Australian Government

Civil Aviation Safety Authority

change management

Managing change in the aviation industry

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- sets safety standards and ensures that they are met through effective entry, compliance and enforcement strategies
- provides regulatory services to industry and plays a part in safety education for the aviation community
- administers exams and issues Australian aviation licences.

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Introduction

CASA recognises that the industry, particularly the general aviation sector, has entered a period of change and growth. This booklet has been produced to provide guidance to the Australian aviation industry on the change management process.

It is aimed at senior executives, managers and others who are responsible for overseeing or implementing change projects within aviation companies, including:

- aerial work operators
- air transport operators
- charter operators
- flying schools
- maintenance organisations
- private owners.

Change managers should use this guide in considering how to formally manage change within their organisations. It provides an overview of the change management process, guidance on how to conduct risk management planning for new ventures, and practical tips and case studies on selected areas of change. The booklet is not designed to be a complete change management instruction or procedure, but rather a starting point to trigger thought and the adoption of a planned approach to managing change.

Contents

Managing change in the aviation industry

Managing change is a constant and familiar factor in the ongoing expansion and development of the Australian aviation industry. Consider how much progress and development has occurred during the past 100 years, and what the future may hold for the industry.

This booklet aims to provide a structured process for aviation executives and managers to help them respond to change. Without change, there is no growth, no discovery and no development. With change, there is always risk, but also opportunity. The challenge is to find the balance between these factors, ensuring that the magnitude of the opportunity outweighs the risk associated with change.

Is your aviation operation able to cope with inevitable change and make the most of opportunities as they arise? Adopting a formal change management process will help you achieve your objectives and maximise opportunity while minimising risk.

Adopting a structured approach to managing change

Much in this document could be perceived as no more than common sense or good business management, but these essential elements are often overlooked in the hustle and bustle of getting the job done.

By taking a systematic approach to implementing change, aviation owners and operators can gain a much clearer picture of the objectives of change and how to achieve them.

This booklet provides valuable information and guidance on how to plan for and manage change. It will assist you by identifying possible sources of change and provide a formal process for planning and implementing the management of change. Examples and case studies are provided to ensure that the booklet is suitable for all aviation operators, large or small.

The need for organisational change

The need for organisational change can result from many different triggers. These include:

- the appointment of new senior managers or a top management team
- changes in customer requirements or expectations
- changes in the work environment or conditions
- changes in domestic or global trading conditions
- an inadequate skills and knowledge base, leading to new training programs
- innovations in operational practice
- low performance
- new technology
- new ideas about how to do things better
- new contracts
- recognition of operational problems, leading to a reallocation of responsibilities
- regulatory or procedural changes
- relocation or expansion
- staff change-over.

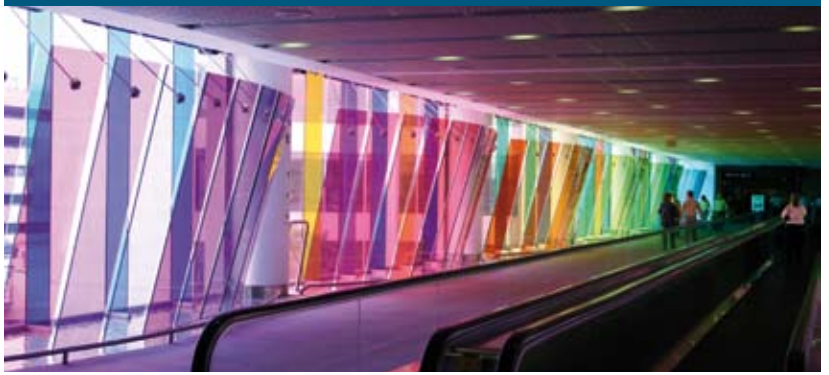
Principles of change management

If you apply the following principles, your efforts to manage and achieve change will likely succeed, and you will gain the desired outcomes efficiently and effectively.

1. **Consider your people first.**
2. **Gain top-level endorsement.**
3. **Involve all.**
4. **State the case.**
5. **Create ownership.**
6. **Communicate the plan.**
7. **Assess the culture.**
8. **Shape the culture.**
9. **Plan for the unexpected.**
10. **Consult with the individual.**

Successful companies develop a culture that just keeps moving all the time.

Professor Rosabeth Moss Kanter, Harvard Business School



Change management and risk management

Whether change is to be brought about through new ventures or projects, or through modifications to operating procedures, it will involve risks. There is a very strong link between change management and risk management—the two processes support each other and should be used in conjunction.

Three levels of risk management planning can be adopted by an organisation: enterprise risk management, venture risk management and operational risk management (see Table 1).

Risk management planning must be integrated with the organisation's existing structures to be successful.

Table 1 Risk management planning and documents

Type of risk planning	Document	Description
Enterprise risk management	Corporate Risk Profile	The Corporate Risk Profile is prepared annually at the CEO or board level of the organisation, normally as part of the annual business plan. It documents the significant risks facing the company at the strategic level in the coming year. The profile is usually developed by the CEO with some assistance from senior or key managers.
Venture risk management	Venture Risk Management Plan (VRMP)	A VRMP is written for a new venture or project that involves significant change or opportunity for the organisation. VRMPs are normally developed for projects that are beyond day-to-day operations, such as: ■ introducing new aircraft into service ■ opening a new base ■ introducing night vision goggles into service ■ purchasing new medical equipment ■ building a new helipad ■ a new or substantially different operational flying task ■ changing communications technologies or systems.
Operational risk management	Operational Risk Profile (ORP)	An ORP is a predetermined risk management plan (or assessment) for a specific regular operational task. ORPs are part of an organisation's safety management system and are operationally focused. They are used by crew in pre-flight briefing, training and debriefing. Reporting of deviations from the normal conditions outlined in the ORP is required to complete operational risk management. ORPs can be developed for any 'standard' task or activity (e.g. aviation, clinical, maintenance or communications).

The change management process

The steps in the change process are:

- **STEP 1:** Develop the case
- **STEP 2:** Conduct risk and opportunity planning
- **STEP 3:** Prepare the project plan
- **STEP 4**: Implement the change
- **ONGOING:** Monitor and review

STEP 1: Develop the case

The aim of Step 1 is to provide a compelling argument for making the change and a clear statement of the benefits that will result. If undertaken properly, this step will enable you to respond to people's questions, concerns and perceptions, thereby ensuring their willing participation and ownership and the project's eventual success.

Key activities

1. Establish the background and context that frame the case for change.
2. Develop the case for change.
3. Define the statement of need.
4. Determine the scope of change and the boundaries of the project or new venture.

Tips

Address the following questions to develop a strong and defendable case for change.

- Why is a change required?
- What is the purpose of the change?
- Is the vision clear and are the objectives well defined?
- What are my objectives?
- What is the scope of the change?
- What are the expected benefits and opportunities?
- Do I have any limitations or restrictions?
- Do I understand the importance of the change and its relevance to my organisation?
- Have I determined who my stakeholders are?
- Whom do I need to consult?
- Have all my stakeholders been consulted?
- What resources do I lack?
- What needs to be documented?
- Do I need a communication plan?

STEP 2: Conduct risk and opportunity planning

Whenever there is change, there are also likely to be both opportunities and risks.

A risk-based approach to planning is strongly recommended. The risk management planning process outlined in AS/NZS 4360:2004 is suitable for managing risks, opportunities and change in aviation operations or organisations. Both opportunities and risks are identified and quantified.

Risk management planning is based on establishing the context (Step 1: Develop the case), and then identifying, analysing, evaluating and reducing risk to minimise the impact of change on aviation operations, while maximising potential benefits. At all stages of risk management planning, the right level of communication, consultation and documentation is needed.

Effective risk and opportunity planning at the enterprise, venture and operational levels allows the organisation to take a calculated and well-considered risk.

Key activities

1. Assemble a team to conduct the risk planning.
2. Develop the Venture Risk Management Plan (VRMP).
3. Present the VRMP to the decision maker for approval.
4. Extract the risk treatment strategies and insert these as tasks into the project plan.

Tips

- Ensure that the right level of consultation takes place.
- Select a team that covers the scope and breadth of the change or venture.
- Use structured risk identification techniques such as SWOT (strengths, weaknesses, opportunities, threats) analysis, task analysis or risk dimension analysis (see glossary).
- Use risk analysis tools that appropriately measure the consequences and likelihood of hazards for your organisation.
- When developing risk treatment strategies as project tasks, ensure that the tasks address the cause of each risk and not just the outcome.
- Examine the effectiveness of the risk treatment strategies by considering how much the project tasks will reduce the consequences or the likelihood of each risk.
- Calculate the residual risk and prioritise the risks (see glossary).
- Link the VRMP to the project plan for the change project or new venture.

STEP 3: Prepare the project plan

Developing a project plan that considers the decisions and planning outlined in Steps 1 and 2 will ensure effective implementation. The project plan should address the need to manage the change and be developed specifically for the organisation, taking into account the prevailing culture. The level of detail in the project plan will vary with the organisation and the number of variables in the change initiative.

The critical feature of Step 3 is the link back to the risk management planning in Step 2. This is achieved by extracting the risk treatment strategies identified and planned for in the VRMP and placing these items as tasks in the project plan. Each task will have a nominated timeline, responsibilities and resources.

A project plan must also outline internal implementation and communication strategies, and needs to engage all staff, not just aircrew. This will give stakeholders confidence that the risks of the new venture have been taken into account, and that the risk treatments are being appropriately resourced and managed.

A project plan also provides a documented record of activities, tasks, resources and performance that can be used as a reference for future change initiatives.

Key activities

1. Appoint a project director to be accountable for overseeing implementation and monitoring progress.
2. Appoint a project manager to be responsible for implementing the project plan.
3. Develop the project plan, including by calculating the resources needed to implement the plan. Seek confirmatory approval if the scope or context has changed from Step 2.
4. Consider the 'people' aspect of change, the current culture and internal barriers to change.

Tips

- Provide a brief outline of the concept.
- State the aim of the change.
- Specify the objectives to be achieved.
- Identify critical success factors (e.g. time, resources, personnel).
- Provide a detailed description of all phases and associated tasks, responsibilities and milestones.
- Determine key timings and critical path (see glossary).
- Allocate resources.
- State reporting requirements.

STEP 4: Implement the change

Step 4 'executes' or implements the project plan developed in Step 3. This is where the change takes place.

The principles of change management are used to guide the activity, focus and approach adopted in this step.

The pace of change and the required momentum also need to be considered in Step 4. For larger and more complex projects, the change implementation program might need to be maintained over several years.

Cultural and organisational factors need to be considered to ensure that the change is implemented smoothly and effectively. The key to effective implementation is engagement and communication. Many people in the organisation will want the benefits of the change, but will need to be given a high level of confidence or reassurance that the benefits will outweigh the costs.

Key activities

1. Undertake the tasks and activities in the project plan.
2. Report progress to the project director.
3. Continually communicate with staff and other stakeholders.
4. Review progress and performance, ensuring that the risk treatments listed in the VRMP (Step 2) have been implemented and are complete.

Tips

- Focus on getting it right.
- It is more than just a policy.
- Adopt a structured, project management approach.
- Focus on managing priority areas first.

Step 5: Ongoing monitoring and review

To ensure that the change is implemented as intended and changing circumstances do not alter priorities, the plan must be constantly monitored, reviewed and adjusted where necessary. Maintain communication and consultation with all stakeholders.

The following should be monitored for change:

- Knowledge (new factors or information are included).
- Stakeholders (new stakeholders are included over time).
- Consultation (all relevant stakeholders are consulted).
- Communication (quality and mechanisms).
- Risks (risk treatments are implemented, and new risks are identified, addressed and managed appropriately).
- Common understanding (maintained by all participants).
- Quality of decisions.
- Changes in legislation, regulation and market factors.
- Effectiveness of the implementation plan.

Key activities

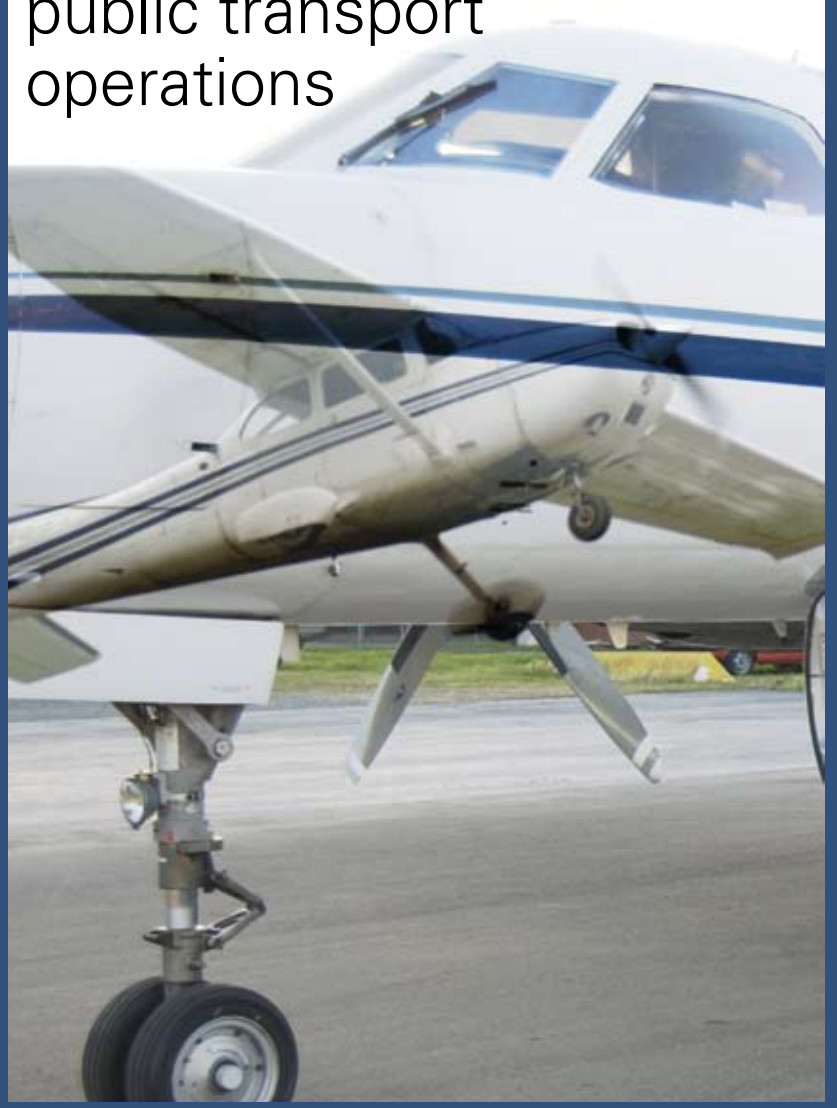
1. Ensure the deliverables of the project plan are clear and understood.
2. Establish a means of receiving feedback.
3. Monitor feedback and determine actions to continuously improve project.
4. Measure the success of any actions taken.

Tips

- Make sure you know what you want to achieve.
- Identify the results that will tell you that you have achieved your aim.
- Be flexible and open to adjusting the plan.
- Provide effective feedback.

Case study A

Changing from charter operations to regular public transport operations



Step 1: Background and context definition to shape the case

A small, family-owned business flew charter operations from a regional airport in NSW. The company employed six full-time pilots, a number of casual pilots, and administrative personnel. There were three directors. The chief pilot was an owner and directed day-to-day operations, as well as occasionally working as a relieving pilot.

The firm owned and operated four light twin piston aircraft (Piper) on state-wide charters, with an occasional trip interstate. Maintenance was provided by the local on-airport maintenance organisation.

Scope of change

The owners identified an opportunity to conduct regular public transport (RPT) between three regional locations and Wollongong, with the possibility of a further service to Newcastle in the next two years.

The company intended to re-equip progressively with larger turbine aircraft, which would replace the current fleet on all routes. It would dispose of its non-turbine fleet progressively, and would eventually lease up to six new aircraft.

What the company hoped to achieve from the change

The company aimed for the security of an RPT operation with the prospect of opening new routes in the future. It hoped to grow the passenger base by a further 50%.

Step 2: Conduct the risk planning

One of the directors was appointed to be the project director. He assembled a small team, which consisted of the chief pilot, business manager and standards officer. The four staff members met on four occasions to conduct the risk planning, which followed the AS/NZS 4360:2004 process. The Venture Risk Management Plan developed by the team was presented at the monthly executive meeting and the directors approved the concept. The VRMP highlighted risks in the commercial, compliance, people, operational and facility areas.

Opportunities

- Grow passenger numbers on each route by 50% in the next 18 months, sustaining and building the RPT operation by aggressive marketing and competitive pricing.
- New route expansion would allow the company to secure contracts with two major mining companies for regular transport of employees.
- Larger turbine aircraft would increase seating capacity to 19, increase reliability and reduce maintenance costs.
- Secure new routes for RPT and contracted charters.

Risks

1. **Commercial risk.** Failure to secure the forecast passenger numbers, leading to inability to maintain commercial viability of new route structure.
2. **Compliance risk**. Additional workload required to meet compliance requirements for an RPT operation, but key personnel lack time because they are also on the flying roster.
3. **People risks.** Difficulty securing permanent pilots on long-term contracts to provide stability to company operations.
4. **Operational risk.** Disruption to the operations program and schedule caused by the need to take pilots off operations to gain endorsements on the new aircraft.
5. **Facility risks.** Maintenance of new turbine aircraft to be conducted at another major regional airport, off-route.

A number of risk treatment strategies were formulated for the risks listed in the VRMP. These tasks were costed and prioritised, based on the risk planning activity.

Step 3: Prepare the project plan

Following the directors' approval, the chief pilot was appointed as the project manager. A casual pilot was employed for four weeks to allow the chief pilot to focus on the planning and implementation tasks needed for the project. The project manager met weekly with the project director, who coordinated the risk planning, and by the end of week 3 a detailed budget had been developed and provided to the business manager for validation. The project manager worked on a transition plan for the crew and the fleet, and worked through each of the risk areas listed in the VRMP to ensure that all risk areas were covered.

A new risk was identified during planning: the possibility of not being able to secure the nominated aircraft before the mining company's tender cut off date. The project manager was asked to work up a short term leasing option for charter aircraft to overcome this risk. Elements of the VRMP were extracted to demonstrate in the tender that the company was considering all risks and had proactive strategies in place to manage the risk.

At the end of the four week period, the revised project plan with costed options for implementation was presented to the directors and a 12 month project was established. The standards officer was nominated to assist the project manager.

Step 4: Implement the change

The chief pilot, as project manager, called an initial staff meeting and detailed the steps that were now needed to implement the project. A monthly newsletter detailing the progress of the project was established, complementing periodic meetings with staff to ensure that the communications process was complete.

The project manager met weekly with key personnel to ensure that progress was continuous and that issues were addressed and the plan was adjusted where necessary.

The project manager maintained regular contact with other stakeholders outside the company to ensure that they were kept informed and had an opportunity to raise questions and concerns.

The project manager maintained close communication with the project director, provided a progress report monthly to the directors and, when necessary, provided personal briefings.

Step 5: Ongoing monitoring and review

The chief pilot evaluated progress with key management staff and reported to the board each month. The company undertook a project review after 12 months, engaging an independent auditor for that purpose.

Case study B

New aircraft for flying school

courtesy cessna.com

Step 1: Background and context definition to shape the case

BrownAir was a commercial flying school at a metropolitan airport in a major city. It had been in operation for more than 25 years.

BrownAir operated as a partnership, and employed an office manager, a chief flying instructor and a chief pilot. It had seven low time instructors, most of whom were gaining experience to enable them to secure employment with regional or major airlines. They were complemented by two long term pilots who had very considerable industry experience and who were happy to work part time, but who were approaching retirement age.

The flying school owned and operated six older Cessna/Piper training aircraft, and its maintenance was performed by a third party, on-airport organisation. At any time, it had an average of 25 students, 60% of whom came from overseas.

Scope of change

There had been a consistent increase in the number of students over the previous 12 months. The school had had to reject a number of potential customers.

BrownAir was considering growing its fleet in order to take on more students. Neither of the aircraft types that it operated were available new any longer, but some were available on the second hand market.

The owners were uncomfortable with the increasing age of the fleet, which had resulted in higher maintenance costs and more down-time. They were not keen to add to this problem, and wished to acquire some new technology with glass cockpits and diesel engines, such as the Diamond series.

They were unwilling to purchase new aircraft and were examining leasing options. Their intention was to take immediate delivery of two new aircraft and phase in the replacement of their existing fleet with the same type over the next three years.

What the company hoped to achieve from the change

BrownAir wanted to put more students through its courses, and reduce the time taken by each student. Additionally, it wanted to achieve some savings in aircraft down-time and maintenance costs.

Step 2: Conduct the risk planning

One of the partners undertook to drive this project forward, but realised she had limited knowledge in risk management at this level. After seeking some advice from the Risk Management Institution of Australia, she engaged some professional assistance. The project team included the other partner, the chief pilot, the chief flying instructor and the accountant. They met on three occasions to conduct project risk planning and were guided through the process by the facilitator, following the AS/NZS 4360:2004 process. The Project Risk Management Plan finalised by the team was subsequently reviewed and agreed by the partners. The plan confirmed several opportunities and identified a number of risks.

Opportunities

- Increased student throughput.
- Additional students, attracted by modern aircraft.
- Check and training costs reduced with a single type.
- Capital released by leasing the fleet.

Risks

1. **Customer and service delivery risks.** Ability to maintain or improve customer relations and quality of service compromised by increase in volume and change in the demographics of the client base.
2. **Commercial risks.** Financial risk associated with leasing repayments; aircraft not delivered on time; increased maintenance costs with new type.
3. **Staffing risks.** Inability to source additional flying instructors; student numbers do not increase or increase is not sustained.
4. **Facility risks.** Change in operation may mean that the school's current facilities are not fit for purpose (space, suitability, costs).

A number of risk treatment strategies were formulated for the risks listed in the plan. These tasks were costed and prioritised, based on the risk planning activity.

Step 3: Prepare the project plan

BrownAir hired a well-respected pilot as project manager, in order to minimise disruptions to the flying school's day-to-day business. The project manager was briefed on the Project Risk Management Plan. His task was to develop the project plan and then contribute to its implementation.

The project manager interacted with both partners as required, and sought to engage all employees in the planning process. He held fortnightly meetings with key personnel and conducted regular consultative meetings with staff (in groups and, where appropriate, one to one).

The project manager also met regularly with other stakeholders, including the maintenance organisation, to ensure that maintenance issues were incorporated in the plan.

After six weeks, the project manager provided the draft project plan for approval. The project plan included full costings, a phased implementation timetable, and specific tasks for key staff members.

Step 4: Implement the change

The project plan required the project manager to take principal responsibility for the implementation phase. Key staff would also have a role to play, but needed to continue to focus on their prime functions. For this reason, activities that required their sustained attention were scheduled during traditionally quieter times.

The project manager initiated and oversaw the key implementation tasks and established a number of mechanisms to ensure that staff were kept informed about progress and impacts on their normal duties or the workplace generally. He continued to meet with the management, staff and owners each fortnight to report progress against the project plan and to resolve problems.

The project was completed on time, and the project manager departed.

Step 5: Ongoing monitoring and review

The company evaluated the new structures and resources each month, and undertook a project review after 12 months.

Step 1: Background and context definition to shape the case

Johnson River Helicopter Rescue Service was a community-based provider of primary and secondary aeromedical services to the regional community. It operated two leased twin-engine VFR helicopter, the maintenance of which was outsourced.

The service operated as a trust governed by a board of directors. It employed a CEO, a chief pilot, an operations manager and base managers at its two bases. It also employed four permanent pilots and four crew, who were supported by four casual employees. The service retained five volunteer crew. Its permanent crew were supplemented by ambulance paramedics called in from their normal duties.

Johnson River Helicopter Rescue Service was funded by community donations (65%) and a government contract with the ambulance service. This was supplemented by occasional work for other emergency services, such as search and rescue, police and firefighting support operations.

The service conducted night VFR operations, and night requests represented 40% of its request load. The service was able to complete around 50% of these tasks.

Scope of change

The service was considering the introduction of night vision goggles (NVGs) to selected operations within the next 12 months. This would require the training of all pilots and crew and the modification or replacement of existing aircraft to become NVG compatible.

What the company hoped to achieve from the change

The service wanted to capitalise on the safety benefits of NVG operations, which include:

- increased safety of selected night operations
- increased completion rate of night tasks
- earlier identification of tasks that could not be completed.

Step 2: Conduct the risk planning

The CEO decided to manage the project internally, as the service had significant experience in risk management planning, which it had integrated into its safety management system. Between one of its base managers and a senior pilot, the service also had sufficient NVG technical expertise.

The CEO assembled a planning team, which consisted of the chief pilot, the operations manager, the maintenance manager (from the maintenance organisation), the NVG-experienced pilots and the accountant.

The planning team met on seven occasions over five months and applied the service's standardised risk management methodology, which was firmly based on AS/NZS 4360:2004.

The process identified a number of significant opportunities for the service, as well as large number of risks, particularly in the commercial, operational and compliance areas.

Opportunities

- Re-equip with new NVG-compatible aircraft and meet future ambulance requirements.
- Undertake additional night jobs.
- Win future ambulance contracts.
- Achieve safety benefit from NVG operations.

Risks

1. **Operational risk.** Greater capability increases night flying expectations; more night flying increases fatigue levels.
2. **Safety risk.** Risks to aircraft and crew from adopting new technology and necessary capability and training changes.
3. **Financial risks.** Cost overrun in modifying each helicopter; costs of replacing each helicopter while out of service; delays in approval or delivery of NVGs; loss of ambulance contract; respecification of ambulance aircraft requirements; check and training costs; competency maintenance costs, especially for casual crew.
4. **Compliance risk.** Failure to comply with legislative requirements or the contracting authority's requirements.

A number of risk treatment strategies were formulated for the risks listed in the VRMP. These tasks were costed and prioritised, based on the risk planning activity. The VRMP was then presented to the trust's board and was approved in principle.

Step 3: Prepare the project plan

After approval by the board, the CEO appointed the base manager as project manager and appointed an acting base manager for the expected duration of the project. This would ensure that the project did not interfere unnecessarily with the daily business of the service. The project manager was briefed on the Project Risk Management Plan. He was tasked to develop the project plan, after which he would be required to contribute to its implementation.

The project manager sought to engage all employees in the planning process. He held fortnightly meetings with key personnel and conducted regular consultative meetings with groups of staff and, where appropriate, with individuals.

The CEO and project manager also met regularly with other stakeholders, including the maintenance organisation, to ensure that the draft project plan covered their concerns.

The project manager provided monthly briefings to the board and provided the draft project plan for its approval through the CEO. This process, which took 11 weeks, included full costings, a phased implementation timetable, and specific tasks for key staff members. The board approved the project plan.

Step 4: Implement the change

The project plan required the project manager to take principal responsibility for the implementation phase. Key staff had roles in the plan, but needed to focus on their prime functions. It was not possible to identify quieter times, during which staff could concentrate on change project tasks, so the project had to be completed in conjunction with normal service operations.

The project manager initiated and oversaw the key implementation tasks, and established a number of mechanisms to ensure that staff were kept informed about progress and impacts on their normal duties or the workplace generally.

The project manager continued to meet with management each fortnight to report progress against the project plan and to resolve problems. The CEO provided monthly progress briefings to the board, supported by the project manager.

The project was completed on time, and the project manager returned to his normal duties.

Step 5: Ongoing monitoring and review

The CEO evaluated the service's progress with key management staff and reported to the board each month. The service engaged an independent auditor to undertake a project review after 12 months.

Case study D

Relocating to a new base

Step 1: Background and context definition to shape the case

Outland Air Services conducted fixed-wing charter services from a major privately owned regional airport. It operated a fleet of eight single and twin aeroplanes, including Cessna and Piper types. It had access to cross-hired aircraft for some specific charters. A related company located at the same airport was an approved maintenance organisation, and also conducted work for other companies.

Outland employed a chief pilot, an operations manager, an office manager, an accountant and five full-time line pilots. It employed six additional pilots casually.

Scope of change

Outland was considering moving its operation to another airport, which was owned and operated by the local council. The council had developed an innovative scheme to attract new business to the region and to the airport in particular. It hoped to attract up to 20 new businesses to the airport precinct. The council would sell freehold title to lots at the airport.

What the company hoped to achieve from the change

Outland wished to realise considerable savings of leasing costs at their current location. Lease costs had risen markedly over the previous three years.

Step 2: Conduct the risk planning

The directors chose the operations manager as project director and asked him to prepare a Venture Risk Management Plan. With advice from the accountant, who was familiar with the risk management methodology outlined in AS/NZS 4360:2004, the project director identified four opportunities, plus four major risk areas.

Opportunities

- Leveraging off other on-airport businesses.
- Freehold ownership of the site at the council-owned airport.
- Local government, state payroll and other incentives.
- Lifestyle choices for employees.

Risks

1. **Community risks**. Perceived risk of loss of reputation through relocating from one community to another.
2. **Environmental risks.** Inability to achieve environmental compliance at the new location because of changes in facilities, procedures and fuel management providers.
3. **Operational risks**. Separation from maintenance facility; changes in personnel caused by change in location.
4. **Facility risks**. Costs of re establishment of infrastructure; costs of moving; facility not completed on time; lack of knowledge of local building providers; lack of financial stability in the building market.

A number of risk treatment strategies were formulated for the risks listed in the VRMP. These tasks were costed and prioritised, based on the risk planning activity.

Step 3: Prepare the project plan

After approval by the board, the directors appointed the chief pilot as project manager. She was briefed on the Project Risk Management Plan and tasked to develop the project plan, after which she would be required to contribute to its implementation.

The project manager sought to engage all employees in the planning process. She held fortnightly meetings with key personnel and conducted regular consultative group meetings with staff and meetings with individuals, where appropriate. She also met regularly with other stakeholders, including the maintenance organisation, to ensure that their concerns were covered in the draft project plan.

The project manager provided monthly briefings to the board and provided the draft project plan for its approval. This process was concluded in 15 weeks. The plan included full costings, a phased implementation timetable, and specific tasks for key staff members.

The board approved the project plan.

Step 4: Implement the change

The project plan required the project manager to take principal responsibility for the implementation phase. The plan included roles for key staff, but they would need to focus mainly on their day-to-day duties. It was possible to identify periods in which workloads were lighter, so some project actions were completed during those periods.

The project manager initiated and oversaw the key implementation tasks. She also established a number of mechanisms to ensure that staff were kept informed about progress and impacts on their normal duties or the workplace generally.

The project manager continued to meet with management each fortnight to report progress against the project plan and to resolve problems. She also provided monthly progress briefings to the directors.

The project was completed on time, and the project manager returned to her normal duties.

Step 5: Ongoing monitoring and review

Outland's management evaluated progress with key management staff and reported to the board each month. The company engaged an independent auditor to undertake a project review after 12 months.

Case study E

Changes to contract requirements

Step 1: Background and context definition to shape the case

Ironji Airlines, which was based in Western Australia, provided air charter services to corporate organisations and government agencies.

Ironji operated light and medium twin aeroplanes, including Cessna, Piper and Fairchild Metro derivatives. It owned five of the nine aircraft that it operated; the remainder were leased. It had access to cross-hired aircraft. Maintenance was provided by a third party.

Ironji Airlines had three directors, none of whom was employed directly in the business. The airline employed a general manager, a chief pilot, an operations manager, an office manager and staff, and seven permanent pilots. It also employed six casual pilots.

Scope of change

Contracting authorities were becoming increasingly prescriptive in requiring the demonstration of regulatory compliance and industry best practice.

Ironji Airlines had to implement risk and safety management practices, including an integrated safety management system and an incident reporting system, to comply with government and mining company tender requirements.

The company had to develop the capacity to analyse and respond to requests for tender in a holistic and timely manner.

What the company hoped to achieve from the change

Ironji Airlines hoped to retain existing contracts and to ensure the success of new tenders, while ensuring that it embraced change and integrated best practice in its daily operations and corporate culture.

In particular, Ironji wished to secure a major contract with a mining exploration company as well as the head contract for government charters.

Step 2: Conduct the risk planning

The directors appointed the general manager as project director and asked him to prepare a Venture Risk Management Plan. After wide consultation, he identified five opportunities and four major risk areas.

Opportunities

- Company is seen as an industry leader.
- Company implements best practice in safety and risk management.
- Company wins contracts.
- Less time lost in audit preparation and assistance.
- Company acquires more knowledge than the contracting authority.

Risks

1. **Governance risk.** Inability to provide adequate assurance that risks are being managed to a level acceptable to the government contracting agency; failure to genuinely change corporate culture; perception by staff and crew that new requirements are unnecessary and cumbersome.
2. **Contract risks.** New systems and processes fail to meet the compliance requirements of the mining company's better practice standard.
3. **Safety risk.** Documented systems are not integrated into company practices or embedded into operational activities, making the airline's view of its safety risk profile less clear.
4. **Reputation risk.** Potential impacts on customer relationships and reputation if corporate attitude to adopting an integrated risk and safety management system is negative.

A number of risk treatment strategies were formulated for the risks listed in the VRMP. These tasks were costed and prioritised, based on the risk planning activity.

Step 3: Prepare the plan

After approval by the board, the general manager appointed the operations manager as project manager and appointed an acting operations manager for the expected duration of the project. This would prevent the project interfering with the daily business of the company. The project manager was briefed on the Project Risk Management Plan. He was tasked to develop the project plan, after which he would be required to contribute to its implementation.

The project manager sought to engage all employees in the planning process. He held fortnightly meetings with key personnel, and conducted regular consultative meetings with groups of staff and with individuals, where appropriate.

The general manager and project manager also met regularly with other stakeholders, including the maintenance organisation, to ensure that their concerns were covered by the draft project plan.

The project manager provided monthly briefings to the board and provided the draft project plan for its approval through the general manager. This process, which was concluded in four months, included full costings, a phased implementation timetable, and specific tasks for key staff members.

The board approved the project plan.

Step 4: Implement the change

The project plan required the project manager to take principal responsibility for the implementation phase. Key staff also had roles, but needed to continue to focus on their prime functions. It was not possible to identify quieter times during which they could carry out change project tasks, so the project was completed in conjunction with normal company operations.

The project manager initiated and oversaw the key implementation tasks and established a number of mechanisms to ensure that staff were kept informed about progress and impacts on their normal duties or the workplace generally.

The project manager continued to meet with management each fortnight to report progress against the project plan and to resolve problems. The project director provided monthly progress briefings to the board, supported by the project manager.

The project was completed on time, and the project manager returned to his normal duties.

Step 5: Ongoing monitoring and review

The general manager evaluated Ironji Airlines' progress with key management staff and reported to the board each month. The airline engaged an independent auditor to undertake a project review after 12 months.

Case study F

Company takeover by larger organisation

Step 1: Background and context definition to shape the case

Slanter Aviation was acquired as part of the Treeline Group's market expansion. Slanter Aviation was located at a regional airport in another state, but operated in a market similar to that of the Treeline Group.

Slanter had existing contracts in the aerial work and charter categories and operated similar aircraft to those of Treeline, including Cessna and Piper piston-engine derivatives. The Treeline Group also operated a Cessna Caravan.

Slanter's senior pilot was made the acting base manager, flying as a line pilot while supervising another five line pilots and all operations from the former Slanter base. The Treeline Group's chief pilot remained at the Treeline Group's interstate location.

Maintenance was outsourced and coordinated by the base manager.

Scope of change

Treeline Group management wanted to restructure the newly expanded group to ensure adequate operational and administrative support and corporate governance. It needed to meld the two corporate cultures to best meet the needs of the new group.

It also needed to provide flexibility in staff and rostering at the newly acquired company to ensure efficient and safe operations.

What the company hoped to achieve from the change

The Treeline Group wished to grow the market share provided by the acquisition of Slanter Aviation, while ensuring the safe and efficient operation of the business.

Step 2: Conduct the risk planning

The CEO appointed his deputy as project director and gave him the task of preparing a Venture Risk Management Plan. The project director used the AS/NZS 4360:2004 risk management methodology to identify five opportunities and four major risk areas.

Opportunities

- Benefits from the combined cultures.
- Efficiencies in the use of group resources.
- Flexibility in aircrew rostering.
- Additional career opportunities for employees.
- Increased market share.

Risks

1. **Market risk.** Loss of a slice of current market share.
2. **Commercial growth risks.** Inability to grow the business.
3. **Cultural risks.** Change in corporate culture after staff changes; remote management could allow the development of subcultures with unsafe or inefficient practices.
4. **Capability risks.** Human capability and skills needs.

A number of risk treatment strategies were formulated for the risks listed in the VRMP. These tasks were costed and prioritised, based on the risk planning activity.

Step 3: Prepare the plan

After approval by the board, the CEO appointed the chief finance officer as project manager, to be assisted by a senior pilot for the expected duration of the project. This would prevent the project interfering unnecessarily with the daily business of the group. The project manager was briefed on the Project Risk Management Plan. She was tasked to develop the project plan, after which she would be required to contribute to its implementation.

The project manager sought to engage all employees in the planning process. As well as holding fortnightly meetings with key personnel, she conducted regular consultative meetings with groups of staff and with individuals, where appropriate.

The project director and project manager also met regularly with other stakeholders, including the maintenance organisation, to ensure that stakeholders' concerns were covered in the draft project plan.

The project manager provided monthly briefings to the board and provided the draft project plan for its approval through the CEO. This process took six weeks, and included full costings, a phased implementation timetable, and specific tasks for key staff members.

The board approved the project plan.

Step 4: Implement the change

The project plan required the project manager to take principal responsibility for the implementation phase. Other key staff also had key roles in project implementation, but they were able to perform some project actions during times of reduced corporate activity.

The project manager initiated and oversaw the key implementation tasks and established a number of mechanisms to ensure that staff were kept informed about progress and impacts on their normal duties or the workplace generally.

The project manager continued to meet with management each fortnight to report progress against the project plan and to resolve problems. The project director provided monthly progress briefings to the board, supported by the project manager.

The project was completed on time, and the project manager returned to her normal duties.

Step 5: Ongoing monitoring and review

The CEO evaluated the group's progress with key management staff and reported to the board each month. The group engaged an independent auditor to undertake a project review after 12 months.

Checklist

10 change principles

Use this checklist to develop your organisation's change project.

1. Consider your people first

- 'People' issues will be created by any change or transformation.
- Leadership will be expected.
- Jobs may appear threatened.
- New skills and capabilities may need to be developed.
- Employees will be uncertain, resistant and anxious.
- Reduced morale may impose a formidable risk.
- Any formal change process must begin with the establishment of a leadership team and engagement with stakeholders. This will require:
  - stakeholder analysis
  - information collection and analysis
  - implementation discipline
  - possible redesign of strategy, systems and/or processes
  - integration of the change management process into business management
  - realistic assessments of individuals' and the organisation's history, readiness and capacity to change.

2. Gain top-level endorsement

- Change is unsettling for any individual or organisation.
- Your leadership team will be expected
  - to lead the change and provide guidance, direction and encouragement
  - to be unified
  - to be seen to enthusiastically embrace the change
  - to motivate others in the organisation.
- Leadership teams may include people who are having difficulty coping with the change and need support and assistance.
- Leadership teams that work well together are best positioned for success.

> *Leadership is getting others to do what you want them to do because they want to do it … You do not lead people by hitting them over the head— that's assault, not leadership.*
>
> President Dwight Eisenhower

3. Involve all

- Identify leaders and key supporters at all levels in the organisation.
- Adopt a top-down approach.
- 'Push down' responsibility for development and implementation so that it permeates the entire organisation.
- Ensure that, at all levels, your leadership team is aligned to the organisation's vision and goals and provided with the resources necessary to achieve members' specific tasks.
- Training, education, promotion and development may be necessary to ensure that individuals and the leadership team are properly informed and able to fulfil their change responsibilities effectively.
- Motivate and encourage all to make the change happen.

4. State the case

- Acknowledge that staff and other stakeholders are intelligent and rational, and will want to be presented with a well-justified and convincing case for change.
- Take the time to develop the case and responses to their questions and concerns. Do not be dismissive.
- Develop a formal vision statement and empower the leadership team by keeping them informed and up to date.
- The formal case should:
  - contain a convincing argument for the change
  - demonstrate that the organisation's future is prosperous and that the right leadership team is in place to effect the change
  - articulate a clear and precise plan for how the vision is to be achieved and the change managed.
- The leadership team must promote the case throughout the organisation by customising the message for the various internal stakeholders and groups.
- The case for change must be stated in terminology that has a positive impact on all individuals in the organisation.

5. Create ownership

- Change requires total ownership by the leadership team. They must accept full responsibility for the change, show total commitment and never appear to be passive or wavering.
- Ownership is best created when individuals are involved in identifying potential problems and solutions.
- Allow individuals to have a say in how the change will happen.
- You may wish to offer financial or non-financial incentives and rewards.
- Creating ownership is a challenge for all leadership teams.

6. Communicate the plan

- Develop a plan that communicates your intent.
- The plan should promote the core message and facilitate a two-way flow of information.
- Identify the expectations of stakeholders to provide the organisation with clear information.
- If appropriate, ensure the development of appropriate external and internal communication systems.
- Communicate from the top down.
- Provide accurate and informative advice to individuals and groups.
- It may be better to over-communicate the message through many channels.
- Respond proactively to questions, perceptions and requests for information.

7. Assess the culture

- Determine the behaviours and cultures (national, organisational and professional) in your organisation.
- Identify your organisation's core values, beliefs, behaviours and perceptions.
- Identify your organisation's starting point for the change process.
- Identify and assess your organisation's readiness and willingness to accept change.
- Determine key cultural factors and issues that might influence the plan or cause resistance to the change.
- Culture can obstruct the change process and contribute to resistance because of:
  - preservation of self-interest
  - 'process ownership'
  - fear of the unknown
  - differing perceptions and visions
  - lack of respect for the leadership team
  - lack of purpose-driven focus
  - suspicion based on previous experiences
  - conservatism.

8. Shape the culture

- Using your knowledge and understanding of the organisation's culture, begin to shape the culture.
- Shaping the culture will involve the leadership team
  - identifying desired behaviours
  - determining the best way to achieve results and conduct business
  - defining explicit desired outcomes
  - creating detailed plans to make the transition
  - investing significant time and persistent effort.

9. Plan for the unexpected

- No change or transition will go precisely as planned.
- People can react in unpredictable and unexpected ways.
- Areas of expected resistance may not exist or may evaporate quickly.
- The environment in which you operate is constantly shifting and changing.
- New data and information will affect the decision-making process.
- Continually reassess and monitor the organisation's ability to cope with and manage the intended change.
- Adjust your plan as necessary and remain flexible to maintain momentum and achieve the desired outcomes.

10. Consult with the individual

- Like many activities, the change process is a constant and personal journey along a path that appears never to end.
- Individuals in your organisation will travel this path at different rates and encounter varying problems and situations along the way.
- They will react to what they see and hear.
- Expect to see some who will not embrace the change easily and plan to work with them appropriately.
- People will appreciate recognition, reward and acknowledgment
- Individuals will want to know:
  - the impacts of the change on their jobs and families
  - what is expected of them during and after the change
  - how their performance will be measured.
- Honest, accurate and precise information must be communicated.
- Constant consultation and communication are essential.

some common terms

Change management	Managing the implementation of change in an organisation in a planned and communicative manner so as to minimise any negative consequences and maximise the opportunities presented.
Corporate governance	The systems and processes, by which organisations are directed, controlled and held accountable.
Critical path	The necessary path or sequence from start to finish, determining the time needed for completion.
Residual risk	The level of risk which remains after implementation of measures to reduce the likelihood and/or consequences of that risk.
Risk analysis	The systematic process to understand the nature of and deduce the level of risk.
Risk management	The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects
Risk dimension analysis	Risks may be categorised according to the organisational context and scope of the risk assessment. For example, dimensions may include financial, maintenance, equipment and operational. Risk dimension analysis focuses on each dimension in turn to identify the nature and scope of the dimension, along with the risks, opportunities and treatments.
Risk treatment	The process of selection and implementation of measures to modify risk or the measures themselves.
SWOT analysis	A group planning technique which seeks to identify and analyse organisational strengths, weaknesses, opportunities and threats
Task analysis	Analysis which breaks down a task or process into its simplest steps or components.

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