





The
Elements
of

CHANGE

How to prepare, implement and measure
an effective strategic initiative, driving
change in your organization.

Plus: insider tips from project managers



ILLUSTRATION
BY ANDY POTTS

At the Ready

To navigate a business environment of constant flux, organizations must cultivate a culture that embraces change.

BY MATT ALDERTON

Change is taking place at an unprecedented pace. Since the 1960s, business operating margins have become more than twice as volatile, according to the Boston Consulting Group. More than half of the most turbulent fiscal quarters of the past three decades happened during the past 10 years. Nine in 10 CEOs foresee collaborating with customers extensively in the next three to five years, according to an IBM global survey.

Yet despite the clear need for strategic initiatives, which by their very nature drive change in an organization, only 15 percent of organizations report high organizational agility and 44 percent of strategic initiatives are unsuccessful, according to PMI's 2014 *Pulse of the Profession*[®]. Strategic initiatives that do succeed share a key factor—a change-ready culture. Fifty-nine percent of respondents cited a culture that embraces change as a factor that makes organizations highly effective at change management, according to PMI's *Pulse of the Profession In-Depth Report: Enabling Organizational Change Through Strategic Initiatives*.

If culture can help foster strategic initiatives, it also can spell their downfall. One of the top reasons strategic initiatives fail, according to the survey, is that employees who don't feel involved in the change process resist it.

Here, four executives discuss how organizations can cultivate a culture that embraces change:

Philip Brashear,
PMP, system director
of change and project
management, Kentucky
Community and Techni-
cal College System,
Versailles, Kentucky, USA



Ahmed H. Hassan,
PMP, deputy general
manager, strategy and
change management,
Banque Misr,
Cairo, Egypt



**Johanne
Parniczky,**
portfolio change
manager, enterprise
business change, Qantas
Airways, Sydney, Australia



Dimple Ramaiya,
head of business
development for
improving lives, BT
Group, London, England



What's the business case for change management?

Mr. Brashear: Organizations that are more change-adept tend to be more courageous and develop more innovative, risk-tolerant cultures.

Mr. Hassan: Change management closes the value gap, the difference between what was intended and what was realized. Many times projects are finished and we celebrate, but a few months later we are faced with the truth that intended benefits were not realized. A classic example would be an acquisition or a merger. On paper you find that by integrating or acquiring this company you will get several benefits. But after you finish the integration process, it doesn't happen. The biggest reason is change management was not done in a formal and detailed way.

If change management has such clear benefits, what prevents its successful implementation?

Mr. Brashear: Cultural inertia. There are entrenched project managers who don't believe change is their job. That's why executive understanding is key. Executives have to build sponsorship for change management within the management ranks.

Mr. Hassan: The biggest hurdle for change management within organizations is selling the value to everyone in the organization. Selling the value of adding new departments, processes and people with change management skills is no small task. Another challenge is the wrong structuring of change management within the organization. In order for change management to have the influence and make the needed impact, it has to be on a strategic level, so it should be reporting to top management.

Ms. Ramaiya: Often, the biggest roadblock is people, although they're also the biggest facilitator of change. One of the biggest obstacles I've faced is sponsors giving lip service to change rather than being active, visible sponsors of change.

Mr. Brashear: A successful change management program is a cultural change, rather than an implementation. If you're not in a mature organization that embraces change as opportunity, then guess what? You're going to be resistant to a change program.

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— Philip Brashear, PMP

Given that change isn't just an initiative but a culture, how does that culture develop?

Mr. Brashear: The first step is executive understanding. Executives own the organizational culture, and it changes largely as a result of their personal changes in thinking. Executives who really internalize the case for change management become more visible champions of specific changes. They work harder to build coalitions of sponsors. They communicate more often and more directly. They tailor messages to focus on benefits, not just to the organization but also to specific stakeholder groups. And they mentor their direct reports to help them behave in the same way.

Mr. Hassan: Change has to be led and then managed. Leaders have to embrace change, create a compelling vision for people to buy in to and accept new ways of doing things. They have to walk the talk, they have to be visible, they have to be actively involved, and they have to be accessible to

all team members.

Ms. Parniczky: At Qantas, we’ve got a really clear organizational vision that all staff are aware of. Everything we do, all the decisions we make, are driven through that vision.

How do those change-ready leaders in turn cultivate a change-ready organizational culture?

Ms. Ramaiya: What’s really important when you’re changing culture is to understand what behaviors your culture is currently driving and what new behaviors you want the new culture to drive. You can then plan interventions to push people along that behavioral model.

Ms. Parniczky: If we want people to go on the journey with us, we have to be quite open and honest about why we’re driving a particular change. We try to provide transparency and build trust so that, even if they’re not 100 percent on board, they’re prepared to take the leap so we can move forward.

Ms. Ramaiya: Transparency is really important. When people don’t know what direction they’re heading in, they become resistant. Also, you’ve got to make the benefits of change really clear, not just at an organizational level—for example, by doing this change the organization is going to save £5 million a year—but also at the local level. Otherwise, the employee is going to say, “OK, it will save them £5 million. I’m guessing some of my colleagues are going to lose their jobs, which means I’m going to have to work twice as hard as I am now. How is that good for me?”

Mr. Hassan: To create a culture that embraces change, you have to embed change readiness within your mission, vision and strategy. In addition, you have to create an organization that has fewer hierarchical levels so it’s very easy for anyone with new ideas to have access to top management and easily express his or her ideas. You have to clearly reward

Change Enablers

Fewer than one in five organizations are highly effective with organizational change management.



18% highly effective—aka Change Enablers

64% moderately effective

18% minimally effective

Source: *Pulse of the Profession In-Depth Report: Enabling Organizational Change Through Strategic Initiatives*, PMI

Armed With Data

“ For about a year, I've been leading an effort to introduce new capabilities to our business—capabilities that will lead to improvements in our service delivery, cost structure and insight to our business. Introducing new capabilities requires significant change management as we rethink the way we operate our business. We are revamping the customer experience, accelerating integration, redefining operational targets, and building a business intelligence and data-analytics hub that will enable us to make better decisions.

We've seen positive outcomes already, but we have encountered expected resistance along the way. The businesses we are impacting have very strong, even emotional attachments to their current operating models. They built them. I hear things like, 'What we're doing isn't bad, so why do we need to change it?'

Working through the resistance is critical, but it isn't going to happen by decree. We instead start with a fact-based, baseline assessment of how the businesses are doing. We hold two-day, off-site workshops with the business leadership team and say, 'Let's talk through the data analysis together.' Off-site workshops are an expense, but it builds trust and gets the best return. We also hire an outside consulting firm to analyze that data, because we really need a nonbiased view. When you're dealing with deep-rooted resistance and pride of owner-

ship, letting an outsider hold the mirror up can help break down that wall.

After sharing the consultant's data analysis of the business, we ask the business leaders: What does the data mean to you? Then we ask, What's painful? What seems to be a repetitive problem with an

unknown root cause? Our next step is to say, 'Let's solve for this.' So the business leaders bring potential solutions, and we bring some of our best practice experience. We tell them, 'Here are some experiences we've gleaned from other teams. How about trying it this way?'

Looking under the hood of any business has the potential to feel invasive and put the leaders in a vulnerable position. So we focus on building trust and reinforcing that there are no hidden agendas here. This is a team sport. We communicate the business case for the change and support with data. It helps address resistance when you can say, 'Hey, we just got a team to go to XYZ target in two days, would you like to go there?' Data strips out the emotion and says, 'Here are the facts.'

We are also showing employees how the changes align to our overall strategy—and to their work on a daily basis. And we use analytics to let them know that changes are making a difference. There's nothing more powerful than when someone implements a process, and you provide data that shows they are making a significant improvement. It's like seeing an A on your report card—you know the hard work paid off.”



Amy J. Martin, PMP, is director of the enterprise program management office at Aon Hewitt, a PMI Global Executive Council member, in Lincolnshire, Illinois, USA.

Agile has inexorably changed the project management scape. That's largely due to its adaptability: Iterative development allows teams to deliver functional pieces of a project quickly and adjust on the fly.

Innovation and continuous improvement, whether with financial rewards or other incentives, are key to success.

NO LONGER BURIED IN PAPERWORK

One of agile's basic tenets is to require less documentation and fewer defined specific tasks. Instead of relying on project managers to create a project plan, team members from the project, instead of relying on project managers, speak throughout the life cycle. The goal is to focus on producing high-quality deliverables.

Can executive leaders alone create a change-ready culture?

Mr. Brashear: The biggest facilitators of change are middle managers and organizational thought leaders. With executive clarity and expectation, these managers become part of the overall sponsorship coalition for change—or they find themselves at odds with leadership. Frontline workers look to their managers for messages about change. Managers have tremendous influence on the attitudes of employees. Those managers can really make or break a strategic initiative.

Steady at the Helm

Which responsibilities are most crucial for executive sponsors of strategic initiatives?

- 1 Provide communication and leadership
- 2 Clarify direction and/or targets
- 3 Gain and maintain senior alignment and accountability
- 4 Manage key stakeholders and opinion leaders
- 5 Prioritize resources for the change process
- 6 Boost morale
- 7 Make course corrections as issues arise
- 8 Manage the portfolio of projects

Source: Pulse of the Profession In-Depth Report: Enabling Organizational Change Through Strategic Initiatives, PMI

Ms. Ramaiya: It's also really important to have change advocates on board. Get somebody who is a positive influencer in an office—anybody from the accountant to the secretary to the business manager. They are the ones who really can help move a mass of people. It's the local people who drive the revolution; the leader will spark it, but it's those local folks who make it happen.

So how can organizations bring those local folks on board?

Ms. Ramaiya: By engaging them. If you don't make stakeholders aware of what changes you're implementing, it's harder for them to come on that journey with you. They'll start resisting because they're fearful of what the change is, and some unproductive behaviors will start to form. If people don't actually change their

Change Readiness Checklist

Change can be invigorating. Constant change, on the other hand, can be enervating.

Change fatigue—which occurs when employees are asked to follow through on too many changes at once—is

the number one reason change initiatives fail, according to a 2013 change management survey by Booz & Co. For that reason, any change management program must include a change readiness assessment, according to Johanne Parniczky, Qantas Airways, Sydney, Australia.

"People don't cope well with multiple transformational activities," she says. "So, when we're doing radical change, we try to limit that to one activity at a time within a particular segment. In relation to other, business-as-usual change activities and programs, decisions are made based on health checks that we do across the business as part of our regular change readiness process."

A change readiness assessment typically includes the following factors, according to PMI's *Managing Change in Organizations: A Practice Guide*.

The cultural and historical experience in dealing with change: Assessing the organization's experience with strategic initiatives helps to anticipate and address likely challenges.

Policies, processes, roles and decision-making norms: Examining the organization's change management processes indicates how it functions during change efforts.

Accountability hierarchy: Assessing how the organization holds people accountable can determine ways to incentivize change among employees.

Change agenda: Evaluating the size, timeframe and concurrency of strategic initiatives helps determine if additional change can be taken on—or if it will create stress that results in liabilities.

Resources applied to change management: Assessing change managers' expertise and experience helps identify a capable, qualified change coalition.

Leadership's capability of supporting and sponsoring change: Change can't be sustained without leadership's support.

behaviors and adopt new ways of working, you're not going to realize the benefits.

Mr. Hassan: People resist change that they do not understand or do not feel they have a role in shaping. If people are given the opportunity to participate in change and to understand the reason for that change, resistance will be less. To achieve that, you need clear vision and frequent and transparent communication.

Ms. Parniczky: We normally start off by studying the case for change. We do some awareness and leader alignment around that, then an impact assessment, and then we look at an implementation plan. All the way through that, we have a lot of communication and stakeholder engagement. When change has worked really well, it's because the communication has been fantastic. When change hasn't worked so well, it's because it hasn't. Constant stakeholder engagement is absolutely critical.

Ms. Ramaiya: Whenever I run a change program, I've always started off talking to people and understanding the landscape. The next thing I always do is a change readiness assessment: How ready is this organization to move from A to B? I always pull together a strategic communications plan rather than just a tactical communication plan—to make sure those communications support all the other interventions in the change program. Measurement's also important. I measure how the stakeholders are moving along the change curve during and after the change interventions.



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—Ahmed H. Hassan, PMP

Can you describe that kind of stakeholder engagement and communication in action?

Ms. Parniczky: At Qantas, while we have a top-down communications approach, we also have a bottom-up approach. A lot of change initiatives in our organization are a direct result of staff raising ideas. Without that grassroots ownership, getting employee buy-in is very difficult. Many years ago,

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our Sydney domestic terminal was so congested that the queues were actually out the door. So we initiated a review to look at how we could make it better. That initiative resulted in self-check-in, an electronically automated system, and employees have moved from behind the desk to now walking around the terminal. It's been hugely successful but an absolutely enormous change to the business. But it was the staff driving that, because they're at the front lines and they can see the frustration and pain for the passen-

gers. Without employee input, without that grassroots ownership and buy-in to drive the change, we would not have been able to get that done.

Given the constant, ongoing nature of change in today's business environment, do you encounter change saturation or fatigue?

Mr. Brashear: In public higher education, change is occurring at a tremendous clip. Moving from the “sage on the stage” traditional classroom model to online delivery methods in less than a generation is the single biggest change in higher education in decades. We had to make an enormous strategic shift and transform the way we operate in serving students. We quickly encountered a major challenge: change saturation. With a statewide staff already strained to keep up with current demand, we were now asking them to rethink how they were doing their work while still doing it. We have since scaled back by staggering the transformation efforts over a longer period and implementing the new strategic change framework in more digestible chunks.

Ms. Parniczky: At any one point in time our staff could be participating in three or four different change initiatives, so we have to be really careful that we don't overload people. We do a lot of work around change readiness. We look at our change portfolio to get a sense of the impact of change. So we can see what the heat is like in the business and then make decisions around how we should be managing things. **PM**

Why Strategic Initiatives Fail

It's not lack of money or know-how that's causing most strategic initiatives to stumble. According to Pulse respondents, the primary causes of failure are:

Insufficient communication 59%

Lack of leadership 56%

Poor stakeholder management 37%

Poor direction of implementation 36%

Lack of “people management” 35%

Lack of project management 28%

Insufficient resources 22%

Lack of technical expertise 8%

Source: *Pulse of the Profession In-Depth Report: Enabling Organizational Change Through Strategic Initiatives*, PMI

Calm and Clear



The most recent change-management initiative I worked on involved moving our in-house software testing to a managed service with a third party.

Testers were very worried about losing their jobs.

When jobs are perceived to be at risk, there is always the threat of staff turnover—especially the best people. And there's also the threat of a drop in performance, resulting in project issues. But overall, the change management was very successful in managing job-security fears. During this period, staff turnover was actually lower than the average of the past two years.

In some organizations, the change-management focus would be purely on the people directly impacted by the move to managed services, meaning the software testers. But we also focused on the project and program managers who would be impacted by staff turnover or any drop in performance.

To identify risks, we ran workshops with key groups: staff (whose primary concern was 'Do I still have a job?'), business (whose primary concern was

'Will support on my projects suffer?') and vendors (whose primary concern was 'Will I still make the same amount of money?'). The workshops let people get concerns off their chest and also made sure that information was communicated honestly, correctly and in a timely manner.

The workshops were backed up with regular communication, both email and face-to-face, on the initiative's status and progress. Emails were sent weekly, and if there was no change in status we would say so, rather than keeping quiet and having people make up their own news and developments. Face-to-face meetings took place about once a month, depending on the group and how onboard they were with the change.

Change management is a lot more than just communication, but without effective communication you cannot be successful. I believe that communication should be open and honest. Get bad news out into the open. If you don't com-

municate it, the grapevine usually finds out anyway and comes up with more sinister news than the actual bad news itself."



Stuart Mann

is manager of quality and process improvement at Standard Bank, Johannesburg, South Africa.

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