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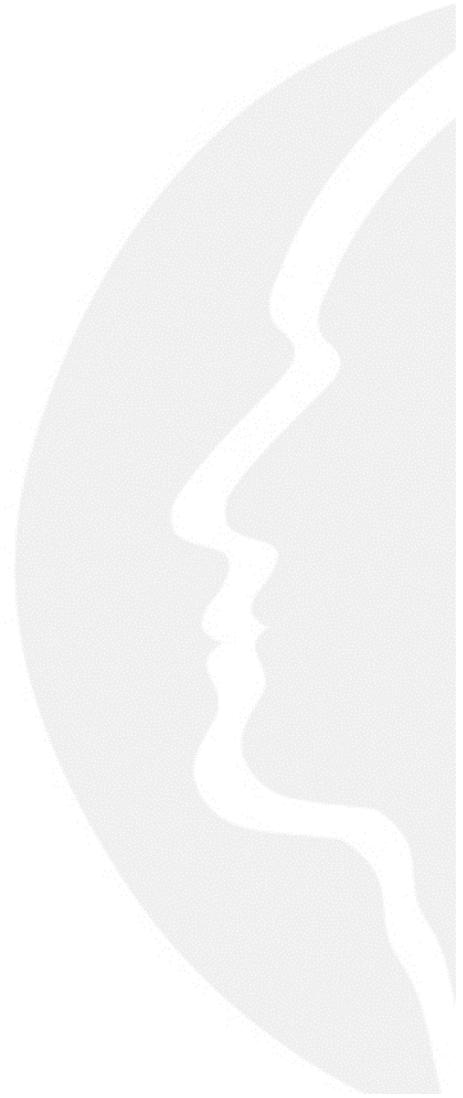
redefining the management of change

Don't put rabbits in charge of the lettuce patch!

Successfully delivering large scale business transformation

DAV Management Limited

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Don't put rabbits in charge of the lettuce patch!

Today, change is the accepted norm but it is sometimes hard to get organisational change implemented in a way that leads to positive business outcomes. In this paper we explore the issues that face those of us involved in the planning and delivering of complex business change programmes, which have people at the heart of their success.

1. Out with the old?

When Beatrix Potter's classic book 'The Tale Of Peter Rabbit' appeared in 1901, it provided a beautiful illustration of the challenge of changing ingrained natural behaviour (in Peter's case, his inability to ignore his desire to visit Mr McGregor's vegetable patch!) even when there is a good reason to do so. In today's change-driven world, the intricacies involved in managing teams and gaining commitment to new ways of thinking and behaving are not so very different.

Change is defined as 'making or becoming different', yet human beings by their very nature tend to be creatures of habit. As a general rule (a bit like Peter Rabbit!), we feel comfortable with what we know ... we show a preference for doing more of the same ... we incline towards activities that don't stretch us too far outside our comfort zones. So, it's little wonder that the challenge of delivering a strategic business change programme that has the potential to radically transform an organisation, can feel like picking your way across a minefield - especially when it involves persuading individuals to change their preferred ways of working.

In such situations, when it's hard to be precise about the obstacles and risks that lay ahead, it can be very tempting to reach for the change consultancy directory and sign up the first available team! However, while there are many great organisations capable of offering very good change management guidance, if you want to get optimum performance from your internal team (after all, these are the people who will be responsible for the long-term success of your change programme) there are a number of factors that you should first consider. In essence, there are some straight forward ground rules for ensuring the effective delivery of any change management programme - namely that you have the right people in key leadership roles, appropriate and dedicated resources from the business and a clear set of objectives that everyone can sign-up to. This paper addresses some of the key steps you can take to meet that goal.

2. Assessing the appetite and competency for change

A [recent survey](#) found that 68% of marketers feel their role has changed more in the last two years than the previous 50! It's hard to believe now that 10 years ago nobody had heard of the cloud, the iPhone didn't exist and 25 years ago most people didn't have an email address.

In fast-moving industries the enticement of market leadership and the threat of competitive attack are two key triggers for business innovation and change. Yet, market dominance is as much about having people on board with the competencies and skills to imagine (and then deliver against) an unproven vision of the future, as it is about being able to cost-effectively meet customer needs today. But playing the change game well is a stiff challenge for those with a strong preference for habit, convention and routine.

Take Tesco as an example, in just 13 years profits grew more than four-and-a-half times to £3.4 billion in 2010 and it boasted an incredible 30.5 per cent share of the grocery market. However, just 5 years later it posted a disastrous £6.4bn loss, the largest ever by a UK retailer. Against a backdrop of the most disastrous performance in the company's 95 year history, it's not hard to see how managers would have come under pressure to make decisions that can now clearly be seen as being wrong for the business.

Tesco is not alone, there are other examples that are well reported in the press. For example, the problems experienced at Balfour Beatty's construction arm. The swift unravelling of the 109-year old company shocked the City and, after a series of profit warnings caused by an unanticipated spike in costs in its UK construction business, Balfour's chief executive has since been replaced.

People - and their decisions - are at the heart of nearly every programme of innovation or change. A fact which means it's essential to be very clear about the goals that your programme is trying to reach and the team skills and competencies that are likely to be involved in getting there - before you begin. For example, if the needs of your business can be met by undertaking a well defined and highly structured project, then a knowledgeable, high performing internal team, carefully managed by a results oriented team leader is likely to deliver acceptable results. But, if you are looking to inspire (and then execute against) a programme of far-reaching transformation that offers a radically fresh view of your industry, your organisation, and/or the services you provide, you may well be better served by an external team who can integrate with and provide leadership to your internal team -challenging your thinking in a constructive manner, but without feeling constrained by the organisation's current culture, or service norms.

Grappling with the unknown is always a tricky challenge, so assessing the level of stretch that your change management programme or project is likely to require is a critical first step. Some of the questions you might like to ask include:

- What's driving our business imperative for change?
- How strong is the competitive threat that we face?
- How well will our needs be met by using a strategy of incremental change?
- To what extent do we need to radically re-invent our business model?
- What kind of skills are we likely to need in order to deliver against our vision?
- To what degree do the competencies of our current team fulfil this skill requirement?
- How will the change process be managed?

3. Balancing motivation and capability

Once you have begun to get a handle on the extent of the change that your business requires and the likely competencies and experience that your team will need, you will be in a good position to start to make decisions about the level of external support that you might want to secure. But, before you rush to bring in a third party provider, here's a second issue to consider. Human nature dictates that most people have an innate desire to want to succeed, but that they tend to be far more willing to take a risk (albeit a considered one) on something that doesn't affect them directly ... and far more conservative on something that does! Given this, it can be easy to see why an experienced external team might have an inclination to over-emphasise the potential benefits of a programme of change, and why an internal team might be tempted to over-state the risks. To be successful you'll need to be able to make an accurate assessment of the likely full scope of the changes you are considering and understand how the probable motivations, preferences, and capabilities of an internal or external team might influence the results.

In the case of most business change programmes there will be a multitude of uncertainties and unknowns that have to be addressed - some of which may well be best met by teams who know your business well - and some by teams able to offer a fresh perspective. A good way to work out how to allocate programme responsibilities is to start by getting clear about what is (and what isn't) your organisation's core business. For example, change initiatives are usually of a highly strategic nature with clear, quantifiable outcomes, but they rarely involve the management skills that an organisation's business and/or IT team typically needs (and has been recruited to provide) on a day-to-day basis. The extent of the change required, the level of programme risks involved, and the outcomes your programme must deliver should influence your decision-making when it comes to allocating internal and external team responsibilities; think of it as assigning roles according to best long-term competency fit for your organisation by applying the very same instinct that would tell you not to put rabbits in charge of the lettuce patch!

Business-change programmes tend to happen once in a management generation, so unless you are very lucky, it is likely that you will need to bring in specialist management expertise to lead, support and complement the in-house skills and knowledge of your team. Given this, it's important to understand the advantages (and disadvantages!) of the different options for external change management support.

- The first option is to rely on an external solution provider to supply the specialist expertise necessary to manage delivery of the programme. While this is not uncommon and may be suitable in some circumstances, it's important to remember that a supplier's programme manager may well have a different set of priorities to you. They will always be inclined to look after the interests of their own organisation first, so you will need to manage this closely from the outset if you want to guard against problems further down the track.



- The second option is to appoint a large and extremely experienced external change consultancy that has 'been there, seen and done it all before'. This will be beneficial if you are looking for expert advice and guidance as these teams will have gained 'their stripes' after consulting successfully on a wide range of complex programmes and projects. However, it is not unknown for consultancies of this type to use seasoned professionals to advise and then less experienced teams to implement - and are often under pressure to bring in more people or extend projects and programmes in order to maximise revenues. If this is the route you choose, make sure you specify named resources and satisfy yourself that the consultancy is truly signed up to your objectives and genuinely happy to work in a 'client-side' role ... in other words guarding your lettuces rather than eating them!
- The third option is to bring in an (or a team of) independent contractor(s) to support various aspects of your change management programme. This can be a good option if you have been able to define specific roles and responsibilities that you want a specialist to provide. That said, you will also need to be aware of the limitations that might be associated with bringing in freelance resources. And if you take these without some kind of service provision wrapper, you'll need to be prepared to allocate the overhead required to manage these resources. Careful planning, management and programme documentation will be needed if you want to guard against potential attrition and/or succession problems. You'll also need to be clear on the remedies available to you should the independent contractor not perform to the standard required.
- The final option is to partner with a smaller consulting firm of highly experienced independent change management specialists; people who are recognised as trusted advisors *and* seasoned practitioners who have gained their credibility by sitting on your side of the table, bringing together all pieces of the strategy and implementation jigsaw. These are people with grit and determination, capable of leading and delivering your change programme. This option provides a well-balanced solution, adding independent expertise to your in-house team but with the added advantage of a 'service wraparound' that can deliver extra value and support where required. Remember though, that while this kind of team will be more than qualified to manage all aspects of the programme on your behalf (from initial scoping and analysis through to implementation and handover), they will need your time and involvement to make sure that they fully understand your business objectives and culture in order to transform your vision into tactical actions via a structured programme of change.

By taking an objective approach that is based on the long-term goals of your business, you'll be able to make an informed and impartial decision about ideal change management roles and responsibilities, and ensure that your sourcing decisions will deliver in favour of your organisation's best interests.

Typical questions that might help your decision-making at this stage are:

- What is the honest assessment of our current internal team?
- What benefits and challenges would a specialist, third-party partner bring?

- What are the internal/external team motivations and preferences that we should consider?
- What's our realistic assessment of the likely risks involved and how might these be countered?
- Do I recruit specialist expertise and risk future underutilised fixed cost?
- How do I ensure that my interests are being truly looked after - with no hidden agendas?

4. Transforming strategy into action

Major change tends to be driven by one of three key motives: profit, competitive positioning or regulatory requirements. However, while it's often easy to be clear about the strategic business goals that your change programme must deliver, many organisations don't consider the steps they must take to ensure that the full benefits of the programme are realised.

If, like many organisations delivering a business change programme you decide to bring in external support, finding ways to scope out a clear return-on-investment path will be critical. So, the final stage in managing your way through the people side of change management is to pinpoint the long-term implications of your programme and use this information to make decisions about the most effective strategies for knowledge transfer.

Questions that you might like to ask include:

- How will we measure the long-term success of our change management programme?
- How might we quantify the Return on Investment we expect to see?
- How will we continue to drive the on-going realisation of business benefits, following completion and close down of the implementation programme?
- What competencies will we need to achieve this and where are the skill gaps?
- How might we address these?
- Is knowledge transfer and succession planning clearly evidenced in the approach and track record of the external specialists we are considering?

Once this is done you'll be able to design and implement a credible plan for consolidating the knowledge and skills of the external consultants that you use, which ensures that your internal team has all the information they need to continue executing against your programme right through to (and beyond) final ROI delivery stage. Peter Rabbit found out about the challenge of adopting new habits of thinking and behaving the hard way ... the good news is you don't have to!