

Organisational Change Management

Projects undoubtedly cause change! After the project delivers its deliverables there is a 'new or improved thing' – a new building, application, process, upgraded software or maintained plant/equipment – and a group of stakeholders need to make use of this 'new thing' to generate the value expected by the organisation as a result of undertaking or commissioning the project. The project management challenge is creating the optimum 'new thing'; the *change challenge* is getting the necessary buy-in from the affected stakeholders to make effective use of the project's deliverables so as to allow the generation of the expected value for the organisation.

As a start, the only point of undertaking a project or program is to realise some form of value. Benefit realisation! To realise value, three elements need to be brought together:

1. There needs to be a new product or process created (an artefact);
2. People need to make effective use of the artefact to deliver an improved service or process;
3. The service or process as delivered needs to be accepted and used in the 'market' or by the organisation.

The role of Strategic management and Portfolio management¹ is to determine what services are likely to be accepted or needed by the market; a new shopping centre, an improved insurance package or simply a more efficient process to deliver information. These decisions will depend on the objectives of the organisation.

From this foundation, the generally accepted role of project management is to create a unique product, service or result (an output) and the role of program management² is to manage a group of related projects to achieve an outcome more efficiently than if the projects had been managed in isolation. However, neither of these processes achieves real value in themselves! The realisation of sustained value is achieved by the organisation using the program's outcome effectively over many months or years. The role of change management is to plan and implement a deliberate set of activities that facilitate and support the success of individual and organizational change and the realisation of the intended benefits.

Unfortunately this is much harder to achieve than it first appears and most change management programs fail. In large organisations, the success rate of even the most carefully planned and well-funded programs is somewhere around 20-30 per cent. In 1995, one of the world's leading management thinkers, former Harvard Business School professor John Kotter found that 70 per cent of change management programs failed. According to the consultants at McKinsey, that still holds true and the success rate is still just 30 per cent.

McKinsey have identified several reasons for this high failure rate:

- A lack of commitment and alignment; what motivates management does not necessarily motivate employees.
- Employees will resist if they feel the changes violate notions of fairness and justice.
- A lack of involvement, when employees themselves are involved in developing the change process, they are more committed to the outcome by a factor of almost five to one.

Other reasons change management programs fail include a lack of knowledge, lack of skills, hidden conflicts in organisations working against the change and the organisation's culture resisting change.

¹ For more on *Portfolio Management* see: http://www.mosaicprojects.com.au/WhitePapers/WP1017_Portfolios.pdf

² For more on *Program Management* see: http://www.mosaicprojects.com.au/WhitePapers/WP1076_Program_Management.pdf

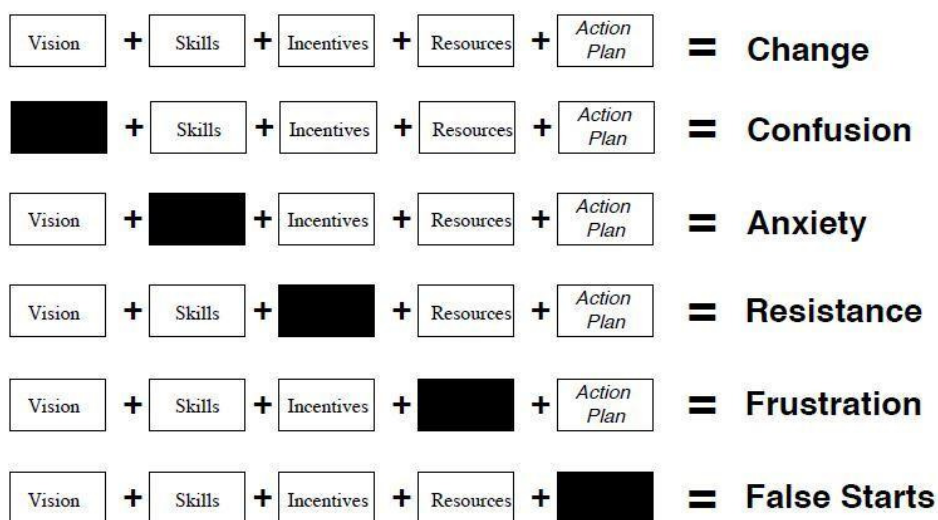


For change management to work effectively there needs to be total buy-in and alignment of all senior management, and the change has to be seen, and believed, to add value and create a competitive advantage³. If the change is risky, consider running a pilot project and evaluating the results to identify any necessary adjustments before rolling out the full project.

To sell the change to reluctant employees and other stakeholders who may perceive they will be negatively impacted, it's important to explain the benefits and make people understand the costs of not changing. It is important to be inclusive and to talk to everyone who will be affected, including customers and suppliers.

The change leaders need to communicate clearly and often across the full stakeholder community and generate a feeling of optimism by networking, coaching and managing stakeholders' uncertainty; highlighting examples of successful change carried out in the past by the organisation or by competitors. And it goes without saying that they will have to identify any hidden conflicts that stop the change from happening, and identify any unwritten rules in the organisation's culture that could kill the initiative.

Managing Complex Change



Adapted from Knoster, T., Villa R., & Thousand, J. (2000). A framework for thinking about systems change. In R. villa & J. Thousand (Eds.), Restructuring for caring and effective education: Piecing the puzzle together (pp. 93-128). Baltimore: Paul H. Brookes Publishing Co.

Whilst communication to create alignment is essential it is only one of the components needed to implement a successful change:

- Vision - understanding the need, the end state and the value proposition.
- Skills - communication and change management skills in addition to project management skills are needed.
- Incentives - a key element in the communication has to be the benefits to stakeholders and affected workers.
- Resources - the right people with the right skills and the time to implement the change and make it stick!
- Action plan - the overarching change implementation plan needs to be developed and maintained.

These aspects are discussed below.

³ This requires an **effective explanation** of the concepts, see: http://www.mosaicprojects.com.au/WhitePapers/WP1090_Effective_Explanations.pdf

Creating Value⁴

As mentioned above, the only reason for undertaking a project or program is to create value through the realisation of benefits. Some projects generate significant intangible benefits such as reduced risk, enhanced prestige or in the case of regulatory requirements, the simple ability to keep trading; others are focused on generating a positive financial return, most generate a combination of financial and intangible returns. However, regardless of its form, the only purpose of undertaking any business activity is to create value; if undertaking the work destroys value the activity should not be started!

An early focus on value requires a thorough due diligence process that includes putting the proposed change initiative through a rigorous set of risk/reward and cost/benefit analyses. Risks need to be clearly identified and detailed risk management provisions developed that contain sound contingency and exit planning (it is impossible to remove risk, what's needed is a pragmatic approach to managing risk!). The change also needs to be measurable. Every change program needs to contain deliverables, benchmarks and deadlines directly linked to achieving the intended value. These success metrics must be incorporated into the plan and responsibility assigned to an appropriate executive manager.

To be comfortable these objectives can be achieved, the key questions to ask are:

1. Is the change implementation plan realistic?
2. Have all of the key issues been identified and does the plan address them appropriately without being too detailed?
3. Have all of the possible alternatives been considered?
4. Does the intended outcome align with accepted best practice?
5. Are there adequate resources available?
6. Does the risk management plan deal with potential flow-on effects and unintended consequences?
7. Is the change merely solving a current problem or does it create future opportunities?
8. How will progress and benefits realisation be measured during the change initiative?
9. Is there still a positive return on the investment?

In response to Q8 in particular, it is important to remember the overall value proposition involves more than net cash movements, it is a measure of the difference between the total cost and inconvenience of creating and implementing the 'new thing', compared to the income and other intangible benefits⁵, such as improved reliability, status or safety, derived from having and using the 'new thing'; this is rarely constrained by either the time or cost required to complete the project itself. Effective value management requires an understanding of what is valuable to the organisation and the activity associated with creating value should be focused on optimising the value achieved; not monitoring one element to the exclusion of all others.

From an organisational perspective, value is created by meeting the strategic needs of the organisation and its stakeholders; this requires careful analysis and understanding of two key factors:

- The organisation's strategic objectives. Sustained excellence needs an organisation that has a vision of a medium and long term future as well as performing effectively in the current environment.
- Who are the key stakeholders⁶ for the initiative and what are their real requirements?

⁴ For more on **benefits realisation** and the creation of value see: http://www.mosaicprojects.com.au/WhitePapers/WP1023_Benefits_and_Value.pdf

⁵ The links between **deliverables (outputs), outcomes and benefits** are discussed in: http://www.mosaicprojects.com.au/WhitePapers/WP1042_Outputs_Outcomes_Benefits.pdf

⁶ For more on effective **stakeholder management** see: http://www.mosaicprojects.com.au/Stakeholder_Circle.html



A ‘healthy’ organisation has a clear sense of direction, inspirational leadership and an open and supportive culture of shared beliefs, and importantly a clear strategic vision for its medium and long term future. All levels of management appreciate achieving the strategic vision requires investment in change to meet those futures and recognise there are no guarantees the investment will pay off, in the short-term, or at all.

To achieve this, within the organisation the people are motivated and empowered to take responsibility and accept accountability for their work and operate within a coordinated and controlled environment that deals effectively with risks, issues and opportunities. The organisation is effectively governed⁷ and has been designed by its leaders to execute strategy effectively; it is outwardly focused on a wide range of stakeholders and most importantly, creative and innovative.

However, innovation is not enough! The key enabler of sustained excellence in the creation of long term value is the ability to implement change! This requires good project capabilities to transform innovative ideas into the outputs needed to enable the change such as new processes, products or procedures, supported by the ability to implement the change effectively within the organisation to realise the benefits. There is no magic formula for this; different styles of leadership can be equally effective. However, what is certain is that organisations that don’t create the ability to continually change and grow quickly fade into irrelevance as the world around them moves on.

Implementing Change

The challenge with implementing changes associated with projects and programs falls into two areas:

- The first is doing the ‘right projects right’ by implementing effective Portfolio, Program and Project management⁸. Whilst it is true that \$billions of projects fail due to poor management practices, most of these failures are avoidable. We know how to do projects, programs and portfolio management properly; not implementing effective systems to achieve this is a cultural decision that prefers the status quo and failure over the implementation of the changes needed to create effective project and program management capabilities.
- The second challenge is also cultural; the need to ‘create the space’ within the organisation’s culture to allow any change to be implemented effectively. This is a much more difficult process that needs leadership and drive. You need to create the willingness to allow the change to happen, before the change can be implemented effectively, before the benefits of the change can be realised. This requires the people in the organisation to buy into the concept of the proposed change long before the benefits can be tangibly appreciated.

This may require ‘Sensebreaking’. Sensebreaking is a deliberate strategy to undermine the current status quo so the ‘organisation’ can unlearn deeply ingrained assumptions, beliefs and practices. This process destroys the organisational meaning associated with the established ways of viewing the ‘world’, interpreting information and managing its business. The problem with sensebreaking is once the organisations ‘sense’ of place and process is broken, it cannot be repaired! A new strategy is needed regardless of the success of the change initiative the old status quo was destroyed to make way for.

- The third issue is to recognise change management is multi-dimensional; many different skills are needed and have to be integrated:

⁷ For more on **governance** see: http://www.mosaicprojects.com.au/WhitePapers/WP1073_Project_Governance.pdf

⁸ For more on the overall capabilities needed by organisations to deliver projects and programs effectively, **Project Delivery Capability (PDC)** see:
- http://www.mosaicprojects.com.au/WhitePapers/WP1079_PDC.pdf
- http://www.mosaicprojects.com.au/WhitePapers/WP1074_PPP_Taxonomy.pdf





Dimensions of business change by Rob Llewellyn
<http://www.consult-llewellyn.com/>

- To manage this type of change effectively the change manager (or change agent) needs to understand how communities of people embrace new ideas in the form of new work practices, processes, technologies and the like. People neither work, nor make decisions in isolation - they take their cue from others, people set these cues some knowingly, others unconsciously⁹. Opinion leaders can either prevent a change from advancing, or be the point of leverage which propels a change to a successful and speedy completion. Authenticity is crucial, a manager who publicly supports a new system, but privately jokes about it - affects the rate at which the organisation will move toward, or away from, the new system. This means identifying and encouraging the innovators and early adopters, supporting the early & late majority, and cajoling or mandating the change by the laggards¹⁰. Driving this process is a main-line management faction supported by the project team, it is impossible for a project manager to achieve the influence needed working alone.

⁹ Organisational change involves **managing complexity**, see:
http://www.mosaicprojects.com.au/WhitePapers/WP1058_Complexity_Theory.pdf

¹⁰ These concepts are taken from Everett Roger's book, **Diffusion of Innovations** first published in 1962 - and now in its 5th edition.

Project Change Management

Organisational change management and project change management should not be confused! The project manager is responsible for managing changes within the project affecting scope, cost, time, quality, and any other facet of the work. Any decision made affecting the outputs from the project (or program) always need to consider the potential effect on benefits realisation and the overall change initiative and where possible be coordinated with the organisational change management team.

Similarly project communications are inevitably going to be received and influence stakeholders affected by the organisational change. Care needs to be taken in drafting all project stakeholder communication to support the intent and 'message' from the organisational change management team.

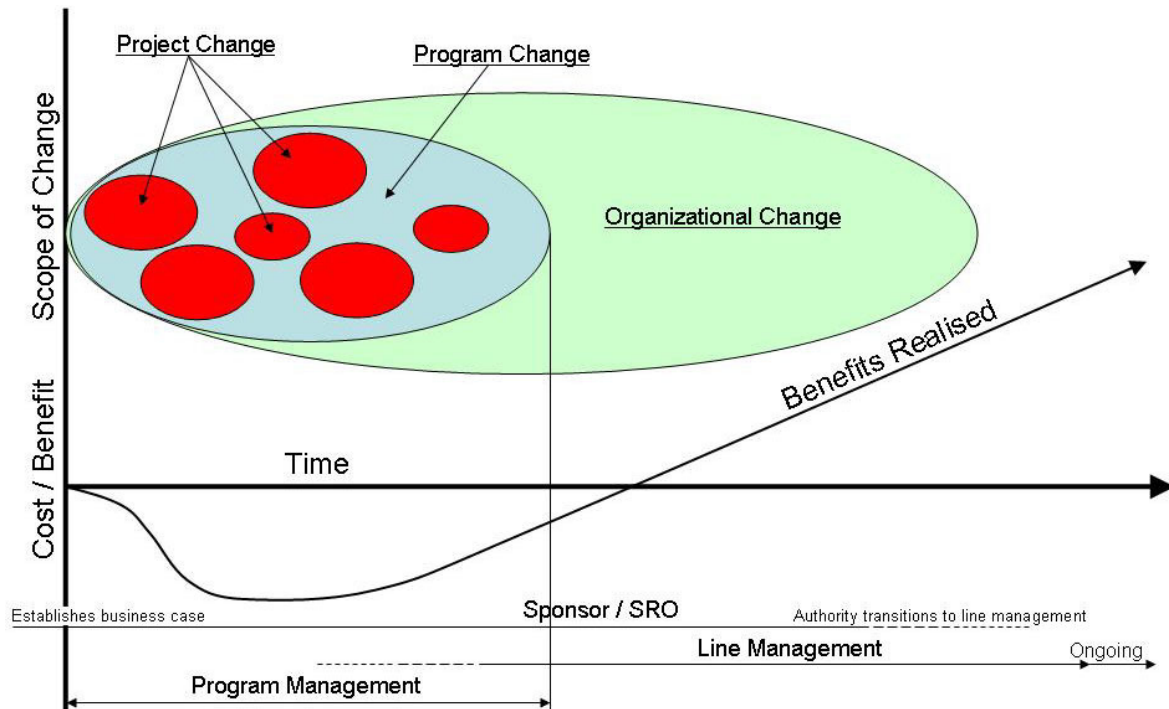
Project managers are not responsible for the overall change initiative, but they can play a very significant role in supporting the work of the change management team and in so doing, help craft a successful project outcome.

The Scope of Change Management

Projects and, to a greater extent, programs can realise some benefits, partially in the design and delivery of their respective outputs. Early benefits realisation is frequently linked to 'soft' elements in the range of deliverables such as developing effective training, managing the transition to operations and ensuring a proper support framework is developed. Achieving these elements require the project/program team to really understand the requirements of their stakeholders. However, as demonstrated by the cost/benefit graph below, both the organisational changes and the benefits realisation should continue for years after the program is finished and closed.

In each change initiative, the project and/or program undertakes the work to deliver the elements needed to facilitate the change but is only ever part of the journey from concept to realised value. Under the overall guidance of the sponsor, a typical evolution of a change initiative would flow along these lines:

- The organisation decides on a major organisational restructure and as a consequence initiates a change management process and appoints the sponsor.
- The change manager develops the business case for the program of work and the executives responsible for the organisation's portfolio management to approve the business case and agree to fund and resource the program.
- The program manager sets up the program management team, established the program management office (PgMO) and charters a series of projects to develop the various deliverables needed to implement the change.
- The projects deliver their outputs.
- The program integrates the outputs with the operational aspects of the organisation.
- The organisation's management make effective use of the new systems and processes.
- Value is created for the organisation and its owners.



The extended timeline for value realisation has important ramifications for organisational change management. Each project is an intense burst of change and the program absorbs these changes and has additional change effects of its own. These 'activity related changes' will include both beneficial and negative impacts on a range of associated stakeholders. Some changes are disruptive caused by the execution of the work, learning curves, etc. Some changes are positive caused by the improvements the projects and programs were initiated to deliver. Achieving a successful project/program outcome requires the effective management of these stakeholder communities, but this stakeholder management activity is essentially tactical.

The critical requirement to deliver sustained value is the organisational culture change needed to actively embrace the program's outcomes and make valuable use of them. Embedding a culture change into an organisation is a 2 to 3 year process as the change migrates roughly in line with 'generational' changes in staffing from 'new and threatening' (current staff), to 'accepted (but the old way are still fondly remembered)' to the 'established old way' things are done around here in the third generation. This type of long term organisational change can only be accomplished by the organisation's line management supported by senior management. This is the realm of the program sponsor / change manager and executive management! For more changes the sequence is:

1. Clearly defining the change and its benefits (why we are bothering).
2. The launch phase - selling the proposition (and building the capability).
3. Adoption by the affected stakeholders - this takes time and needs support.
4. Optimisation - people buy-into processes they've helped improve.
5. Habit - the change is now business as usual (but still needs maintainig).

Change Management Roles and responsibilities

The following roles all have a key responsibility focused on maximising benefits and should have a distinct and accountable organisational function and associated terms of reference (the titles are not important, the functions are – in small changes roles can be combined):



- Sponsor¹¹, an executive with overall responsibility for the success of the initiative.
- Programme Manager (if the work is a program) or sponsor – responsible for the overall development and delivery of the required changes and ensuring these other management roles are effectively filled.
- Change Manager – an organisational service provider responsible for the over all change initiatives with a broad organisational Change Management remit
- Business Change Manager(s) – who receive the projects outputs and implements/facilitates organisational changes within their part of the business to realise benefits (see below)
- Benefits Realisation Manager - to administer and facilitate the BRM process¹²
- User Representation – one or more members (aiming for a practical minimum) of the user community that will be affected by the changes
- Project Manager – responsible for the development and delivery of the outputs required for the changes (eg, new software systems and training materials)

Within this framework, Business Change Managers have a key role:

- They work in the part of the business that will be affected by the changes, and are the custodian of the current operating model
- They must agree the business change objectives before any development work commences¹³
- They must participate and agree the benefits to be realised and the definition of the benefits realisation measurement methods and metrics (supported by the Benefits Manager) – benefits owners should come from this community
- They should be seen as being the ‘customer’ of the required changes and be responsible for
 - Agreeing the design of the changes (supported by the Change Manager)
 - Agreeing the design of the transition (also supported by the Change Manager)
- They must be positioned to ‘pull’ the change enablers into their area of responsibility to achieve a successful transition as and when they are adequately prepared and ready
- They are the ones that must be charged with the ongoing realisation of value

Change Management and Stakeholder Management

Stakeholder management is central to successful change management and the organisation’s ability to realise the benefits the change was initiated to deliver. Benefits will not be realised unless the key stakeholder communities accept and embrace the changes. However, when considering stakeholders, there are very few one-to-one relationships. Most stakeholders are, and have been, influenced by a range of relationships in and around your project, program and your organisation.

The change manager supported by business change managers should be leading the change effort, but the people who need to be convinced of the value of changing are the operational managers and their staff. A key aspect of addressing this *change challenge* is effective communication with the affected stakeholders. These communications follow a fairly standard pattern:

- The reason for the change needs to be explained and understood.

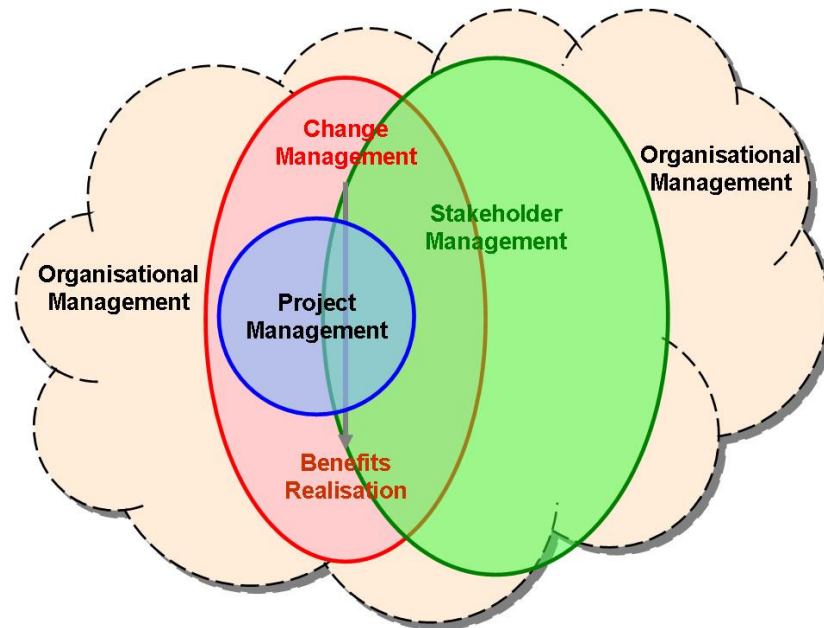
¹¹ For more on *sponsors* see: http://www.mosaicprojects.com.au/WhitePapers/WP1031_Project_Sponsorship.pdf

¹² For more on *benefits realisation* and the creation of value see: http://www.mosaicprojects.com.au/WhitePapers/WP1023_Benefits_and_Value.pdf

¹³ Normally as defined ‘*business requirements*’ to be achieved by technical requirements. For more on requirements see: http://www.mosaicprojects.com.au/WhitePapers/WP1071_Requirements.pdf



- Then the actual changes to work practices and behaviours need to be defined, communicated and supported by training or other skills development activities.
- Finally, once the change is introduced, there needs to be ongoing support to firmly embed the new practices into the operating culture of the organisation.



If the organisation does not accept and use the new systems and processes very little value is generated. Some of the common issues include with change implementations include:

- Not understanding the potential effects of the change.
- Underestimating how long the restructuring process will take to bed down and become 'business-as-usual'.
- Underestimating the costs.
- Failing to keep the change program on track.
- Not seeking expert advice.
- Not communicating effectively with key stakeholders.

Within this scenario, the people in the operational part of the organisation, and particularly the functional managers are the key stakeholders:

- They are stakeholders in the organisation itself and part of the organisational hierarchy.
- They are stakeholders in the change process being managed by the change manager.
- As end users of the new systems and processes they are also stakeholders of the program.
- As subject matter experts (SMEs) they are likely to be stakeholders in at least some of the projects.

In this respect change management is stakeholder management and confusing and mixed messages don't help anyone! Therefore, in an effective change management initiative, stakeholder management should be an integrated process coordinated at the change manager's level. All of the organisational elements working on the change need to coordinate their stakeholder management efforts to support the overall outcome whilst recognising the different focuses:

- Project level stakeholder management is relatively short term and focused on minimizing opposition to the work whilst ensuring necessary organisational support is in place to deliver the project's outputs effectively. This is essentially tactical in nature.
- Program level stakeholder management has a wider view that needs to engage with the organisations strategic vision to ensure the program's outcome is optimized to the changing circumstances within and around the organisation. The key issue here is identifying and responding to changing stakeholder requirements, needs and expectations/perceptions over time; so as to optimize the value of the 'outcome' the project was established to deliver.
- Organisational level stakeholder management needs an even broader and longer term view focused on the strategic needs of the organisation and its long term relationship with both internal and external stakeholders.

This level of integrated stakeholder management requires a mature organisational approach. One approach to developing this capability is the SRMM (Stakeholder Relationship Management Maturity) model described in *Stakeholder Relationship Management: A Maturity Model for Organisational Implementation*¹⁴.

Managing the Change Process

The framework needed by directors and senior executives of an organisation to ensure the right projects and programs are 'done right' is well established. The APM has published the 2nd edition of *Directing Change – a guide to the governance of project management* (60,000 copies of the 1st edition have been distributed since publication in 2004). This guide is written by senior managers for senior managers. It provides clear overall guidance to an organisation's governing body (board or equivalent) and senior executives on their responsibilities and more specific guidance on choosing the right projects (portfolio direction), project sponsorship, project management capability and disclosure and reporting¹⁵.

However, even where a smart business has aligned the project with a sensible/necessary strategic intent, and then properly leads and resources the effort, failure is still likely if the power of culture is ignored. Culture can be loosely defined as 'the way we do business here' and incorporates attitudes, expectations and the way both internal and external relationships work. It is important to remember the people in the organisation are there because they can operate in the culture as it currently is and they embody the culture; consequently they are predisposed to resist change.

Meeting the challenge of entrenched culture requires effective leadership¹⁶; the people in the organisation need to be prepared to follow their leader into the new, unproven future. Introducing a new 'best practice' will inevitably change the status quo and change the relative power balances within the organisation. A couple of examples:

- The organisation decides to introduce an effective scheduling system (possibly supported through a PMO). The people involved in doing the schedule gain 'power' they develop the schedule and report progress against the plan. The project teams lose power, they need to conform to the plan (losing the flexibility to do what they feel like on a day-to-day basis) and failures to achieve the schedule are highlighted to management much sooner than if the schedule was not being used. We can prove having an effective schedule improves the probability of project success¹⁷, but what's good for the

¹⁴ For more on the book see: http://www.mosaicprojects.com.au/Book_Sales.html#Book_Bourne
The SRMM model can be downloaded free of charge from: <http://www.stakeholdermapping.com/>

¹⁵ Copies of *Directing Change* can be downloaded from the APM website or:
www.mosaicprojects.com.au/Resources_Papers.html#Governance

¹⁶ For more on *leadership* see: http://www.mosaicprojects.com.au/WhitePapers/WP1014_Leadership.pdf

¹⁷ See *Proof of the blindingly obvious*:
<http://mosaicprojects.wordpress.com/2011/11/11/proof-of-the-blindingly-obvious/>



organisation as a whole is not necessarily going to be seen as good by the individuals affected by the 'improvement'.

- The organisation decides to introduce a Portfolio Management process to select the best projects to undertake to achieve its strategy, within its capacity to properly support the work. This is a great strategic initiative that maximises the value to the organisation but will mean rejecting more the 60% of the potential projects it could do if it had unlimited resources. This means 60% of the pet projects supported by various members of the executive will be canned! Which means these people will lose power and status firstly to the team making the portfolio decisions and secondly to the executives whose projects were selected. Another group disadvantaged by the selection process (or more accurately the rejections) are the teams who develop the idea and build the business case for the non-selected projects.

In both cases what's good for the organisation is potentially bad for a large group of individuals who are currently happy and effective working within the current culture and structures of the business – if they weren't happy they would not be there!

Before the change initiative can succeed the change leaders need to create a 'space' within the existing culture for the change initiative to move into and fill. This 'space' is created by crafting a general acceptance within the culture that the current status quo is not working well for the majority and some sacrifice of existing power and 'comfort' is generally warranted for the good of each individual as well as the organisation. This objective can be achieved in a number of ways:

- by identifying a 'clear and present danger' that is threatening the group and the organisation as a whole – the need to change to survive;
- alternatively a competitive challenge to beat an opposing organisation may work or;
- best but most difficult to achieve a engendering general striving for excellence simply to be part of something great.

Engendering the move towards accepting or desiring the change requires powerful leadership embodying credibility and a clear message that identifies the reason for the change and generates buy-in to the concept of changing and improving before the specifics are even discussed. The more established the 'culture', the harder creating the desire for change becomes.

This leadership has to come from the top and needs to recognise the organisational imperatives that have created the existing culture. Small and medium sized businesses can link the well being of the business to the benefits of the individuals far easier than large businesses. Commercial organisations can link their success to the well being of individuals far easier than stable government organisations with permanent employment as part of the public servant's culture. The more resistant the culture, the more important effective leadership linked to powerful communication becomes in creating the space for change.

Once the 'space' has been created and the desire to improve is generally present, a careful two-way dialogue is needed to define the best options for change and build engagement, to recognise those who will inevitably lose power or be inconvenienced by the change and to help these 'losers' re-gain their losses (or perceive a better future despite the losses). Altruism is wonderful but it is unwise to rely on it as the primary mechanism for change.

There will always be resisters to change, the challenge is to shift the majority to a point where they want the improvements (or at least recognise the changes are essential). Once this shift is achieved, traditional change management processes cut in to deal with the implementation of the change, supported by project management processes to create the necessary deliverables to implement the change.



Emotional barriers to change

Corporate culture¹⁸ can destroy a change initiative; Quy Huy Professor of Strategic Management at INSEAD has identified the emotional allegiance of groups affected by the change as being central to peoples willingness to work to make the change successful. Wherever there is a lack of emotionally incisive leadership, employees will tend to fall back on the basic human instinct of self-preservation. Ironically, what is *survival mode* for employees may well spell the death of a corporate change strategy.

He has identified five main emotion-based barriers to strategy execution within organisations. Each one presents a major danger to transformational efforts by preventing the necessary sense of urgency and commitment to a common task from taking hold throughout the organisation.

- **Mistrust and low sharing of useful and timely information** – A “politics first” mentality that prizes appearance management above action. This causes a situation where no one wants to be the bearer of bad news. As with Microsoft, Nokia and probably Volkswagen, problems will come to leaders’ attention only when it is too late. Strategic alignment is further hindered by information-hoarding among players who see their colleagues as competitors.
- **Low receptivity to effortful change** – Effortful change (even when it’s obviously beneficial, e.g. quitting smoking or staying on a diet) is easy to profess, difficult to do. Leaders must demonstrate their own willingness and ability to change before asking it of others.
- **More talk than action, then misaligned action** – As I suggested above, communication for intellectual understanding does not elicit emotional engagement to implement the new strategy. When leaders fail to inspire the collective toward a common goal, each team will tend to veer off in its own direction. It becomes impossible to integrate all the silos.
- **Mechanistic action** – When under high time and performance pressure, employees become creatures of habit rather than taking risks to become innovative.
- **Complacency** – Confronted with the potential effort and risk of strategic change, the organisation as a whole believes the status quo is good enough, so why do the hard work to change it?

Balance is the key! Leaders already spend a lot of time and energy making a solid left-brained case for their strategy; but without a corresponding effort to engage emotionally and a culture that supports that effort, the spirit of change will quickly fade from the scene. To execute a strategy successfully, you need a good plan and an even better culture.

Conclusions

Change management and stakeholder management are closely aligned and effective stakeholder management is essential for successful change management. These processes must start as soon as the project or program is initiated (or earlier) and should continue well after the project/program is completed. Sustained value creation requires both the organisations internal staff and its external customers to jointly perceive the result of the change as valuable to them and also to perceive the organisation favourably so they together maximize its use:

- For a new shopping centre with a 20 year lifespan this translates to retail tenants being willing to rent space and the ‘public’ seeing the shopping centre as a ‘good place to shop’.
- For a new call centre management system this translates into the call centre staff seeing the system as efficient and easy to use and clients of the business perceiving the system and staff as friendly, efficient and effective so they are happy to make repeated use of the system.

¹⁸ Creating the desired **corporate culture** is one of the **six functions of governance**, see: http://www.mosaicprojects.com.au/WhitePapers/WP1096_Six_Functions_Governance.pdf



These examples demonstrate the key component in achieving real value is the on-going organisational aspects of change management supported by strategic stakeholder management. Consequently:

- The majority of the benefits realisation is a line management responsibility starting with the project sponsor.
- The contribution of project and program managers is ensuring their deliverables are crafted to facilitate and encourage the benefits realisation.

Finally, the key aspect of addressing the *change challenge* is effective communication with the affected stakeholders. To maximise their effect, the communication should follow a standard pattern:

- The reason for the change needs to be explained and understood before the work starts.
- Then the actual changes to work practices and behaviours need to be defined, communicated and supported by training or other skills development activities.
- Finally, once the change is introduced, there needs to be ongoing support over a number of years to firmly embed the new practices into the operating culture of the organisation.

Effective change management is a team effort; it has to be led by the executive, executed by the project and program management teams, used by the organisation and appreciated by the stakeholder community at large to fully realise the benefits and create the maximum value.

To help project teams improve this aspect of project initiation and scope development, PMI has set up a dedicated 'Change management section on its web site'¹⁹.

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For our blog posts on change management see: <http://mosaicprojects.wordpress.com/category/governance/change-management/>

¹⁹ Access the **PMI Change Management page**: <http://www.pmi.org/Knowledge-Center/Change-Management.aspx>

