

THE CASE FOR CHANGE MANAGEMENT BY CATHERINE SMITHSON

“After two years’ work, we are about to implement a major change and key managers and staff are pushing back. People are saying they never agreed to the changes, even though the project team consulted fully with them. Managers are concerned about how the changes will impact their areas. Some managers are actively resisting by lobbying senior managers to alter key elements. Others are passively resisting by delaying implementation in their areas. Many people are questioning why the change was needed in the first place! People are blaming and criticising the project manager and team and they are demoralised.

“The project is critical to our organisation’s success and we’ve invested a significant amount of money and time in it. Now we face the risk of delayed implementation while we deal with all these issues. The delay will also put us over budget and reduce the return on investment. There’s also talk of the project being shut down, or re-scoped, which will amount to failure”.

This is a very common scenario. The stories vary in the detail but the basic problem is the same:

A change that is critical for the organisation is on the critical list.

Recent research shows that ***the failure rate for organisation change projects is 70%***. (Standish Group, 2004, study of 10,000 projects worldwide).

Think about this. It means that only three in ten projects achieve the desired goals and are delivered on time and on budget. The failed projects waste time and money and they damage careers, corporate reputations, customer relationships and employee engagement. Worse still, they create more resistance for future change.

Recent worldwide research by Prosci among 411 organisations found that the number one obstacle to successful change was resistance. The main barrier to success is not technical - inadequate project plans or lack of budget; rather it is the people side of change. (Prosci Best Practices in Change Management Benchmarking Report, 2005, <http://www.change-management.com/>)

Prosci’s Best Practices research study also found that the key contributor to overall change success was:

Active and visible sponsorship.



Effective Sponsorship is very different to the traditional delegation approach used by senior executives. Prosci (<http://www.change-management.com/>) defines it as being:

- Active and visible participation throughout the project. This means attending key events, such as project kick-offs, as well as other activities, such as talking about the change to different audiences at every opportunity, being accessible when needed, and being involved in critical decision-making.
- Communicate effectively with employees. Prosci's research shows that senior managers are the preferred senders of messages about the need for change and the risks of not changing.
- Build a coalition of sponsorship with peers and managers. This means working closely with the managers whose support is needed for the change to succeed, to build engagement and overcome any resistance so that they lead the change.

Here is what I typically see when the people side of change is overlooked or done inadequately.

- **The technical side of change is seen as the most important for successful change.**

The people side is seen as “fluffy HR stuff” that is aimed at “making people feel good” or “selling the change” that does not impact the success of the project. There are no resources or budget for Change Management. HR or change consultants are called in only when there is major resistance that threatens the success of the change. By then it can be too late to save the project.

The fact is that effective change management is essential for successful change. New research by McKinsey and Co, PricewaterhouseCoopers and Prosci show there is strong correlation between effective Change Management and projects that deliver on time, on budget and deliver expected benefits.

Project Management is the processes and skills for the technical side of change.

Change Management is the processes and skills for the people side of change. It helps ensure that people have the engagement and the skills to adopt the change and make it stick. Project and Change Management are partners in successful change.

- **The change is not seen as change**

Key people – managers, project teams, often downplay the impact of the change and fail to recognise that it is a change. They call it “streamlining” or “process improvement” “fine tuning” or “re-alignment”.

They fail to recognise that asking people to do anything differently – use a new process or system, interact with customers in a new way – anything at all – is a change. And change needs change management, tailored to the needs of the audience and the type of change.

- **The “just do it” approach to change.**

“We will just tell staff to accept the change. If they don’t, we’ll get rid of them.” This approach reveals a lack of understanding of the human side of change. It is common with technical experts or specialists who feel frustrated or anxious about dealing with the people side of change. They are committed to the change and want to see it working. This is understandable - they have a major commitment to the change. But this approach generally creates more resistance and delays. The reality is that organisations can’t afford to lose productivity or key staff. Tough talk is just that – tough talk. It doesn’t win hearts and minds.

Change Management enables managers and project teams to understand the stages of individual change. These stages are not a mystery – they are concrete, predictable and easy to understand. We can’t force people to change but we can guide them through the stages. We can make it easy or hard for people to change. Effective Change Management reduces the risk of resistance and helps us to manage it in ways that do not destroy buy-in or create a climate of fear.

- **The Executive Sponsor uses a delegation style of change leadership**

The Executive Sponsor typically initiates the project, scopes it, funds it, then delegates it to the project manager or middle manager then gets back to his/her job. They genuinely believe that all the other managers are on board. They are surprised and often very frustrated and annoyed when they are told that the project is encountering resistance and delays.

The Project Leader or Manager can be reluctant to tell the Executive Sponsor about problems and they try to solve them alone. When staff and managers push back, the Project Leader, Manager and team often becomes the target for criticism and blame. They find it hard to address the resistance, as they don’t have the necessary authority or the skills, resources or time. They are accountable for delivery but are blocked. They can become isolated and less communicative.

Prosci’s Best Practices in Change Management 2005 research report found that *Executive Sponsorship is the number one success factor in successful change*. <http://www.change-management.com/>

Effective Executive Sponsorship is very different to delegation. Prosci defines it as being:

- Active and visible participation throughout the project
- Communicate effectively with employees
- Build a coalition of sponsorship with peers and managers



- **Project managers misinterpret consultation as being genuine engagement.**

When a manager or a process owner participates in a consultation process, signs off a piece of analysis by the project team, or attends a presentation, it does not mean that they are on board with the change. It's easy to agree with something when you don't really appreciate what it means for you. The reality only hits later – usually at implementation time.

Change Management helps create genuine engagement by giving people opportunities to understand the Why, What and How of the change. This can be achieved even when the change is not negotiable.

- **Communication and training are confused with Change Management.**

Emails, project updates, presentations and briefings are useful, but are not Change Management. They are part of it but not all of it. The Prosci Change Management Process for example, defines Change Management activities as being Sponsor Roadmap, Communication, Training, Coaching and Resistance Management. Each of these Change Management activities has a different purpose. Visit <http://www.change-management.com> for more information.

- **Resistance to change causes delays.**

Many project teams and Steering Committees are surprised by resistance, especially when it comes from managers. This can result in delays and rework and loss of morale in the project team. Remember, in change, *people aren't logical, they're psychological!* Resistance to change is natural and should be expected and planned for. We will never eliminate resistance – it's part of what makes us human. What we can do is anticipate it and develop the skills and strategies to deal with it. This includes listening, as resisters can sometimes be right!

The solution to each of these problems is effective change management.

This does not mean simply appointing a Change Manager or a Change Management Consultant to manage all these issues. It means:

- Using a sound Change Management process and toolkit to assess the requirements of the change and the level of risk from the people side.
- Applying Change Management resources. The resources need to address the specific challenges of the change and the degree of project risk from the people side. Options include:
 - A Change Management Advisor to Project Leader or Steering Committee
 - A Change Management team
 - Assigning Change Management to a member of the project team.



Change Management resources can be part time or full time, internal or external, and centralised or decentralised. The resources need to be tailored to fit the project's Change Management requirements.

- Implementing customised (not one size fits all) Change Management plans, in partnership with the Executive Sponsor, Steering Committee, project team and the management team –

For optimum results, Change Management starts when the project starts. The later Change Management begins, the harder the task can be, but it's better to start it late than not at all.

Does Change Management sound expensive or time consuming? As the saying goes, if you think education is expensive, try ignorance! With 70% of projects failing, it is wise to invest in Change Management.