Change Management

The essentials of an effective strategy

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Truth is stranger than fiction

DAV works with a large number of clients who are faced with the need for change in their businesses in order to thrive (and in some cases survive). What never fails to surprise is the extent to which many are prepared to launch into such an exercise without adopting a suitable approach. We've written before on the phenomenon where senior management assume that change will happen simply because it is desired and that it can be delivered by people in the organisation who are already maxed out trying to keep the wheel on the operational waggon. DAV's Managing Director, Charlie Mayes, refers to this as *management by osmosis*. It simply doesn't happen. The best result is that the organisation muddles through and manages to deliver something that resembles change but falls well short of the original aspirations. It will cost more, take longer to deliver and realise only a fraction of the benefits that were on the table in the first place. It will also burn a lot of good people along the way. Yet this scenario is so common in some organisations that 'muddling through ' has almost become a methodology in its own right. Sad but true. It's hard to get one's head around this, it's just so counter-intuitive. Why would you launch into something so complex, that will have such a profound effect on your business operations and future performance, without taking the appropriate steps. Is this a behaviour that is reserved purely for change programmes, or is it indicative of an organisation's more widespread culture? If so, the chances are it's permeated from the top and a look inside the organisation may well reveal thinly veiled chaos.   In reality, the answer to this probably lies in a combination of inexperience, naivety and the innate desire of management to minimise costs.

The good news is that it doesn't need to be this way. For sure, one has to appreciate the pace of business today and the pressure to do more with less and more quickly, but when faced with the need for change, there are some practical steps that can be taken to stack the odds of success in your favour and, as we argued in an article published a little while ago, it pays dividends to *make haste slowly* at the outset of a change programme. Other essential factors that contribute to the successful delivery of change are addressed in similar DAV publications and you can access these by clicking on the relevant links below.

Why right first-time matters

The importance of executive sponsorship

When things do go wrong, one of the most recognisable symptoms is an ever-widening divide between the technology and business change workstreams. The reasons for this vary from programme to programme, but typically the underlying problem is a *lack of engagement* on behalf of the business, often 'facilitated' by poor communication and underpowered programme management. Closer scrutiny can reveal a failure to proactively develop a practical change management strategy as part of the programme, so there is no working mechanism to ensure that new technology deployed as part of the programme can be fully exploited. Bizarre as this may seem, DAV has witnessed one client spend large sums of money to deploy a Tier 1 ERP solution without putting in place a strategy to change their working practices.

Instead they chose to build convoluted workarounds (often in Excel) to retain their old ways of working. Result: substantial cost, minimal benefit and a higher rate of incremental spend to put it right later.

Investing time to develop a cogent change management strategy, that can flex and evolve with the programme, will help protect your organisation from the aforementioned scenario and pay for itself many times over. So, what are some of the principle elements to think about in preparing your strategy?

1. Adopt the right approach

Change management should form a key project within any transformational programme, with day-to-day responsibility delegated to a dedicated Change Management Group (CMG), operating to clear Terms of Reference. As a guiding principle, it is better to minimise the extent to which external change management capability is deployed within this group, so that nominated change leaders in the business can take control of change activities internally, under direction from the established core programme management team. In this way, changes will be implemented by empowered people from within the business, which will help to create a sense of ownership and facilitate those changes becoming embedded in the business.

2. Put stakeholder communication at the heart of your strategy

Anyone reading this far will, no doubt, be equally on board with the need to complete a thorough stakeholder analysis. In which case, it's probable that a baseline analysis was conducted during the programme's genesis. Build out the detail of what will be communicated, how and when it will be delivered and by whom. The communication process needs to run like a well-oiled machine, issuing regular updates to inform on progress, providing a recognisable conduit for feedback from those involved/impacted and, crucially, ensuring sustained stakeholder engagement.

3. Plan for a meaningful impact assessment

In today's environment, the advent of cloud computing has made it easier than ever for businesses to opt for the implementation of a single technology solution that is fit for purpose across its business operations. It's also increasingly common for those businesses to specify the absolute minimum of variation to 'out of the box', 'vanilla' functionality and processes. Sometimes this is easier said than done, but it's a laudable aim. Given this, a critical feature of the change management strategy will be to assess the impact of the functionality and process flows supported by the chosen solution. This will establish the degree to which process flows will fit the organisation, where the major gaps occur between 'as-is' and 'to be' processes and whether there will be a need for any organisational changes to leverage potential operational efficiencies. It will also identify workarounds that may be required in the short to medium term and, importantly, help to set the scope and scale of the training requirement as a feed into the training plan.

4. Be serious about the realisation of benefits

Whatever the nature of your programme, the truth is that, in itself, it will only deliver the capability for your organisation to transform how it operates, but this is just a means to an end. The 'end' will be the realisation of the business benefits that are enabled by the capability and it is important to recognise that many of the benefits anticipated may only be realised in the longer term. It's not uncommon for organisations to lose impetus in securing these longer-term benefits and, since these are often the most substantive, it is important to establish a benefit tracking and realisation workstream under ownership of the CMG. And, given the likely realisation timescales, plan for the workstream to continue beyond the end of the formal programme.

For many organisations, it will be the human factor that is likely to present the most challenge in creating a 'real-world' benefits realisation plan. People rarely like to be pinned down to specifics, but accountability is everything here. Identify where in the business each benefit will be realised and establish clear ownership and commitment to making it happen. It helps to express benefits in the 'owners' terms and avoid ambiguity when it comes to measuring these. Ensuring that those accountable understand that the realisation of benefits will be subject to senior management review, as part of the programme's governance, will also help to focus peoples' minds. That said, be receptive to changing circumstances and remain open to modifying benefits accordingly.

5. Do justice to the need for appropriate training.

Change programmes represent a substantial investment for all organisations and any new technology solution will be an important enabler in delivering the outcomes and benefits that justify this investment. However, the bottom line benefits will not be realised unless the business is able to use the new solution to its fullest extent. It's therefore critical to understand the training needs early in the programme to define a training plan that is appropriate and can be scaled in a consistent manner across the organisation. Be realistic about the timescales for training and don't assume it's something that can be squeezed late into the programme – leverage the impact assessment to outline training requirements at an early stage and use this to develop a fuller needs assessment.

Determine the right delivery structure and format based on the needs assessment and consider conducting a pilot to test this, identifying issues that can be ironed out ahead of the full training roll-out. Plan the training schedule and list of attendees as soon as possible to integrate with the operational calendar for each area of the organisation involved and get the right facilities in place – these are typically more troublesome to set up and schedule than might be imagined, so again, make the arrangements as early as possible.

6. Is the business ready for change?

After all the hard work, angst and uncertainty you arrive at the moment of truth. This is the sharp end of the programme, where anything that's been overlooked or poorly managed in the change process, could result in delay, meaning more cost and deferred benefits realisation.

To mitigate this risk, it's imperative that a detailed implementation/cutover plan is created. This will form a central point of reference to ensure that all user testing, training, process definition and business readiness activities are completed in a controlled and co-ordinated way. Crucially, it will identify critical checkpoints and key 'go/no go' decision gates, at which continued implementation activity will require formal approval from the programme's governing body.

Cutover planning begins earlier in a programme than might be imagined and it's important to build in time to develop the plan holistically and phased in line with your implementation priorities. Plan the cutover for each of these as a transition phase leading up to cutover point, rather than just a 1 or 2 day activity and use the weeks leading up to the cutover point to lock down critical aspects like data migration, interfaces, system performance and process compliance. Make sure there is clear accountability across all the main programme areas engaged and above all, avoid back-ending the planning and execution of cutover – it's not an aspect that can be squeezed to reclaim time in a programme lost to other delays. Cutover can be inherently stressful at the best of times and going into it in an inadequately planned or haphazard way is simply asking for trouble.

Develop an active management mechanism for the rapid identification of operational and performance issues, particularly leading up to the cutover point and in the immediate aftermath, whilst the new system and processes are being stabilised. And, because things still can and will go wrong, prepare resilient contingency plans that specify the actions to be taken during and after cutover to ensure that business operations can still function if systems or processes fail and cannot be rolled back.

Keep the communication coming throughout cutover, with a major focus on key tasks, timetable and outcomes and, finally, be visible in policing compliance with new processes – mobilise your change advocates to challenge any regression towards old ways of working. As an extension to this, experience shows that retaining a small business support team will enable continued assessment of business process performance and facilitate continuous improvement of the operation. These are significant wins and will help to ensure that the longer-term benefits of change are fully realised following closure of the formal programme.

7. In conclusion

Developing a working strategy for the management of change is one of the primary elements in the successful delivery of any transformation programme. It must be integrated and aligned with other workstream projects under the governance and control of the core management team, but it is the project that has the greatest day-to-day contact with the business and it's here where most programmes succeed or fail. Adopting the right approach and achieving sustained engagement with your business throughout the change process will dramatically improve your chances of delivering the outcomes and benefits upon which the original investment was justified. It is DAV's hope that the guidelines outlined in this briefing paper prove helpful to those seeking to reach this happy position.