Changefirst

Making change your business

Building effective organisational change capabilities

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Boost project value by building your own organisation change capability

A typical organisation faces a significant challenge created by the projects it runs, whether they are focused on cost reduction, process redesign, mergers, restructuring, or a large IT implementation. It can be difficult to capture the value of all these activities simultaneously.

However, the biggest difficulty is usually getting employees to embrace the change each project brings. This is the realm of change management – helping people adopt new behaviours, accept and take ownership of change instead of resisting it. The way you implement change is at least as important as the strategy or solution you're trying to implement, if not more so. Successful project implementations rarely come from purely technical project plans that do not take into account the human dynamics of change.

The issue, then, is how you make change management happen in your organisation. Should you rely on external consultants or interim managers? Or should you seek to build and embed change management as a core organisational capability in your organisation?

Changefirst believes that you derive the greatest benefit from projects and programmes only if you develop your own change management capability. This paper explains why this is so; what stages a typical organisation must go through to assess and build its change capabilities; and how you can adapt to each stage in a way that matches what you need to achieve.

PCI: Six critical success factors

Changefirst helps public and private sector organisations build effective change management capabilities through specialist training, advice, and the unique tools and techniques of its People-Centred Implementation (PCI) methodology.

The PCI methodology is designed to identify and address the implementation risks associated with people change and their reactions to change. PCI provides concepts, tools, planning templates and tactics that enable people to manage six Critical Success Factors for successful change.

The business case: why you need your own change management capability

In a recent survey of over 50 organisations, Changefirst asked more than 2,000 change agents what they believed was the most effective way to help their organisation implement change in the current environment. The vast majority - 86% - said that internal teams were the best way to implement change. Those teams might be full-time or part-time, but the significant thing was that they were part of the organisation, not external to it.

This supports the findings of numerous surveys and reports, including a 2002 McKinsey Quarterly article *[Helping employees embrace change,* Jennifer A. LaClair and Ravi P. Rao, Nov 2002] which demonstrated a direct linear relationship between an organisation's change management capabilities and the value it captures from projects.

McKinsey showed that even being effective at change on one level - for example middle management – would create significant benefits for an organisation. They found cases where organisations with high change management capabilities had collected, on average, 143% of the value they originally expected from their projects.

In Changefirst's experience this value can be broken down into four main categories. Together these form the business case for investing in building your own change management capabilities:

- **It builds competitive advantage** for your organisation. An internal change management capability enables you to execute a greater number of changes more effectively.

- **It helps you implement a greater number of changes successfully** because it puts the execution of change management right where it should be – with sponsors and change agents who work for the organisation. It is not usually possible for external consultants or interim managers to provide the necessary change leadership. They tend to lack the organisational credibility to be successful.

- **It saves you money.** Even fully loaded with training costs, employment costs and so on, an organisation will still save money by planning and executing change themselves rather than using external consulting support.

- **It gives you and your colleagues career-critical skills.** As change is the number one constant in most organisations, these skills can be used in almost any environment or situation, and not just on the current project but for years to come.

The four stages of assessing and building change capabilities

Changefirst has developed a four stage process you can use to assess your organisation's change management maturity. It identifies the standards an organisation must achieve to master each stage of maturity.

Change Management Maturity Model overview

Rudimentary	Tactical	Organisational	Institutional
Project implementation contains little change management other than basic communications and training.	Change management is applied inconsistently across projects.	Change management has been tailored to align to other organisational processes. It is applied consistently on all major projects.	Executive sponsors manage the overall change capacity of the organisation.

These stages are explained in more detail later in this paper.

Change management: from training activity to business application

To build sustainable change capabilities into an organisation you need to do more than simply train people. The key challenge is to move change management from being training-led to being a consistently used *business application.* This does not devalue training, which of course remains a crucial activity. It means training becomes a key component of a change management implementation, rather than the driver of it.

This shift from training to business application, is the major contributor in the move from *Stage 2 Tactical to Stage 3 Organisational* in the Change Management Maturity Model. It's probably the most difficult shift to make, because at the tactical stage an organisation is still not committed to the change management methodology. It may verbally support it and be in the process of testing it, but full adoption is still reversible. At the organisational stage, the organisation is far more committed to using the methodology. Commitment tends to be stronger and more sustainable.

Seven steps to help your organisation embrace change management

Given the significance of the third organisational stage, what are the most important actions you can take to reach this level of change management maturity?

1. **Design training so that people work on real issues.** If people apply what they learn to a specific project issue, learning retention has been shown to increase from 25% after 90 days to as much as 65%.

2. **Only run workshops with people who have live projects to work on** – either projects already underway, or those starting in the next 30 days. This 'just in time' approach drives commitment and real application from employees. If you have a culture of people volunteering for workshops, it's important put a strong filter into place to ensure that only people with current projects take part in the workshop.

3. **Build sponsorship for change management.** Lack of sponsorship is the number one reason why organisational capability building initiatives are not sustained. You will need strong executive sponsorship and direct management sponsorship. Direct managers should follow up on training and require change plans to be submitted.

4. **Coach people who still need help** to apply the skills and processes they learn. The success of training improves with reinforcement and ongoing assistance. You should also strive to motivate people who don't have the will to apply the learning. If your organisation designed its workshop to deal with tangible business issues – such as poor change management – then you cannot allow people to default from application. Work with them to understand the issues that are preventing them using the material and help them apply the training. Set clear goals for application.

5. **Build change management methodology into other processes** such as project management and business reviews. Make it a part of every day work.

6. **Help communities of practice to form and flourish.** Part of any knowledge transfer process is people beginning to take ownership of the methodology. They need help to do this. Peer-to-peer communities can be very effective at sharing knowledge and best practice.

7. **Train managers in change management.** The practical application of change management needs to be part of every managers toolkit. In addition, every employee, regardless of level, needs to know how to help themselves and how to think with others in times of change.

> Training with a sole focus on 'tell and show' is notoriously ineffective in changing behaviour and achieving results.
>
> After 90 days people retain about 25% of what they learn on an average training course, which means the most they will actually apply is a quarter of what they were shown.

Change Management Maturity Model

Stage 1: Rudimentary

Description
Project implementation contains little or no change management other than basic communications and training

Key characteristics
- Projects have no standard change process
- Strong focus on the technical aspects of projects
- Little time is spent planning and tracking implementation
- Resistance is the normal outcome and usually is seen as 'anti-organisation'
- Employee engagement is seen as putting a rational case forward
- Compliance is viewed as successful implementation of a change
- Workplace productivity drops more than it should during change
- The success of implementation is not reviewed and lessons not learnt

Leadership attitudes
- Technical focus
- People are rational and 'will do the right thing'
- If they don't, they have to comply
- All this change stuff is 'a bit soft' and unnecessary

Appropriateness to business situation
This level of maturity only functions if change is slow and incremental in scope

Maturity Standards
None

Stage 2: Tactical

Description
Change management is applied inconsistently across projects

Key characteristics
- Change management driven by a 'coalition of the willing' – a small group of enthusiastic early adopters working on projects
- Change management usage is driven by problems in project delivery (for example, employee resistance) rather than built into the original project plan
- Project personnel sign up for change management programmes, but there is no 'needs-based' or 'just-in-time' approach
- Senior sponsors are active in supporting change management as an idea - they are beginning to understand the reasons for it and core concepts
- Senior sponsors tend to rely on external change management consultants
- Change management is mainly at the organisational level with few attempts to localise change

Leadership attitudes
- Ideally people will become committed to the change, but if not then we'll move to compliance
- Change management is 'good stuff' but not as important as the technical plan
- We'll do change management if we have the time and money

Appropriateness to business situation
This level of maturity may be a strong fit if there are a number of significant change initiatives focused on improving ways of operating. There will be notable consequences if the business case is not achieved

Maturity Standards
- Standard change methodology has been agreed
- Executive support for the change methodology has been agreed
- Change management education process has been put in place
- Change management application on projects and programmes is monitored
- Early use of change management is supported on a few key projects

Change Management Maturity Model

Stage 3: Organisational

Description
Change management has been tailored to align to other organisational processes. It is applied consistently on all major projects

Key characteristics
- The organisation agrees on the need for a single change management methodology on major projects
- Project delivery communities such as IT, Six Sigma and HR feel a strong sense of ownership of the change management methodology
- Workshops are seen as a way to help people apply change management
- The organisation focuses on value and outcomes rather than cost
- Case studies are written about early wins
- Sponsorship is much more visible on projects
- All project plans have a change management component from kick-off
- There is an increase in the number of change management roles and a core group of skilled change agents in place
- External consultants are no longer used for change management assignments
- Change agents actively integrate change management into other processes
- All managers and employees are trained in change management as appropriate

Leadership attitudes
- We will be successful if we have project plans with a strong change management component
- Commitment and successful behaviour change are essential for successful change

Appropriateness to business situation
This level of maturity is essential for environments where there is a programme agenda with a strong vision, sufficient capacity and resources. The level of complexity is high but not unmanageable using project planning and change management methodologies

Maturity Standards
- Change management coaching and sponsor education is underway
- Executive sponsorship and review processes are established
- Change management checkpoints are measured in the same way as other project checkpoints
- Change management is integrated into other organisational processes and project methodologies
- A change management community of practice has been established

Stage 4: Institutional

Description
Executive sponsors manage the overall change capacity of the organisation

Key characteristics
- Change management is adopted throughout the organisation
- Executives spend time assessing the demand for change as a whole and the level of capacity the organisation possesses
- Change agents build continuous improvements into change management
- Case studies are produced to show the effectiveness of change management
- Change management is built into the culture – it becomes 'the way we do things around here'

Leadership attitudes
- Managing change effectively is a core competency in this organisation
- Assessing people's capacity and limits to changing successfully is a core part of strategic decision-making

Appropriateness to business situation
This level of maturity is essential for organisations with a transformational agenda. There are a large number of changes and difficult prioritisation decisions may have to be made

Maturity Standards
- Executives proactively manage the overall change portfolio
- Change capacity is assessed before initiating projects
- Change management skills are seen as an integral part of management development programmes
- Change management is included in project and programme charter mandates
- A change management scorecard is established and reviewed at all project review meetings

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