



AGILE CHANGE
management limited

The value of Change Management

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Introduction

If change management is to be taken seriously as a management discipline, it must justify itself as adding value to any organisation. Those of us in the profession must get better at explaining both what we do and the value it brings.

Many of us are concerned that change management is still an after-thought, considered only when a project is underway and even then, seen as the fluffy stuff. This leads to us being brought in too late to make a substantial contribution to the project foundations.

We need to start talking in terms that those who commission projects understand i.e. risk management and cold hard cash. To date I think as a profession we have been so busy explaining the activities that we are responsible for that we haven't engaged with our 'buyers' i.e. senior executives who want to know the why, not the what.

Let's put together a clear explanation of the value, the return on investment that can be achieved with well planned and confidently executed change management activities. To get us started I am going to make the case for the value of change management, then I am going to give an example of how this might change the decision making for project authorisation.

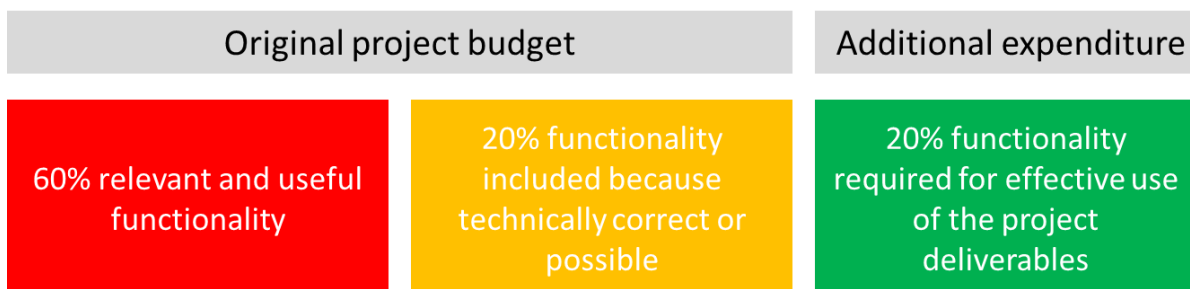
Impact when Change Management is not valued

When Change Management is not seen as a value-add activity, I think there are two major issues that occur:

1. Incorrect scoping of projects
2. Change management activities fall through the net

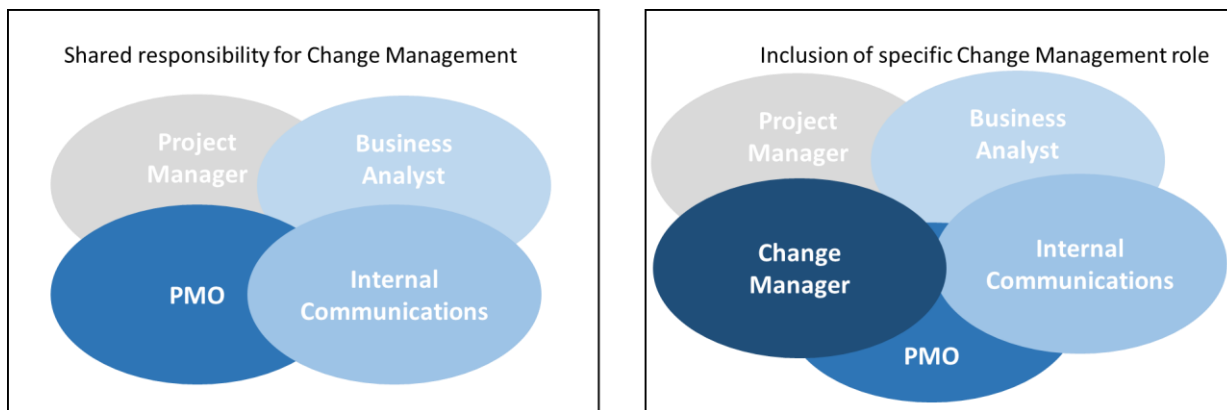
Incorrect scoping of projects

If we can become involved earlier in the project lifecycle, we can shape the deliverables to reflect the practical considerations of how they will be used in practice. Too often project deliverables are shaped by the considerations of what is technically possible and technically correct. This leads to investment in deliverables that are needed whilst also funding projects that have failed to include functionality needed for the effective use of what is being created.



Change Management activities fall through the net

We must address head on the view that Change Managers are an unnecessary expense. Too often there is an implicit assumption that behavioural change will naturally evolve from project delivery and therefore does not need to be specifically managed or resourced. Even those organisations which recognise that change might need a little bit of help to occur believe that it is the responsibility of existing roles.



I am not claiming that those performing the role of Project Manager, Business Analyst or Internal Communications Manager don't have change management responsibilities, because they do. However, their contribution is based on their specific responsibilities and is not the sum total of work needed to achieve behavioural change. It also needs to be coordinated so that we have a cohesive approach to creating new ways of working.

Difficulties of getting the recognition for Change Management

Perhaps one of the reasons it is difficult to value the contribution that change management makes is because new ways of working are difficult to measure. They are seen as intangibles and without measurable evidence that something exists it gets overlooked in our data driven world.

Another reason that the change management profession is not credited with the success it deserves is because what we do is generate the willingness in others to make the changes, often through persuasive conversation. Holman and Thorpe¹ describe change management "as a series of carefully curated conversations, each designed to shift the perspective of the other person towards our change goals." I totally agree, but when I am asked to justify what I have been doing all day, telling my Sponsor how many conversations I have had doesn't feel 'tangible' enough.

I ran a straw poll with my colleagues who are all experienced Change Managers, and the general view was that only about 15% of what we actually do to make change happen is ever captured in a Change Plan. To illustrate this here is a summary of my day:

¹ Management and Language: The Manager as a Practical Author, 2002



100%

My work today:

- *Create timetable for new system training*
- *Facilitate process review workshop for Team A*
- 3 emails to Sponsor explaining value of his appearance at the start of a planning workshop.
- 17 emails to individual team members thanking them for their contribution to a recent planning session and explaining what has happened to their ideas.
- Coffee with a Supervisor who wants to highlight impact on customers of new billing process.
- Long phone call to Finance team manager to share these concerns, and to brainstorm ways to overcome potential issues.
- 11 emails to various staff starting work on new process to ask for feedback and reply to those that raise issues.

15%

Work included in Change Plan:

- *Create timetable for new system training*
- *Facilitate process review workshop for Team A*

Change Management activities deliver value

Projects are established to deliver something new that the business will then deploy to create greater value. These tangible deliverables include new products and services, new team structures, new processes and systems. However, very few of the benefits of a project or programme can solely be attributed to delivery. The examples I can think of include:

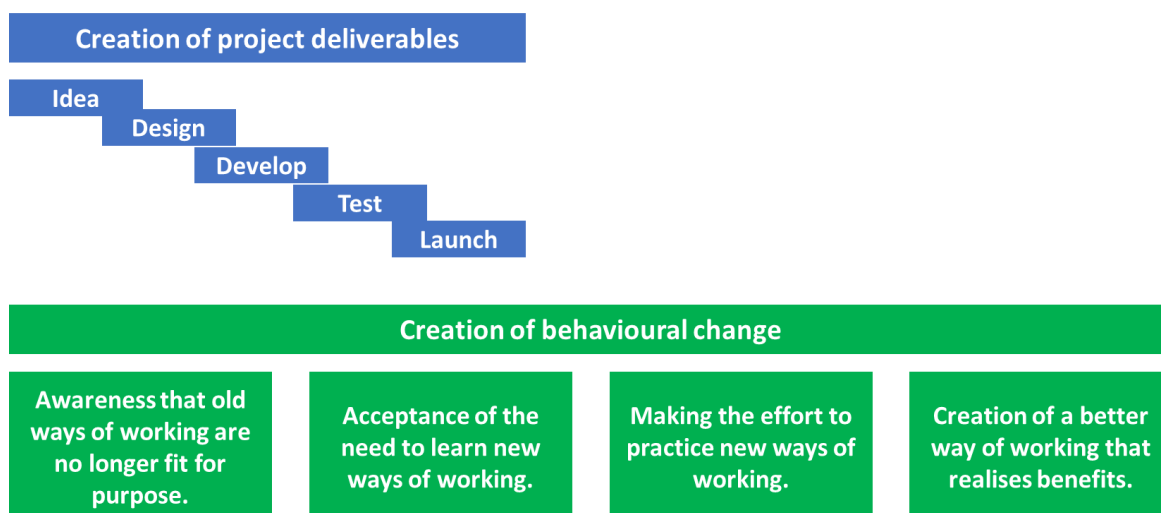
- Cost avoidance
 - Creating a new set of reports to collect data to comply with a regulation avoids the cost of a fine, avoids the cost of greater regulatory scrutiny or removal of a license to trade.
 - Moving to a new platform which has lower license fees than the existing system reduces the annual costs.
 - Restructuring a team to reduce headcount reduces annual salary and pension costs.
- Revenue generation
 - New algorithm which puts relevant data in front of an on-line shopper so that they purchase more per transaction.
 - New pricing algorithm maximising the amount charged for each transaction for different circumstances e.g. flights during busy periods cost more. The financial benefits occur only if the staff change how they spend their time, making a conscious decision to contact customers to increase sales.

I think the only benefits solely attributable to project delivery are those that do not involve the adoption of a new way of working. We can trigger new buying patterns in customers, and we can change the infrastructure that someone uses to do their job, but that's it.

Change management achieves behaviour change, providing the engagement, motivation and support for doing things differently. Examples of the financial benefits attributable to the adoption of new ways of working include:

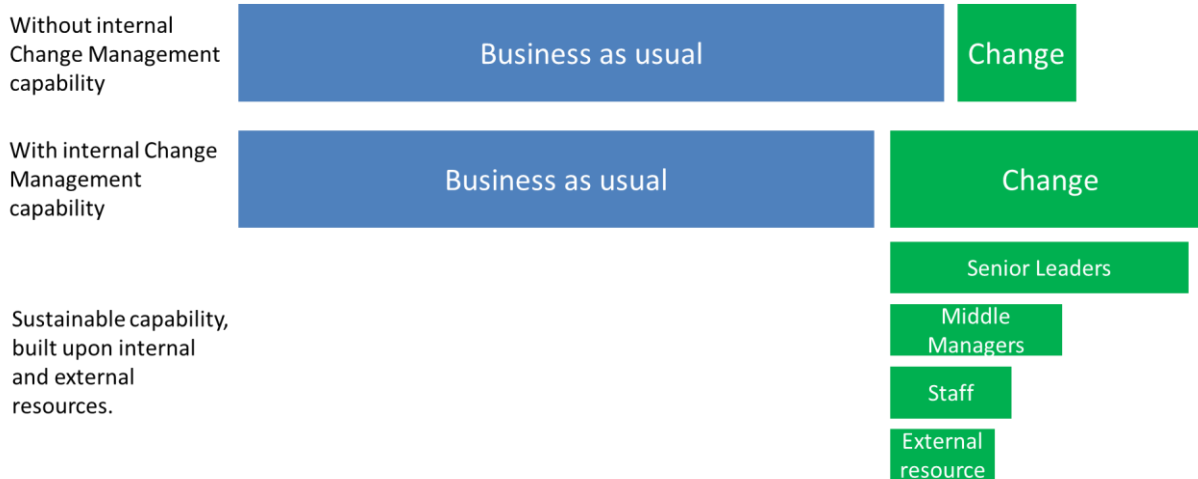
- Automation of manual tasks so staff have more time to engage with customers, selling more, increasing customer satisfaction and reducing complaints.
- Making the effort to understand the features of a new product and think through its benefits and how they can be best explained to customers to increase sales.
- Understanding the impact of new legislation and taking action to stop doing things that are now against the rules.

In these examples staff must decide to work differently if we are going to realise the benefits. The benefits are not triggered simply by activating new software. As shown in the diagram below, it is the combination of project deliverables AND behavioural change that leads to the benefits. So it is through Change Management that we stand the best chance of overcoming the often quoted but depressingly true statistic that 70% of change initiatives fail to deliver the benefits expected of them.



Investing in Change Management creates a strategic benefit for the organisation as well as the tactical benefit of greater probability of realising benefits. This strategic benefit is the increase in the volume of change that an organisation can tolerate at any one time, and the reduced reliance on external resources to help manage change initiatives. All roles in an organisation have responsibility for helping the organisation to identify, design, implement and adopt new ways of working.

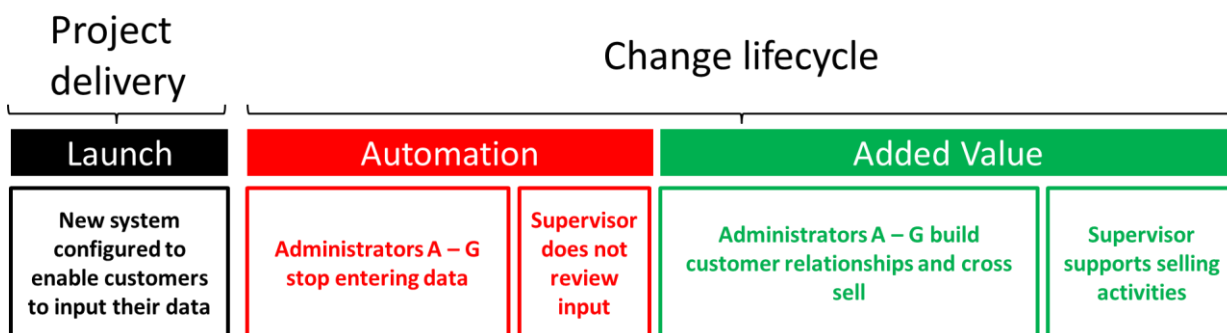




Evidencing the value of Change Management

Let's take the example of an increase in automation so staff can carry out higher value tasks. If you are implementing a new system that automates manual activities, then the value chain looks like this:

1. Administrators A to G stop keying in data to the order processing system from a printed order form (data was entered by customer from website).
2. Supervisor A does not have to check data input against customer order forms from Administrators A to G throughout the day.
3. Administrators A to G run new report from the system showing high value orders and call each of the customers to learn what prompted the large orders and ask how else the company can help them.
4. Supervisor A offers sales support to Administrators A to G and liaises with the Sales team to highlight new high value customers.



As a result of applying new sales and customer service competencies the Administrators and Supervisors are generating an extra 25% of sales.

The annual sales of this organisation are £1 million per annum so the value of the changes is £250,000. We must clearly explain that this extra revenue does not result from the new system, or the automation of data input. It is a result of the staff deciding to make the extra customer calls, their willingness to practice their customer contact skills and their willingness to keep making these calls as part of their new responsibilities.

Now that we have our Sponsors excited about the value that can be created we need to clearly align this value to the behavioural changes we are responsible for and not have this value interpreted as the result of turning on the new automation.

We need to explain how people adapt to their new responsibilities and define measures of progress for each of these steps.

Measuring the benefits of Change Management

We need to create a range of measures that can show a clear line of sight from the activities that lead to a personal decision to work differently, practice of working differently, building competence of working differently to successful adoption of new ways of working as the new business as usual and realisation of the benefits from this way of working.

To move an Administrator from data inputting to conversing with customers and upselling additional products is complicated. Using the steps in many change management models (Kubler Ross, Bridges, Satir to name a few) we can take an educated guess about how things will progress and identify measures to prove that change is taking place.

Awareness - through announcements and explanations of the new system and the changes to roles and responsibilities we want the Administrators to really understand what will be different for them. We want them to be clear about new things they will start doing e.g. calling customers and how they will still need their existing skills in calculating order values and estimating delivery times.

How do we measure that they have this awareness? We can measure the number of questions we receive, or we can ask each of them to complete a personal impact assessment. Those that have captured the impact can be deemed to have got it but those whose assessments don't include the changes or those who don't complete the assessments can be assumed not to be aware. So for these staff we do more explaining and more examples followed by another chance to do an impact assessment.

Perception - through continual engagement with the Administrators we help them to see the benefits of working in the new way. If we don't generate a positive perception for the change then people will not volunteer to take part. Of course, we could compel them to take part by telling them it is their job but that means lots of micro-management.



How do we measure if people are supportive of the changes? A way that generates motivation and enthusiasm is to ask people to relay back to their colleagues why they are excited. Just as before those that are contributing can be seen as positive. Others might be in favour but don't want to shout about it, so we may need to capture their views through surveys or discussions in team meetings.

Participation - the only way to create new ways of working is by having a go. If people feel positive about the changes then they are likely to get involved in making it happen. We can increase the participation by making sure there is a wide range of different activities that people can get involved in.

How do we measure participation? We can count the number of people taking part on workshops, designing new processes, discussing how they would talk to customers, requesting training in sales and customer service etc.

Adoption is when people are working in the new ways. In this case Administrators are running the new reports, calling customers and engaging in discussions about fulfilling orders and selling more.

How do we measure adoption? Not only do we measure the number of reports run, the number of customer calls and the number of additional sales but we should also look for the number of spreadsheets with manual data being created. When we measure adoption we also have to measure those that are still trying to work in the old ways. Not everyone makes the transition at the same pace and we need to measure those that have been left behind so we can help them. After All, adoption by a few will not lead to all the financial benefits that are possible from the changes. There has to be almost complete adoption to realise benefits.

Finally, after several months of operation we should have enough activity to see increases in revenue. At this point we can also measure for customer and staff satisfaction, which if positive give an indication that the benefits will be sustained in the future.

Real life example

I have lost count of the number of board presentations I have sat through, where the outcome is the authorisation of a multi-million-pound project to implement new systems that will magically solve all the company's problems. The example I am going to give started 18 months ago. I am not going to name the company because that would not be fair, but I think you will recognise the truth of the situation, as I expect many of you have been in similar situations.

This global organisation has developed a proprietary data analytics platform that it sells to businesses all over the world. It has offices in Australia, Asia, Middle East, Europe and US, where its teams of implementers who go on site to customers to get them started are based. There are multiple customer implementations happening at any one time, and these are all overseen by a Dubai based Project Management Office (PMO).



To increase efficiency, it was decided that all of the implementations would be managed using a project management system, deployed globally so everyone would be using the same system. This would allow much easier resource management, so teams could be transferred wherever there was a waiting list of customer implementations.

As part of the project authorisation, a business case was developed outlining the efficiency benefits and increased capability. These included the efficiencies as data would not need to re-keyed by the PMO as well as the implementation teams to create project reporting, and the automated workflow in the system would chase the implementation teams through their project lifecycle, so the PMO would not have to do this.

All of the benefits relied on the implementation teams using the system to manage each implementation project, and the PMO and the Project Sponsorship Board to change how they accessed data about each of the projects, using real-time data to take decisions on prioritisation and resourcing.

However, when it came to deciding if the project should go ahead, all the questions in the board meeting were about the cost of the system, the cost of systems from other suppliers and the procurement process for contracting with the system supplier. There were lots of detailed questions about the annual license fees, how much 'free' consultancy the system supplier was including in the contract to configure the system and how quickly they could get the existing data from our projects implemented into their system, so we could start using it.

None of the questions were about the activities needed to change the habits and behaviours of the implementation teams, the PMO or the Project Sponsorship Board. However, to achieve any of the benefits listed in the business case, the following needed to happen:

Changes for Project Managers

- Project Managers (one for each client implementation) would have to stop using their spreadsheets, Microsoft Project and email for planning, managing and chasing for information about their projects.
- They would have to get used to putting every detail in the new system and accept that every other project manager around the world could see their data, and that the PMO could see what they were doing without having to ask for information.
- The Project Managers would have to learn to manage the projects differently but establishing up front how much time they would give on late running activities before the workflow software started to chase members of the team.
- They would have to think through the full lifecycle of activities on the project so they could enter this in at the start so that the workflow software could be used.



Changes for the Project Management Office team

- The PMO team would have to stop chasing Project Managers for monthly reports and learn to run the many queries available in the new system to answer any questions they had about progress, budgets or resourcing.
- Instead of spending up to two weeks each month chasing for this information and then collating and formatting it from many different projects, they would have the time to stand back and really oversee the progress of the implementation team globally.
- They can consider the value, the priority of work, anticipate problems and share information about inter-dependencies and resource pressures with the Project Managers and the Project Sponsorship Board.

Changes for the Project Sponsorship Board

- The Project Sponsorship Board needed to change its demands for monthly reports, and get used to using real-time information for decision making.
- To realise the benefits from the new system, this board would have to learn to ask new and more relevant questions about project progress, rather than looking only at RAG reports that were already out of date by the time they were presented to the Board.

All this behaviour change probably sounds like the norm for us Change Managers. The crucial thing is that no mention was made of the scale of the change from a behavioural perspective, and there was no demand to see any kind of Change Plan. Change Management has the answer to the questions: "How are we really going to make this work?" and "Will we really realise these benefits?"

I think part of our job is to make sure that Sponsors know that they should demand these behavioural Change Plans and we should help them to learn what to look for. Explain what activities they should expect to see, over what time period and involving which roles.

Conclusion

It is time to reframe Change Management as a Risk Management activity. We should explain that without a plan to get people to work differently, the whole investment in the new system is at risk. We should be explicit in defining how these activities will increase the probability that people will use the new system in the way it was designed for them and get the value that we expected when we first signed off the Business Case.

We need to define the measures and what success looks like at each stage of the transition to new ways of working. If we can define these measures, we can report our progress as achievements and results and not as a series of activities unconnected to business value.

Finally, we need to explain how investing in Change Management is part of the growth strategy for any organisation. Without investment in this capability, the organisation has an immediate constraint on its



capacity to deliver change, and in an environment of almost permanent change, the organisations that can react most quickly are the winners.

About the author

I have been responsible for the successful delivery of effective change and for creating environments that support transformational change for over twenty years. I have an impressive track record of successful consulting assignments and I am an acknowledged thought leader in Change Management.

I am the Co-Chair of the Change Management Institute UK and a respected author of text books and articles on change, project and programme management. I am a talented communicator with a reputation for delivering complex information with humour and passion. I draw on my wealth of practical experience to illustrate concepts and to engage my audience in lively debates on advantages and disadvantages of each approach that I outline.

To access more resources about change management, connect with Melanie on LinkedIn
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