ORGANIZATIONAL CHANGE MANAGEMENT AND PROJECTS

Jennifer Graham, MBA, PMP
Managing Director and Consultant
JG&G Consulting Services Inc.

Learning Objectives:

- What is the link between organizational change management, communications and projects

- Determining the need for change management, and the different communications in projects

- Best practices to include change management in projects, as well as communication plans

Description:

This presentation will address the issues relating to project management and the use of sound change management practices as an integral part of their project plan. Change management needs to become part of all projects, as well as an integral part of project team building practices.

Introduction

Why The Need For Change Management And Why Do We Need Strategies?
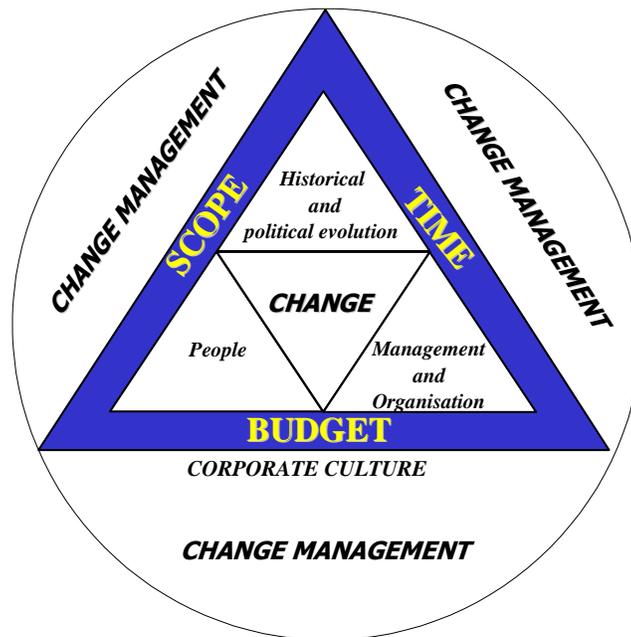
BECAUSE PEOPLE CARE

Figure 1 - ©1994, JG&G – What is Change Management

Categories of Change Management

Change Management can compartmentalise into 3 categories:

1) Then there are the multitudes of small and large changes that come from projects. Many of these changes are in themselves small, and have a tendency to be ignored. However, these changes have a ripple effect, and must be managed as well.

2) Changes can also be triggered by events external to the organization, caused by "the environment". These are changes over which the organization exercises little or no control (e.g., legislation, social and political upheaval, the actions of competitors, shifting economic tides and currents, and so on). Researchers and practitioners alike typically distinguish between a knee-jerk or reactive response and an anticipative or proactive response. Nevertheless, theses changes still need to be managed

3) The management of change refers to changes made in a planned and systematic fashion, in order to effectively better implement new methods and systems in an ongoing organization. Internal changes lie within and are controlled by the organization. These are the large changes such as "downsizing" and "restructurizing" changes that are most common, and which common practices deal with and found in most literature.

Change is the norm

Making it

Getting organized

4

Becoming an Institution

3

5

Launching the venture

2

Life cycle of an organization

6

Closing in

1

7

Dreaming the dream

Dying

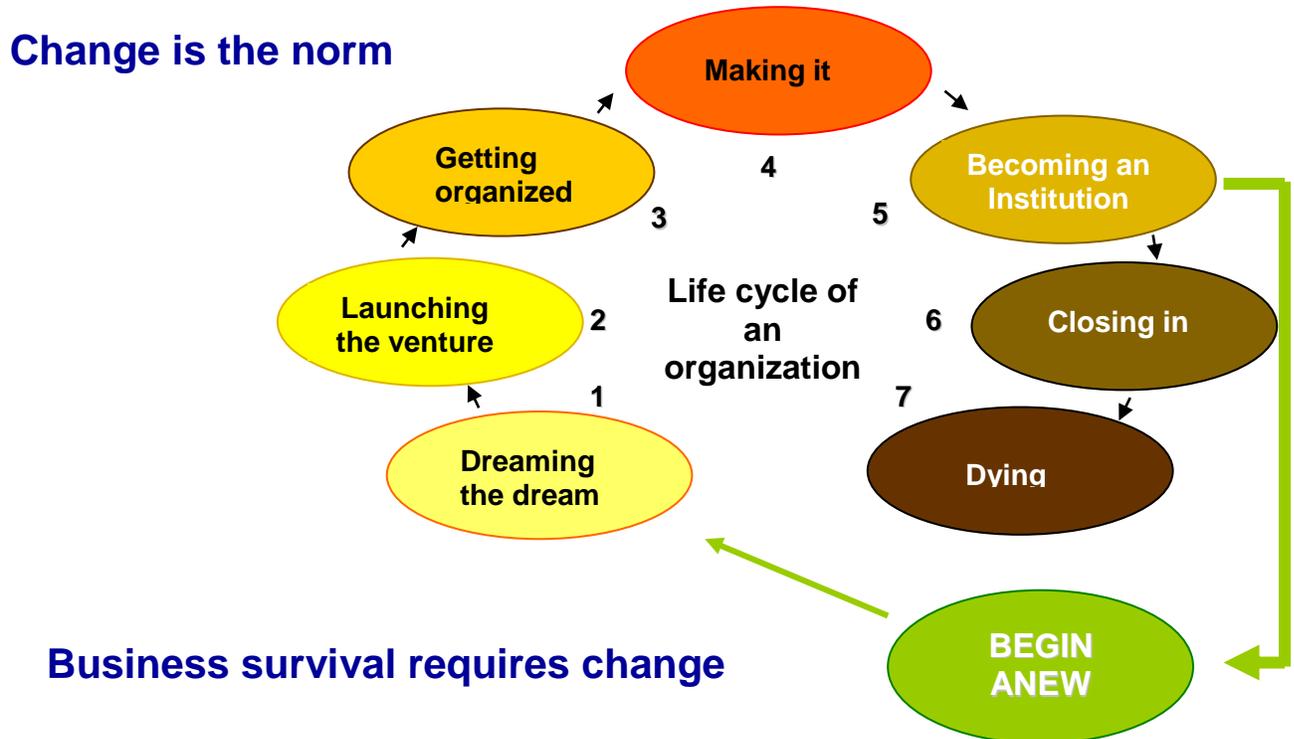## Business survival requires change

BEGIN ANEW

Figure 2 - William Bridges. Managing Transitions. 2003

Change management - a body of knowledge

The body of knowledge refers to the content or subject matter of change management. The body of knowledge refers to the models, methods and techniques, tools, skills, and other forms of knowledge that go into making up any practice.

Change management - an area of professional practice

There are hundreds of independent consultants and numerous small and large consulting firms, who are engaged in planned change, that are change agents, that manage change for their clients, and that specialise in change management practices. In addition, most major management consulting firms have a change management practice area.

Change management experts help clients manage the changes they face, the changes happening to them. Others help clients make changes. Consultants also help by taking on the task of managing the changes that must be made.

In almost all cases, the process of change is treated separately from the specifics of the situation. It is the task of managing this general process of change that is the crux of professional change agents.

Therefore, there are at least three basic definitions of change management:

1. The *categories of change management* (from a reactive or a proactive posture)
2. An *area of professional practice* (with considerable variation among practitioners)
3. A *body of knowledge* (consisting of models, methods, techniques, and other tools)

Change Management and Projects

Change management is a coherent part of the implementation effort as it unifies all implementation services into a single comprehensive solution

The perspectives of change management

Change management can be viewed from two perspectives:

- from those implementing the change, and,

- from the recipients of change.

Your view of change management varies dramatically if you are the executive demanding the change versus the front line employee who may be unsure why a change is even needed.

In many cases at the onset of a new change, neither the executive nor the front-line employee is knowledgeable about managing change. The executives want the change to happen now; the employees are simply doing their job.

It is the project managers, consultants or members of the project team that first learn about the necessity for change management. They are the first to realize the two dimensions of change management: the top-down managers' perspective and the bottom- up employees' perspective.

- **The managers' perspective**

    - Results oriented.

    - They are very aware of the business issues facing the organization and are accountable for the financial performance of the company.

❖ When a change is needed, they require action quickly.

In many cases, executives or senior business leaders must weigh the return on investment of this change as compared to other strategic initiatives in the company.

❖ When can the change be completed?

❖ How much improvement will be realized?

❖ How will this change impact our financial performance?

❖ What is the required investment?

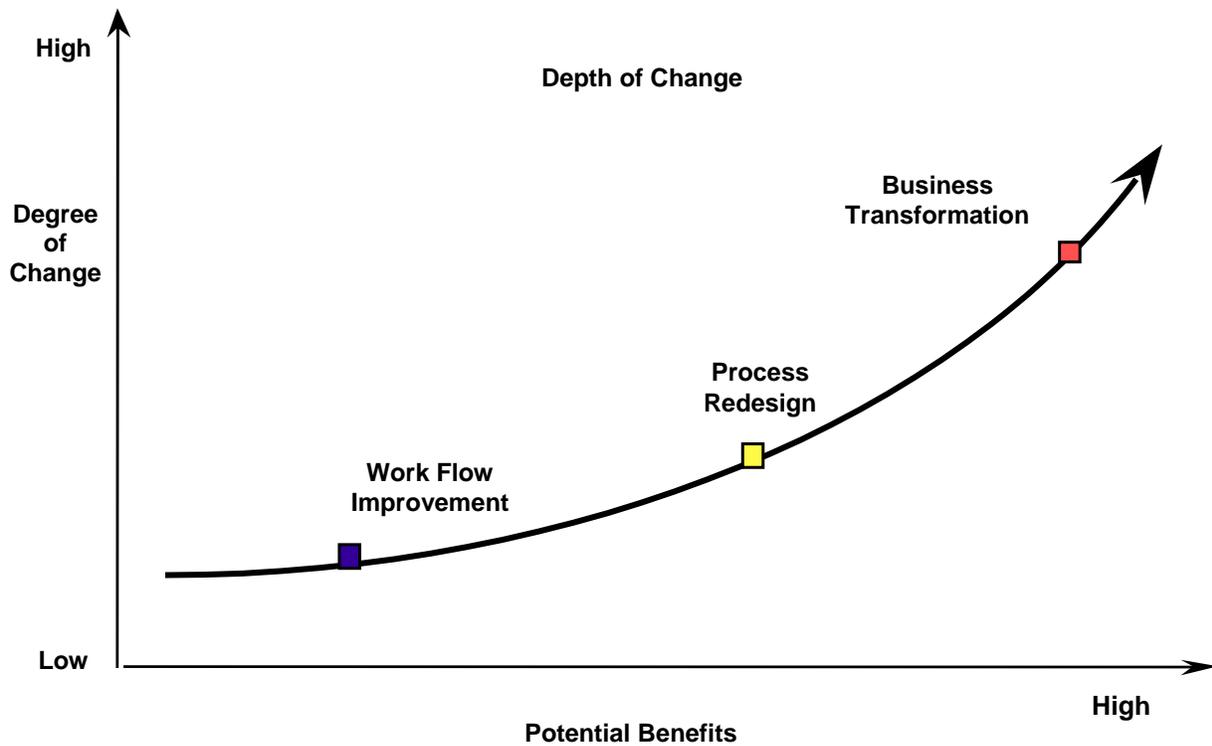❖ How will this change impact our customers?

Setting the Stage

Figure 3 – Process Flow and degree of change

Benefits of managing change

● **To the organization**
   ❖ A common approach to managing change

● **To project management**
   ❖ Reduced risk
   ❖ Greater effectiveness
   ❖ Higher success rate

Project Failures

According to Michael O'Malley (Principal in the information risk management practice at consulting firm KPMG, *KPMG 2000 Global IT Project Survey results*), "it isn't the technology itself that IT projects trip over".

- *Of 256 companies that were surveyed, only 14 percent of all failures can be chalked up to a company's inability to cope with technology.*
- *The other 86 percent owe to some common management woes:*
  - ❖ *improperly defined objectives (17 percent),*
  - ❖ *unfamiliar scope (17 percent),*
  - ❖ *lack of effective communication (20 percent) and,*
  - ❖ *poor project management skills (32 percent).*

Research, from a variety of sources such as PMI, Standish Group, Gartner Group and others (for examples see http://www.it-cortex.com/home.htm), consistently demonstrates that only 16 to 27% of all large IT implementation projects, worldwide, are fully successful in terms of on-time, on-budget, and with the promised features and functionalities.

Approximately 7,500 software projects were surveyed by the Standish Group and reported by Jim Johnson - Chairman, The Standish Group International, in 2000. Results: 1994 = 16%, 1996 = 27%, 1998 = 26%, and in 2000 = 28% success rates.

The Gartner Group is equally pessimistic. According to a 1999 study www.gartmer.com, "through 2002, 75 percent of e-business projects will fail to meet the business objectives, due to fundamental flaws in project planning."

Fortune 500 executives said that resistance was the primary reason changes failed. 80% of CIOs and IT managers from Fortune 500 firms in North America, stated that resistance was the main reason why technology projects failed.

According to Frank Winters, in an article in www.Gantthead.com (2002), *The Top 10 Reasons Projects Fail*, are due to the following:

1. *Inadequately trained and/or inexperienced project managers*
2. ***Failure to set and manage expectations***
3. ***Poor leadership at any and all levels***
4. *Failure to adequately identify, document and track requirements*
5. ***Poor plans and planning processes***
6. *Poor effort estimation*
7. ***Cultural and ethical misalignment***
8. ***Misalignment between the project team and the business or other organization it serves***
9. *Inadequate or misused methods*
10. ***Inadequate communication, including progress tracking and reporting.***

Out of these, the highlighted in bold items are due directly to poor change management practices, that is more than half. To reduce project failures and to mitigate risks, change management should include the following:

- Having a clear understanding of roles and responsibilities,
- The necessity of leadership, change champions and change agents,
- Including change management strategies in project plans
- Management of all stakeholders, including project team members,
- Understanding the corporate culture, drivers and strategies, and
- Appropriate and timely Communications throughout the project's life cycles.

If we take a look at the following table, the failure factors are similar, and the strategy would be the same.

FAILURE FACTOR	EXTERNAL	INTERNAL
Clarity/Accuracy of Goals	✓	
Organizational Support	✓	
People Management		✓
Planning & Control		✓
Requirements/Specs	✓	
Resource Allocation	✓	
Scope Creep	✓	
Techniques/Methods		✓
Technology	✓	
User/Potential Ally Input	✓	

Figure 4 - Adapted from Robert Block, *The Politics of Projects*

Failure can be prevented with good practices in:

- Project Management
- Change Management
- Communication Practices

Change Management Roles

- A role may be held by more than one person
- Change roles may overlap
- Mapping roles helps to clarify relationships

Initiating Sponsor(s)	Has the power to initiate and legitimize the change for all the affected targets
Sustaining Sponsor(s)	Has political and supervisory proximity to the targets
Change Agent(s)	Has responsibility for implementing the change(s)
Advocate(s)	Want to achieve change but need to enroll sponsors and change agents to achieve results
Targets	Must actually change something they do

Sustaining Sponsor Role

- Communicate change priorities and resource allocations.
- Clarify roles in the change process.

- Establish commitment and educate change agents.
- Ensure the use of synergistic approaches in order to support and implement change effectively.
- Provide the appropriate resources – logistical, financial and political – necessary to carry out a change project.
- Assess and plan for the level of resistance and support expected from those affected by the change.
- Use and reinforce effective change management skills throughout the change process.

Change Agent Role

- Clarify and develop role responsibilities with key players.
- Assess your own skills and abilities as a change agent on an ongoing basis. Use this information to talk with sponsor(s) about your role and to further develop your skills.
- Assess the change project and, later, prepare an implementation plan. Be sure that you have communicated this plan to your sponsor(s) and that it has been agreed upon ahead of time.
- Implement and follow through on your plan. Educate and gain commitment from Impacted Stakeholders.
- Facilitate ongoing feedback from Impacted Stakeholders and sponsors regarding progress and potential or real problems related to the change effort.
- Provide all necessary resources and support.
- Identify and manage resistance.

Advocate Role

- Define what you want to change and create criteria to measure success.
- Identify key Impacted Stakeholders who must accommodate the change.
- Clarify your role and the desired roles of others. Identify and educate others who must support the change and gain their commitment.
- Evaluate the required and the current skill level for managing change for each of the key players or groups. Provide appropriate resources and support.
- Utilize synergy and effective change management skills.

Impacted Stakeholder Role

- Find out the reasons for change
- Discuss your questions or concerns about the change with appropriate advocate(s), agent(s) and sponsor(s).
- Gain clarity about what is expected of you, how the change may affect your role(s), and any consequent management structure that may affect you.
- How will the dynamics be affected by the change? Will you be able to influence change? How can you contribute to a synergistic process?
- Control your attitude – look at the glass as half full.
- Look for the opportunities the change presents for you.
- Take some ownership of the change

Important Components of Executive Sponsorship

- **How is their involvement in the change going to help get business results?**

- **How will their lack of involvement hinder the change implementation?**

  - ❖ **Awareness** - does the executive understand their role as a sponsor of change?
  - ❖ **Desire** - does the executive understand the importance sponsorship plays in making a change successful and have the desire to act in this role?
  - ❖ **Knowledge** - does the executive know what steps and actions are required to support the change as an executive sponsor?

❖ **Ability** - can the executive actually perform these steps? Can the team provide the necessary guidance to ensure this ability?
❖ **Reinforcement** - what is being done to ensure that the executive maintains the role of "active and visible" sponsor throughout the change?

Assessing Change

🔴 Many Projects require people to change work habits
🔴 Most projects require customers to change the way they do things.
🔴 Research tells us that successful change projects pay close attention to managing the people side of change.
🔴 The project manager's effectiveness in enrolling and engaging stakeholders in the change process is a key project success factor.

In her article, *Secrets to Organizational Change Management Communication Strategy,* (www.Gantthead.com, 2003) Vyom Bhuta states, "*we need to enhance the competency of project teams so they can function effectively in an environment characterized by constant change.*"

The objectives of the Change Management Strategy should be to:
- *Build acceptance and ownership of the system across the organization and business units.*
- *Build commitment to the system*
- *Sell the benefits of the system*
- *Manage user expectations and information needs*
- *Provide information on available support and resources*
- *Provide information about the system to impacted audiences and obtain their input*
- *Reduce uncertainty and fear of new technology and processes*
- *Develop a framework to coordinate all communication efforts*
- *Ensure that consistent messages are delivered to stakeholders at all levels and that decisions, events and activities are communicated in a timely manner*
- *Make communications an integral part of the project team's daily activities*
- *Prepare employees to communicate project information to line leaders*

As we can infer, communications and management of all shareholder expectations are integral to a solid change management strategy and project success.

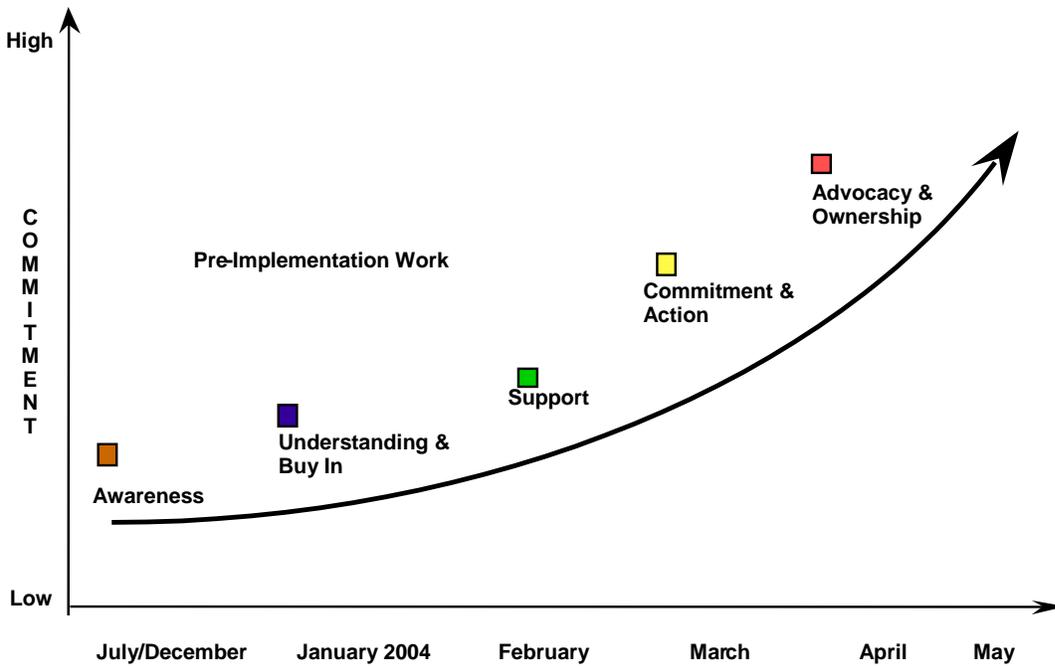## STAGES FOR BUILDING PERSONAL COMMITMENT TO CHANGE

Figure 5 - **Example of an Implementation Schedule**

There are many similar models referring to the stages of change management and acceptance. The importance is in acknowledging the fact that there are stages, and to address them in our project plans.
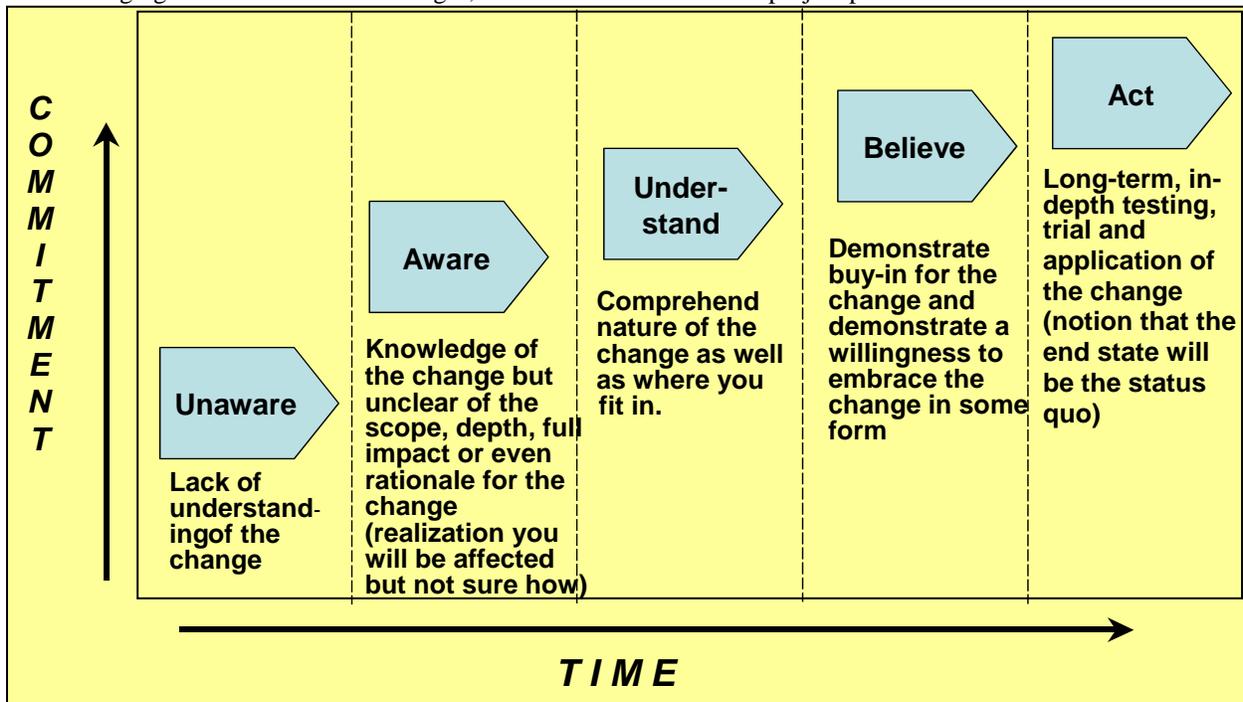

Figure 6 – **Stages of Commitment over Time**

Impacts and questions that need to be addressed throughout your project

Figure 7 – The unknown, the challenges, and **What's in it for Me? (WIIFM)**

A Change Management Plan does not:

- Determine what should be changed

Change Management Plan does:

- Identify tactics to manage the change management risk factors
- Establish temporary change management infrastructure including team and line management roles
- Integrate with the technical plan

Keep in mind that your project in itself may not have a great impact, but all the projects put together have continual and ripple effects and impact the organizations.

What we really need to incorporate in our strategies and project plans, is not only good practices in managing the changes we engender, but primarily managing people's fear of the unknown.

References

Block, Robert (1983), *The Politics of Projects.* Yourdon Publishing.

Bridges, William (2003), *Managing Transitions.* MA: Perseus Publishing.

Cohen, Allan R. and Bradford, David L. (1990), *Influence without Authority.* John Wiley & Sons.

Daryl R. Conner (1993), *Managing at the Speed of Change.* Toronto: Random House of Canada Ltd.

Costello, Sheila (1994), *Managing Change in the Workplace.* UK: McGraw-Hill Companies.

Fisher, Roger et al. (1991), *Getting to Yes.* New York: Penguin USA.

Gantthead – Bhuta, Vyom (2003), *Secrets to Organizational Change Management Communication Strategy.* http://www.gantthead.com/article.cfm?ID=147229

Gantthead – Winters, Frank (2002), *The Top Ten Reasons Projects Fail.* http://www.gantthead.com/article.cfm?ID=147229

Gartner Group – Roberts, P. John, Jonathan Furlonger (2000). *Successful IS Project Management.* www.gartner.com.

Graham, Jennifer (1994 - 2005), *Change Management Diagram.* Montreal, Toronto: Workshops, Seminars and Presentations.

Graham, Jennifer, *Organizational Change Management – The Key to Successful Projects – The 7 Step Approach*, Toronto: June 2016

Harrington, H. James and Daryl R. Conner, Nicholas F. Horney (2000), *Project Change Management.* Toronto: McGraw-Hill.

Kanter, Rosabeth Moss (1997), *Change Masters.* New York: Simon & Schuster.

Kotter, John P. (1996), *Leading Change.* Boston: Harvard Business School Press.

Kotter, John P. (1985), *Power and Influence: Beyond Formal Authority.* Free Press.

KPMG - O'Malley, Michael (2001), *Global Survey results for IT projects in 2000.* www.kpmg.com.

Peters, Thomas J and Robert H Waterman, Jr. (1982), *MCKINSEY'S 7S FRAMEWORK' from In Search Of Excellence: Lessons From America's Best-Run Companies.* Harper Collins.

Rye, Colin (2001), *Change management, the 5-step action kit.* London: Kogan Page, Revised edition.

Standish Group International, Inc. (2000). *Extreme Chaos.* http://www.standishgroup.com/sample_research/PDFpages/extreme_chaos.pdf

Thorp, John & Fujitsu Consulting's Centre for Strategic Leadership (2003), *The Information Paradox.* Toronto: McGraw-Hill Ryerson.