



# GLOBAL OUTLOOK ON CHANGE MANAGEMENT

The effectiveness of change management practices is becoming more widely recognised worldwide. **Catherine Smithson** summarises some key findings from a global report into change management best practices, revealing they now complement, rather than work separately from, project management activities

**Ten years ago, if you asked an executive or project manager about the role of change management in project success, chances are you would have received a blank look or a joke about tree huggers and teddy bears.**

How change has changed. A new international study into change management by independent research, publishing and training organisation Prosci, reveals change management is now widely accepted as an essential component of project success, in partnership with project management.

Prosci's *2007 Best Practices in Change Management Report* was recently released, marking 10 years of research into what works and what doesn't from the perspective of change practitioners. The report compares findings and tracks trends from the four previous reports (2005, 2003, 2000 and 1998), giving us a unique perspective on this fast-moving field.

Prosci's Best Practices studies are the largest body of knowledge of change management in the world. The five studies cover 1,600 organisations in 59 countries, in a wide range of industries. They address key questions such as the impact of change management on project success, the role of sponsors, managers and supervisors, communication, resistance to change and change saturation.

The *2007 Best Practices Report* covers 426 organisations from 59 countries with participants' roles including change management team leaders, project team leaders and external consultants.

Some of the key insights revealed in the report are highlighted below.

## Does it pay to invest in managing the people side of change?

Study participants provided data that enabled Prosci to analyse the relationship between effective change management practices and meeting project objectives and staying on schedule.

The data showed a significant correlation between applying effective change management and project success. Of the participants who rated their change management practices as excellent, 88 percent reported that projects met their objectives and 72 percent reported that projects finished on time. Conversely, those with poor change management practices only met objectives 17 percent of the time.

This finding supports previous research by McKinsey and Company (2002) and PriceWaterhouseCoopers (2005), which also found strong change management was highly correlated with benefit realisation and project success.

## Top contributors to project success

Active and visible sponsorship was ranked as the number one contributor to change management success—consistent with the four previous reports. This year, sponsorship was cited as a key success factor four times more frequently than any other factor.

According to the study, effective sponsors—generally senior executives who have initiated and commissioned the change—have three key roles. First, they directly communicate to all employees about the need for change and the connection with the organisation's vision and strategy. Second, they influence other managers and key stakeholders to become change leaders and form a sponsorship coalition. Third, they participate actively throughout the life of the project, from inception through to post implementation review, reinforcement and recognition.

The other key contributors to project success were:

- a structured approach;
- frequent and open communication, including a compelling reason for change and a clear connection to the organisation's strategy;
- dedicated change management resources; and
- employee participation in the design of the change.

I believe the experience of many project managers would support this finding. As well as the role sponsors play in the people side of change as listed above, they have a critical role on the technical side of change, driving and supporting project management activities such as defining objectives, scope, timeframes and allocating resources.

### Biggest changes in change management

Change management is evolving rapidly from its origins in communications and training into a holistic approach to manage all aspects of the people side of change. Every year more organisations are hiring change managers, either to build their internal capability or as contractors to join project teams.

Recently I heard that an organisation in the US had appointed a CTO—chief transformation officer—responsible for leading change across the organisation. This is another sign of the times.

One of the major changes in change management identified by the study was a greater recognition of the need for change management among key decision-makers in organisations. People have a better understanding of change management, and the mystery and confusion about its definition and role is being reduced.

Change management is also changing from a collection of ad hoc, informal approaches that vary between change managers, to more structured, formal and consistent approaches, based on a common methodology.

In the 2007 study, 58 percent of participants reported using a formal change management methodology, up from 55 percent in 2005 and 34 percent in 2003. This represents a major step in the maturity of change management practices. It means more consistency in managing the people side of change across an organisation, increased ability to engage and up-skill managers and more opportunities to build expertise in the selected methodology.

This will also come as great relief to project managers who are familiar with the benefits of applying a common language and methodology in their profession and have been unimpressed by the ad hoc nature of managing the people side of change.

The most widely used change management methodologies (in order) were: internally developed approaches, Prosci's ADKAR® model and change management process, consultant-provided approaches, Kotter and Change Works.

Another major trend was the integration of change management with project management, rather than them being separate, disjointed sets of activities. Project managers and change managers are increasingly working in partnership towards the same goal, using different but complementary tools and approaches.

The increasing awareness and application of change management seems to have a downside, however.

Many survey participants said they were concerned change management would become a fad. Others said there were more people calling themselves change managers who did not have the experience and skills required.

This is already a major problem in Australia. Organisations are finding it difficult to hire change managers with the right skill-set. Reasons for this include change management being relatively new, and there are many entry points for practitioners but very few recognised professional development pathways.

This issue is being addressed by the availability of Prosci's change management certification program in Australia and the development of national competency standards for change managers by the Change Management Institute.

### Change management resources

This is the first time the Prosci *Best Practices in Change Management Report* has explored the allocation of resources to change management activities.

It's a timely question, as many organisations are keen to know what resources they should be allocating to change management at the 'business case' stage of projects.

On average, 25 percent of total project resources (measured by full-time equivalent employees) were dedicated to change management activities.

More than 50 percent of people said they were under-resourced with change management, 45 percent said they had adequate resources and only one percent said they had too many resources.

Overall, dollar budgets for change management were linked to the total project budget. Only 16 percent of participants said they did not have a specific budget for change management.

In my experience, change management is not as well resourced in Australia. While there are many organisations that allocate change management resources to major projects, this leading-edge practice is far from the norm. Many organisations are still at level one of change management maturity, using change management inconsistently and reactively—for example, only when there is resistance or other major threats to the success of the change.

Project managers will find many useful insights into the current state of change management worldwide in Prosci's *2007 Best Practices Report* that will help them make the most of change managers on their projects. To quote one study participant: "Change management is being seen as a business imperative and not a 'nice to have'."

For more information on the report, please visit [www.beinghuman.com.au](http://www.beinghuman.com.au) or the Change Management Learning Centre at [www.change-management.com](http://www.change-management.com) ♦

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