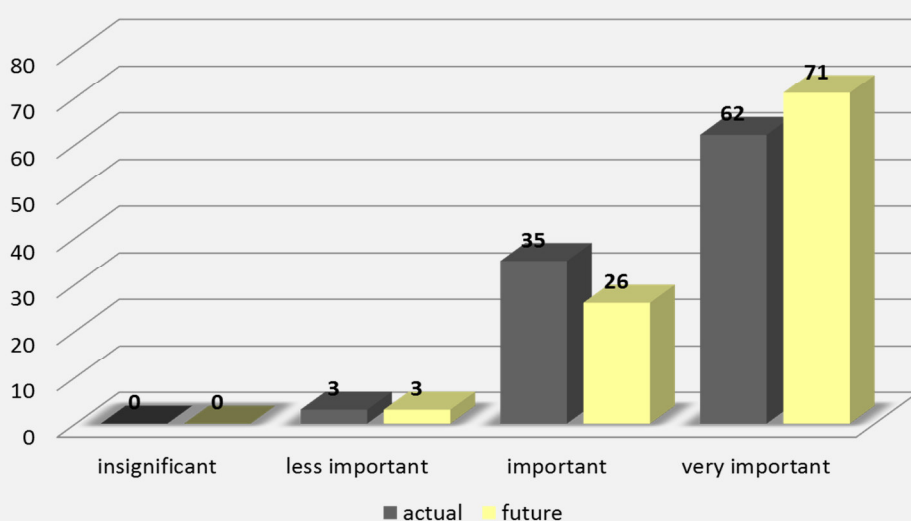## How Important is Change Management?

Chart 1: How important is change management in your company at present and how important will it become in the future?, data source: PROLOGIS survey

One of the survey's main research questions focused on the reasons for past change programs within the participating airlines. The question was expanded by asking about future changes as well. The results can be seen in the chart below and will be discussed in further detail on the following pages.

Reasons for Change

Chart 2: **What was the reason for change in your company in the past 5 years and what will it be in the next 5 years?, data source: PROLOGIS survey**

1. Re-organization and cost-cutting programs were the main reasons for change in the past

Re-structuring and re-organization were named the number one reason for past changes within the respective organizations. This is in line with the findings of comparable studies that were conducted by Capgemini over the past twelve years.[14] Now, whilst those two terms are rather broad, they can be seen in relation with the reason for change that was mentioned second-most: cost-cutting programs. The high ranking of cost-cutting programs will not come as a surprise to experts for the airline industry.

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[14] Capgemini Consulting (2015): Superkräfte oder Superteam? – Wie Führungskräfte ihre Welt wirklich verändern können. Change Management Studie 2015, München 2015

Whilst the decrease in fuel prices has recently caused a gasp of relief within the industry, the findings of the survey reflect the struggle most airlines were going through in the past five years – or still are.

Programs like Lufthansa's "Score" and Air France-KLM's "Perform 2020" were implemented to reduce the carriers' costs and make them competitive within the market, especially against Low-Cost Carriers. Very often, if not always, such programs include changing the airline's organization and structure besides other actions. In the end, there is still a large number of airlines that initiate change in order to survive and not as a matter of excellence.

Re-structuring and re-organization most certainly have strong negative implications for the members of the organization. This will be discussed in further detail when we look at the reasons for people's resistance to change. But one thing is quite obvious: whilst organizational changes can help airlines to cut costs, they cause discomfort within the company and employees might fear for their positions.

2. Future change – stabilizing the changes that were made and potential for growth & innovations

Whereas past initiatives have focused on changes designed to cut costs and basically turn around the business, there is a more positive outlook regarding the reasons for future change programs. The top three motivations for change – continuous

improvement process, initiatives for growth, and IT & technology innovations – indicate that airlines seem to have entered calmer waters again and are using this opportunity to improve their competitiveness by investing in all kinds of innovative programs. Looking at the reasons for past changes, it was to be expected that 'continuous improvement process' would receive a high ranking: having started re-organization or cost-cutting programs, it takes airlines quite some time to initiate the changes that were originally planned.

The high ranking of 'initiatives for growth' and 'IT & technology innovations', too, sends some very positive signals.

Whilst there are more and more airlines expanding their network again, we would like to concentrate on two aspects:

The first is IT. Very often, innovations within the IT environment of an airline can include various areas and have an impact on many departments involved. Even though airlines rely on their IT solutions in many crucial areas of their business, investment in renewals or enhancements has typically been low. Now, airlines seem to be spending some of the money they are currently saving on fuel on solutions enabling them to improve things like their Revenue Management, Network Planning, Distribution and, last but not least, Cost Management. This study will come back to these aspects at a later point, when examining the concrete example of change management in IT projects.

The second aspect covers technology innovations. Investment in the airlines' core product is probably at the top of the list. Many airlines have invested large sums to improve their Business and/or Economy Class, to equip their fleet with new seats and

to improve their competitiveness by renewing or replacing their aircraft.

3. Mega-Trends as Reason for Change

In order to better understand the reasons behind change, the survey collected information about the mega-trends believed to cause change initiatives within the next five years. The results can be found in the chart below.

Not surprisingly, internet and digitalization play an important role for airlines, especially in the area of distribution, operations, e-commerce and marketing.

Though airlines have already initiated re-organization and re-structuring programs in the past, complexity is still seen as a key driver for change in the future. Whether this is related to the topic "future change – internet & digitilization" cannot be said, but it is probably influenced by it, among other things like the growing number of code-shares, cooperation within the alliances, growing competition, mergers and acquisitions, economic growth and increasing governmental policies.

Unlike other industries, the airline industry seems not to be greatly influenced by factors like environmental or demographic changes. Surprisingly, globalization is also seen as less important, though it is obviously an important aspect when it comes to growth in air traffic. This can probably be explained by the fact that globalization has reached such a high level that it is no longer seen as a new trend and therefore not as a strong influence on change.

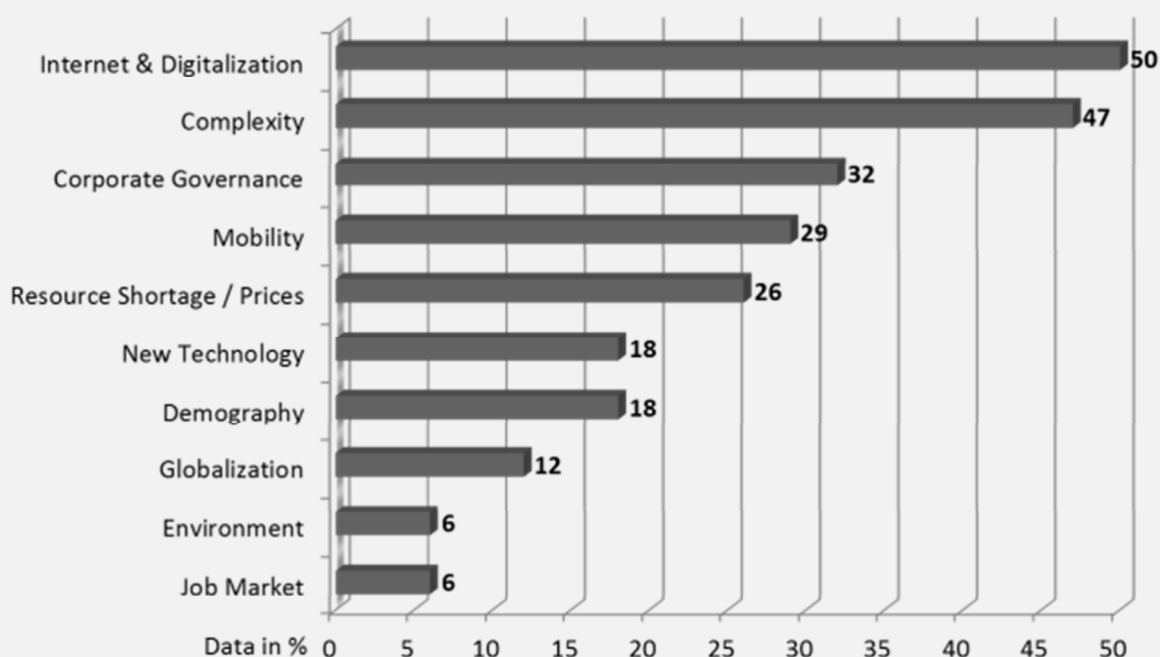## Top 10 Mega-Trends as Reason for Change

Chart 3: **Top 10 mega-trends as reason for change, data source: PROLOGIS survey**

EXAMPLE OF CHANGE MANAGEMENT IN IT-PROJECTS – IMPLEMENTATION OF AIRPAS

Background: Airpas

Based in Germany, Airpas Aviation is a software provider that helps airlines to improve profitability and better manage direct operational costs. Its solution *airpas* calculates the cost of each flight, from the time the aircraft takes off through to landing at its destination. By analyzing the fluctuating operating costs of individual routes, such as fuel costs, airport and navigation charges, ground operations, catering and crew expenses, carriers can adjust routes, aircraft and schedules during daily operations to optimize profitability and efficiently check and control suppliers' invoices. The solution was specifically designed to meet the needs of the airline industry, and is fully compatible with any airline IT infrastructure and suitable for all airline business models.

In April 2016, Airpas Aviation became a member of the Sabre Group.

The Implementation of *airpas* and its Implications for Change Management

As highlighted before, IT and technology innovations were seen as major reasons for change in the past, but even more so as reasons for future initiatives in the airline industry. The *airpas* cost management system will be examined in more detail at a later point with regard to its implications on change management, and shall be representative for other IT projects in the airline business.

The implementation of *airpas* can have an effect on various areas within an airline, ranging from Accounting and Controlling to Operations, Procurement, Station Management and specific departments like Airport Relations or Fuel Procurement. This is due to the fact that the system improves the processes in these departments by providing a much higher degree of automation, for example in automated invoice checking and accruals generation, and by providing central access to essential data, such as supplier contracts, operations data, direct operating costs or the full route profitability report for various departments.

While an important part of the system's implementation focuses on the setup of both software and hardware, one should not neglect the required interfaces and the training of staff in the use of the system, including the implications for the organization. The following changes within an airline can be part of the project and have been observed as such at Airpas's 35 customers. They are summarized here according to the four spheres of activity of change management

as outlined in the literature.[15]

Technological Change

Implementing a new software solution is never trivial, especially if it is a very comprehensive one. A major aspect of technological change is people's ability to actually use the new system. This is also true for *airpas*. Comprehensive training sessions are part of the implementation process to make people from various departments familiar with using the system and understanding the business need. The latter is particularly important in change management as people need to first of all understand the background of, and the need for, a change project to be inspired by it. Whilst installing software and setting it up properly can be challenging enough on its own, the real task lies in adapting the processes and changing the organizational structure if required.

Organizational Change

Organizational change includes all activities that relate to the integrated change of an organizations' processes and its structure,

including hierarchy levels. This is just as important during a merger or an acquisition as it is during an IT project such as *airpas*. As outlined above, the system helps airlines improve some very important processes within their business, such as invoice checking, budgeting, financial planning and profit evaluation. The degree to which these changes would have to be undertaken depends heavily on the airline's existing processes as well as the need for change. One popular example within this area is the shift in responsibility for invoice verification from station managers, procurement or other dedicated departments to finance. Whilst this change is not a must, it has become the recommended way and somewhat industry best practice. The implications are extensive and include changes in processes as well as responsibilities and therefore the structure of the departments involved. This can have a strong impact on people's attitude towards the project, as they might feel threatened by its implications.

Strategic and Cultural Change

These two areas of change definitely play an important role when considering the overall implications of change management, but only a minor role with regard to the implementation of *airpas*. Corporate strategy defines the way a company wants to achieve its goal of continuing or achieving success and strengthening its competitive advantages. Implementing *airpas* can be part of an airline's strategy to more effectively and efficiently

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[15] Vahs, D. (2012): Organisation – Ein Lehr- und Managementbuch, 8. Aufl., Stuttgart 2012

manage its costs or to centralize certain tasks and data, such as supplier contracts and invoices. Whilst the success of this strategy will be measured using quantifiable numbers and statistics, an airline's corporate culture includes many soft factors like norms and values that would normally remain unchanged by an IT project like this. However, implementing *airpas* as part of an overall cost-cutting program by a newly appointed CEO could be an example where an airline's corporate culture may be changed over time.

Why Change Can Fail

The natural and normal reaction to change is resistance. Every individual has a threshold for how much change they can tolerate; however, the number one reason that front-line employees resist change often surprises many project teams, even though it is understandable enough.

The survey revealed a number of interesting results about people's resistance to change. First of all, it became clear that the largest effect of change is on the emotions, with rationality ranking only second. This needs to be kept in mind when conducting changes:

they are first of all perceived as emotional stress and potential discomfort; the rational "does it make sense" enters at a later stage or not at all.

Very often, project and change managers say they are already taking into account the strong emotional drivers and adapting their communication plans etc. accordingly. However, when asking about their latest project's success ratio, the survey uncovered that there is still a lot of room for improvement.

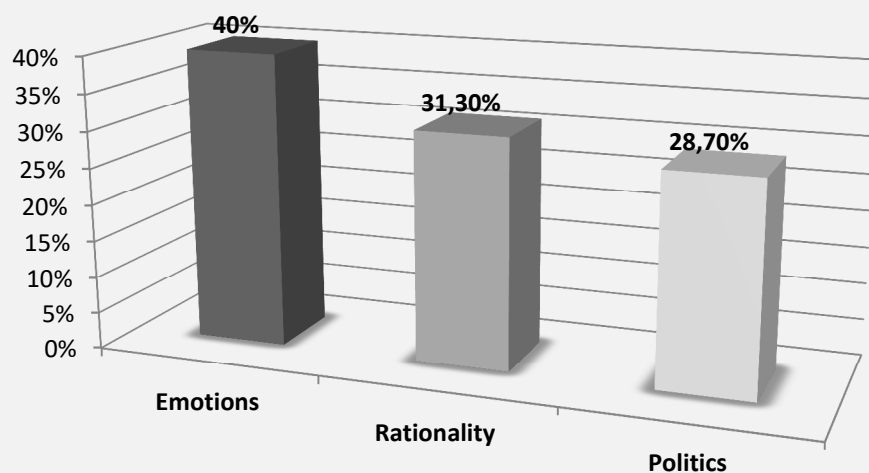### Which Dimension does Change Affect the Most?

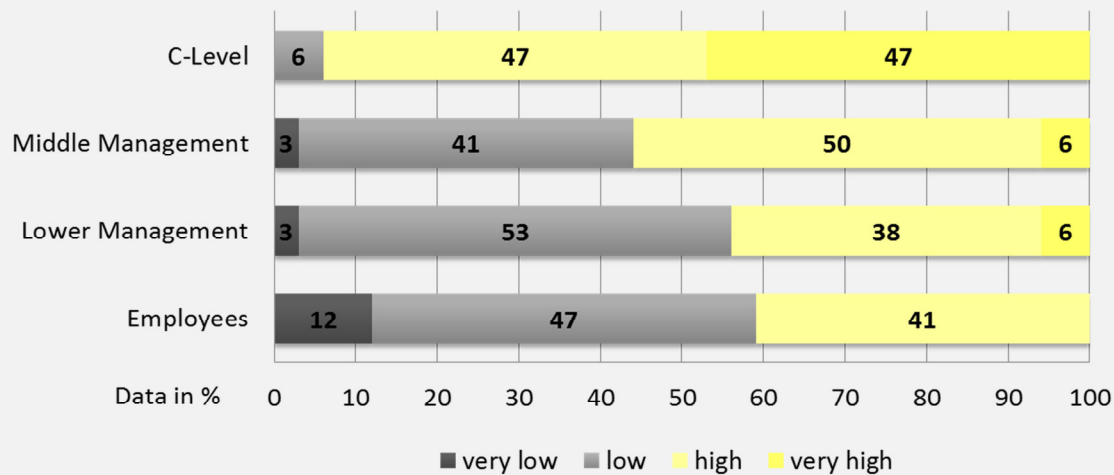*Chart 4*: Which dimension does change affect the most?, data source: PROLOGIS survey

Chart 5: **How do you estimate the willingness to change on different hierarchy levels within your organization?, data source: PROLOGIS survey**

53% of the participating airlines stated that their project's target was mostly achieved, 41% said it was partially achieved and 6% of the airlines said the project had failed completely. Change projects whose objectives were fully achieved were not existent.

Going into further detail, the survey revealed that employee resistance was seen as the number one reason for the failing of change initiatives, with a majority of 91% of the airlines confirming this statement. Keeping in mind the even distribution of different hierarchy levels participating in the survey, more conclusions can be drawn from the chart above.

Willingness to Change on Different Hierarchy Levels

The chart clearly shows that, the lower the hierarchy level, the less willingness to change. At the same time, it is apparent that even lower and middle management are not perceived as highly committed towards change. Whilst the top management's higher commitment towards change can be easily explained by considering the fact that change is usually initiated "top down", the reasons for resistance within lower hierarchy levels have yet to be ascertained.

Main Reasons for the Creation of Resistance

According to recent literature, there are four major reasons for resistance to change: people do not change because 1) they do not know how to, 2) they are not able to, 3) they are not willing to, or 4) they are being made to.[16] To find out more about the underlying causes for these different types of resistance, the survey gave more specific answers to choose from. Questions used in comparable change management studies by Capgemini were taken as a starting point.[17] The results can be found in the chart below.

The chart shows that the participating airlines saw employees' fear of losing their status and influence as the number one reason why they would develop resistance against change initiatives. Change is often seen as a threat to existing structures, to the ways things were done in the past and very often to the safe surrounding of what is familiar. Routines offer a certain safety and this is endangered when undergoing change processes. Sometimes even layoffs are announced as part of change projects. Unfortunately, fear is a very strong emotion and fear for your job or your position is particularly strong because you see your basic needs at risk.
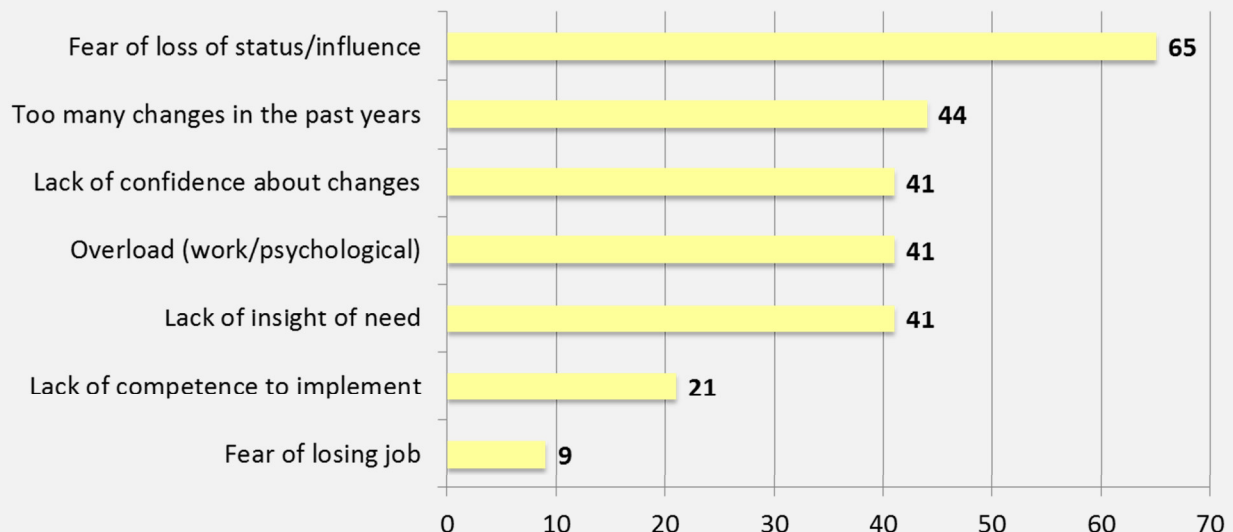
Reasons for Resistance

Chart 6: **Reasons for resistance against changes within your organization?,**
data source: PROLOGIS survey

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[16] Frey, D., Gerkhardt, M., Fischer, P. (2008): Erfolgsfaktoren und Stolpersteine bei Veränderungen, in Fisch, R., Müller A., Beck, D. (Hrsg.): Veränderungen in Organisationen – Stand und Perspektiven, Wiesbaden 2008, S. 281–300

[17] Capgemini Consulting (2012): Digitale Revolution – Ist Change Management mutig genug für die Zukunft?, München 2012

This needs to be carefully considered when initiating any change within an organization. People who fear for their status, influence or even their job will not be able to take on any change or even think about it in a constructive way. They will automatically build up resistance.

The number two reason for resistance to change as named by the airlines was that there had been 'too many changes in the past'. A number of consequences can arise from this: people might not understand the business need for change or they may not see the bigger picture. The fact that 'lack of confidence to implement the change' was also seen as one of the main reasons for resistance underlines this. It is of the utmost importance that employees first of all understand the business need and then build up commitment towards the change project. If change is to become a success, people have to be able to actually implement the change – both from a capacity and a knowledge point of view. Fittingly, the airlines therefore saw employees' work and/or mental overload as a critical obstacle to the embracing of change.

In accordance with current literature, the airlines also named employees' lack of competence to implement the change as a reason for resistance. There can be no doubt about the importance of sufficient training in order to enable people to implement the required change or at least give them the confidence that they are capable of doing so.

HOW CAN CHANGE MANAGEMENT HELP?
WHY IS IT INDISPENSABLE?

Indispensable: Productivity Loss During Change and Afterwards – Minor Project Achievements

Having talked about people's reaction to change and the reasons why they may build up resistance, one could ask what the consequences of all this are. Change management is not only about identifying risks and threats. It is also about finding solutions and using good instruments to make change a success. Now, the smart accountant already knows that those instruments could cost the company quite a bit of money and involve external knowledge, since not every company employs dedicated change managers. This is, of course, correct – change management costs money. The survey found that the average loss in productivity was estimated at 18.4% *during* change projects and still at 6.2% *after* the project. It is easy to calculate the impact this has on the company's performance. But what are the costs of not doing anything at all?
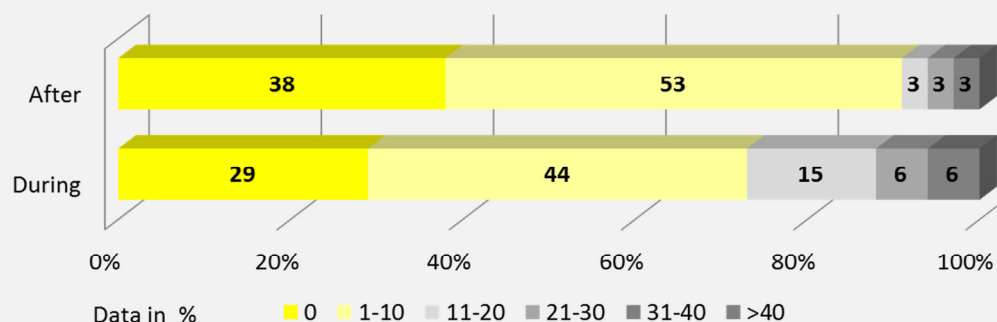
Productivity Loss During and After Change

Chart 7: **How much did the productivity of the involved employees sink during and after the change management project?, data source: PROLOGIS survey**

Instruments for Improvement

"Managing change effectively requires moving the organization from its current state to a desired future state at minimal cost to the organization. Key steps in this process are:

Understanding the current state of the organization

This involves identifying problems the company faces, assigning a level of importance to each one, and assessing the kinds of changes needed to solve the problems.

Competently envisioning and laying out the desired future state of the organization

This involves picturing the ideal situation for the company after the change has been implemented, conveying this vision clearly to everyone involved in the change effort, and designing a means of transition to the new state. An important part of the transition should be maintaining some sort of stability; some things — such as the company's overall mission or key personnel — should remain constant in the midst of turmoil to help reduce people's anxiety.

Implementing the change in an orderly manner

This involves managing the transition effectively. It might be helpful to draw up a plan, allocate resources, and appoint a key person to take charge of the change process. The company's leaders should try to generate enthusiasm for the change by sharing their goals and vision and acting as role models. In some cases, it may be useful to try for small victories first, in order to pave the way for later successes."[18]

Communication with, and integration of, affected employees

Aside from the leadership abilities of the people in power and the training of project team members, open communication is a very – possibly even the most – important aspect of the change process. Open communication conveys the necessity of the change efforts by explaining the underlying reasons and goals. Communication should be interactive and direct, in order to get a sense of the atmosphere within the company and to recognize any symptoms of resistance.

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[18] http://www.inc.com/encyclopedia/managing-organizational-change.html, 28.09.2016

To successfully implement changes, it is important not only to communicate openly with employees, but also to "get them on board" by letting them participate and by delegating tasks. Employees who are involved in the change process right from the beginning are much more productive and content.[19] One approach often mentioned in this context is the "shared power approach", whereby decision-makers are willing to share the power and actively involve their employees in the process of creating change concepts.[20]

Increased productivity is not, however, the only reason for integrating affected employees: their extensive know-how and detailed knowledge are indispensable when changing processes. Furthermore, involving them, and thereby increasing motivation, will also lead to a better sense of belonging to the company.

As is shown in the chart below, there is much work to be done, as airlines ranked their instruments for improvement on the lower end of the scale when asked how satisfying they were.
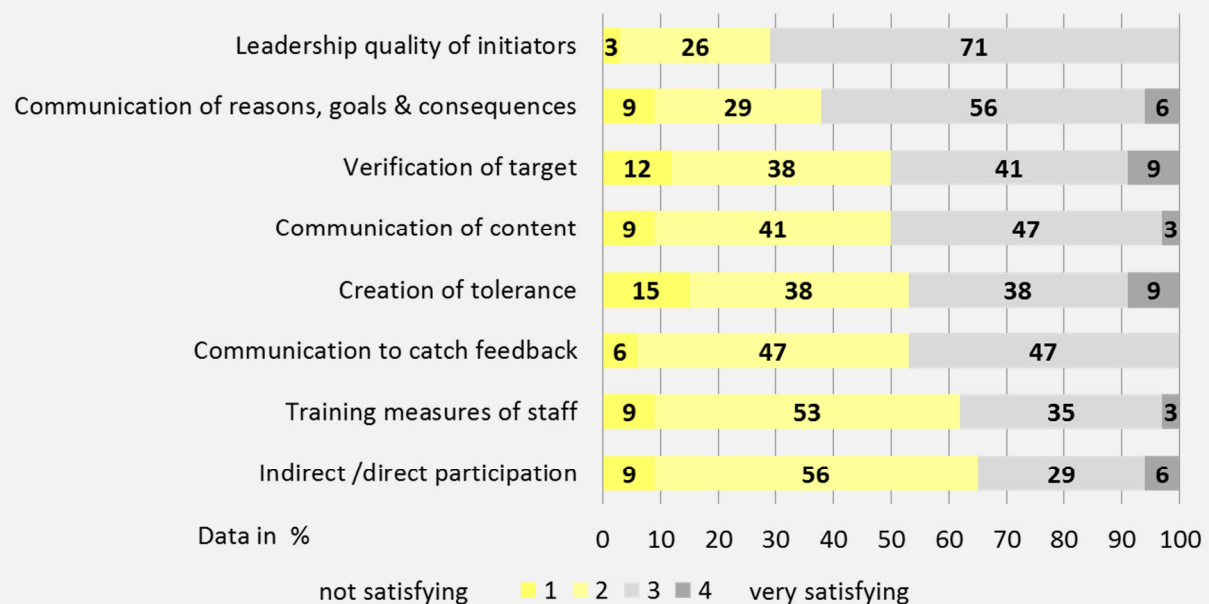
Instruments for Improvement

Chart 8: **Assessment of instruments for improvement in the last change management project, data source: PROLOGIS survey**

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[19] Vahs, D. (2012), p. 443-444
[20] Steinmann,H., Schreyögg, G. (2005), p.498

CONCLUSION

It is human nature to feel threatened or at least insecure when faced with change. With few exceptions, people are always reluctant to exit their comfort zone and enter uncharted, uncertain territory. It is also human nature to rate the risk of loss (of security) higher than the opportunities that could potentially arise from change. There are, of course, exceptions to the rule, but people who cope well with change and the uncertainty associated with it, are more often found at a managerial level, not below. This is also one of the reasons why top managers very often overestimate the flexibility of their organization – with disastrous consequences.

What advantage or profit does a new process offer if no one follows it? What use does a new technology or system create if no one uses it? Implementing a technical solution is only part of the equation.

"Ensuring that employees embrace, adopt and proficiently use the technical solution is really where benefit realization occurs. The intended results and outcomes of change are inextricably connected to whether that change becomes part of how employees do their jobs."[21]

Consequently, the Return on Investment (ROI) of a project or initiative is directly related to how well the people side of change is managed. This relationship is further confirmed by correlation analyses showing that effective change management increases the likelihood of meeting project objectives. Therefore, the ROI of change management is, in a way, the ROI of the project or initiative.

Organizations change for a reason, be it to become more competitive in the market, to improve business processes, to cut costs or sometimes maybe all of the above. Organizational change requires individual change – if individuals do not embrace, adopt or become proficient at the required change, then benefits will not be realized. Organizational outcomes are tied to the change being realized as a result of individual change; after all, individual employees are the heart and soul of organizations. Without them to do the work, the work will not get done. Change management is an enabling framework for managing these individuals through change.[22]

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[21] http://www.change-management.com/tutorial-end-in-mind.htm, 28.09.2016

[22] http://www.change-management.com/tutorial-end-in-mind.htm, 28.09.2016

About PROLOGIS

With more than 15 years of experience and serving more than 50 airline clients worldwide, PROLOGIS is one of the leading aviation consultancies in the world. All PROLOGIS consultants have an average of 7 years of active experience in the airline industry; they are experts on Distribution & Revenue Management, Ground Operations & Airport Processes, Revenue Accounting, Network Planning & Scheduling, IT-Services (System Migration, Evaluation and Implementation). As a result of the international consultancy projects at network, low-cost and charter airlines in more than 34 countries, PROLOGIS knows best practice and can help to implement it into every client's existing structures.

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