

The changing face of

Catherine Smithson looks at how organisations have embraced change as part of daily business undertakings and suggests the advent of a change portfolio mindset

Change is here to stay. Not so long ago, the accepted wisdom was that organisations would introduce change, stop and consolidate, then gear up to change again, a disruption to normal. Today, organisations are in a state of constant change or “permanent whitewater” as leadership development expert Peter Vaile termed it.

Today, ‘normal’ for an organisation is to have multiple changes underway simultaneously. A typical change agenda for the year might include several restructures, a relocation, several process improvement projects, new human resource (HR) programs and several IT system upgrades. Try this: list all the changes underway and planned in your organisation. Include organisation-wide changes as well as those in business units and teams and add changes that are not formal projects, those that are just happening.

With so much complex change underway, large public and private sector organisations are discovering the need to go beyond traditional program management and the PMO to change portfolio management and the change management office (CMO). Using my crystal ball, I predict in five years they will both be commonplace in large organisations, with many organisations continuing to deliver successful change using PMOs. But what does this trend mean for the project manager and the PMO?

WHAT IS CHANGE PORTFOLIO MANAGEMENT?

First, a definition according to change management research specialists Prosci: “Change portfolio management is the structured approach and set of tools for understanding, evaluating and managing the portfolio of change. Its aim is to show the cumulative and collective impact of the changes in the portfolio on people throughout the organisation.”

The purpose of change portfolio management is to enable the organisation to achieve its goals by succeeding with change and achieving the expected benefits. It extends the approach taken by traditional program management because it covers all types of change, that is, formal projects and programs as well as all business-as-usual changes.

IT ENABLES US TO IDENTIFY ALL THE CHANGES FROM ALL SOURCES THAT ARE IMPACTING ON A TEAM

It enables executives, managers, program and project managers, to see—often for the first time—the complete range of all changes underway and to manage these changes to achieve financial benefit realisation.

There are several reasons for the emergence of change portfolio management. The volume and complexity of change is increasing. Look at the changes you counted in your organisation. I regularly ask participants in my programs to do this quick count and its quite common to hear totals of 150, 200 or even 300 or more changes.

According to Prosci’s 2009 Best Practices in Change Management Benchmarking Report, 76 percent of participants said they expected an increase in the amount of

change in the next two years. IBM reported in its 2008 Making Change Work study that 80 percent of CEOs anticipate “substantial or very substantial change” in the next one-to-three years, but that CEOs rated their ability to manage change as 22 percent lower than needed.

Change collisions drain resources and increase risk. The PMO enables project resources to be allocated across programs of work and be monitored and managed. Dependencies and deliverables can be clearly assessed. However, no one is monitoring and managing the health of business-as-usual changes, which are often key strategic projects. And no one has responsibility for preventing collisions and competition for resources: time, money and people’s attention and effort. Change portfolio management takes the ‘receiving end’ perspective and identifies all the changes from all sources that are impacting on a team or division.

When is the organisation ‘full’ with change? We all accept that time, money





PORTFOLIO MANAGEMENT

change fatigue, increased resistance, project delays, reduced benefit realisation and failed change. And today's failed change is the cause of tomorrow's resistance to change. With the success rate of change as low as 32 percent, according to the Standish Group Chaos Study in 2009, we can't afford to have more change fail.

HOW IT WORKS

As an emerging field, there is no single methodology used worldwide. Over the next few years, we'll likely see a common set of principles, terminology, approaches, and a variety of tools become available, just as with program management. As an example, here is Prosci's Change Portfolio Management Process, which reports on project and change management capability and key success factors in change health.

Stage 1: Identify. Scope the portfolio analysis: the entire organisation, a region, department, or a type/source of change. Identify project and non-project change to produce a schematic of organisational groups to map changes to impacted groups.

Stage 2: Investigate. Collect a common set of data for every change in the portfolio and map how each group is impacted by each of the changes in the portfolio.

Stage 3: Analyse. Analyse data from the Investigate phase to capture the positioning and risk of the change portfolio in a change portfolio dashboard.

Stage 4: Act. Identify risks to projects, groups, points in time and the organisation and present them to key business leaders. Conclusions and decisions on how to adjust the portfolio are made based on the information provided.

Stage 5: Monitor, Manage and Control. Use the portfolio perspective to manage ongoing change efforts. As changes are introduced, evaluate the impact on the overall portfolio. As changes exit the portfolio, analyse the outcomes and lessons learnt.

and other resources are finite. But when it comes to people's capacity to cope with change we seem to think it's limitless! The term 'change saturation' was coined by Prosci to define the point at which individuals and their organisations cannot absorb or successfully implement any more change. When change saturation has been reached, initiating another change will have a high risk of failure, as well as a negative impact on employee engagement, productivity and retention.

Two-thirds of participants in Prosci's 2009 Best Practices in Change Management Benchmarking Report reported their organisation was nearing or past the point of change saturation. The consequence of change saturation can be seen all around us in organisations:

Project management and change management are key partners in change success. There's a tremendous opportunity for project managers to be the catalysts and leaders in this new field, given their expertise in building program management capability. In some early adopter organisations, the PMO has been reborn into a CMO, led by a CMO director who is a member of the executive team. Project managers and change managers are located in the CMO and work across both business-as-usual and 'project' change. Organisations can thus apply project management and the portfolio approach to all changes and increase success rates by managing the people and project sides of change.

Already, project managers worldwide are building their change management capability through on-the-job involvement and formal training and accreditation. As evidence of this trend, the AIPM has now endorsed change management programs for the professional development of its members. Change is changing, and project managers and change managers have a great opportunity to partner with leaders of organisations to deliver successful change. ♦

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