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Best Practices in Change Management

426 participants share lessons and best practices in change management

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Executive overview

Participant profile

Four hundred and twenty-six participants from 59 countries took part in the 2007 Best Practices in Change Management benchmarking study. This report combines the findings and data from the 2007 study with the previous four studies to form one of the largest bodies of knowledge related to managing the people side of change.

- 2007 study – 426 participants
- 2005 study – 411 participants
- 2003 study – 288 participants
- 2000 study – 152 participants
- 1998 study – 102 participants

Figure 1 shows the geographic distribution of participants in the 2007 study.

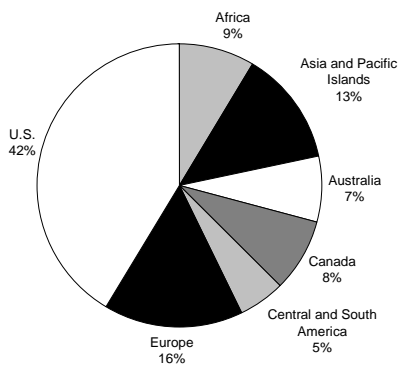


Figure 1 – Geographic distribution of participants

Study participants represented a variety of job titles within their organizations, but the majority of respondents held one of the following job roles:

- Change management team leader
- External consultant
- Project team leader

Study objective

The objective of this study is to uncover lessons learned from practitioners and consultants so current change management teams can benefit from these experiences. Specific attention is paid to what is working and what is not working in all areas of change management. Analysis of the data is also applied to the development of new models and tools for managing change.

The 2007 report also presents emerging trends in change management, looking to identify the changes that have occurred and the future direction of this discipline.

Because change management is a holistic system that requires involvement by change managers, project teams, executives, managers and front-line employees, this study details how these different roles are engaged in managing change.

New sections in this year's report

New sections have been added to the 2007 study to expand the scope and depth of this work. These new sections include:

- Change saturation
- Trends in change management
- Change management resource allocation on projects
- Managers' roles, mistakes and required skills
- Individual and group recognition methods
- Engaging managers and senior leaders in change management
- The most compelling cases for applying change management

Impact of effective change management

Participants provided data used to analyze the correlation between effective change management and project success. The following charts show the correlation between change management effectiveness and 1) meeting or exceeding project objectives and 2) staying on or ahead of schedule.

For each graph, the horizontal axis represents the overall effectiveness of participants' change management programs.

The data points represent the percentage of participants' projects that met or exceeded objectives (Figure 2) or were on or ahead of schedule (Figure 3) for the given effectiveness category.

This data shows a significant correlation between change management effectiveness and the ability to meet objectives and stay on schedule. For those with excellent change management, 88% of participants met or exceeded objectives and 72% were on or ahead of schedule. Conversely, for those with poor change management, only 17% met objectives or stayed on schedule.

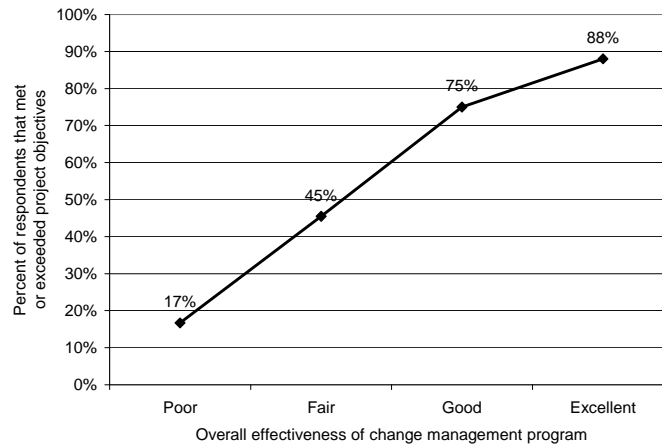


Figure 2 – Correlation between change management and meeting project objectives

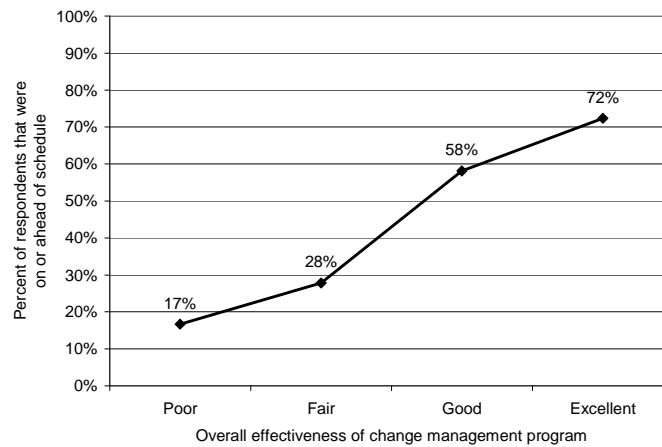


Figure 3 – Correlation between change management and staying on schedule

Greatest contributors to success

Study participants identified five areas as the greatest contributors to overall change management program success:

1. Active and visible executive sponsorship

Consistent with the findings from Prosci's previous four studies, active and visible executive sponsorship ranked as the number one success factor for change management programs, with participants citing this factor four times more frequently than any other area. Participants cited the need for senior business leaders to be accessible, knowledgeable about the change, committed and involved. Active and visible executive sponsorship included:

- Proactive identification of key stakeholders to build a sponsorship coalition
- Direct communications with employees to build awareness of the need for change and to share the organization's vision and objectives
- Visibility and accessibility throughout the entire project

2. Structured change management approach

Participants cited the use of a structured change management approach along with a detailed change management plan as a key contributor to their success. Study participants cited the need for practical change management knowledge and a well-orchestrated program.

3. Frequent and open communications around the need for change

Frequent and open communications included regular information sharing that established a clear and compelling reason for the change. This included identifying impacted groups, building awareness of the need for change and sharing the costs or risks of not changing. Participants cited the need for a "clear line of sight" to the business strategy that was consistent and easy to understand. Study participants also emphasized the need

to share how the change benefits the organization and end-users.

4. Dedicated resources for change management

Dedicating resources to change management included the assignment of resources trained in change management for planning and implementation. In some cases, for large change projects, study participants indicated the need for change management resources to be assigned by function and by region in order to have change management expertise onsite and local to the community impacted by the change.

5. Employee participation

Employee participation included many types of involvement by employees, particularly focus groups and other activities that allowed employee input to the design of the change. Study participants cited the need for proactive interactions that fostered feedback and resulted in enthusiastic and motivated employees. Customer input was also cited as an important element for successful change management programs.

Greatest change management obstacles

Study participants identified four main obstacles to the overall success of their change management program:

1. Ineffective change sponsorship from senior leaders

Participants cited ineffective change sponsorship as their primary obstacle, specifically stating problems with:

- Inactive or invisible sponsors
- Sponsors not at the right level (not high enough in the organization)
- Poor alignment among key stakeholders resulting in a weak sponsor coalition
- Wavering sponsor commitment (especially on longer projects)
- Conflicts of interest between key business leaders (managers' objectives were not aligned with the change)
- Little or no access to the primary sponsor by the change management team
- Unwillingness of the primary sponsor to manage resistance from other managers
- Mixed priorities and projects competing for limited resources and funds
- Lack of knowledge by senior executives around their sponsorship role resulting in poor leadership of the change
- The manager sponsoring the change was replaced or left the position mid-stream resulting in poor continuity and reduced support and involvement

2. Resistance to the change from employees

Employee resistance to change was cited nearly as frequently as sponsorship issues. Specific areas contributing to resistance from employees included:

- Lack of understanding of why the change is happening and “What’s in it for me?” or “WIIFM”

- Long-tenured employees unwilling to support the change
- Loss of control and loss of ownership of work processes
- Fear of the future state, including concerns over job security
- A culture that is inherently resistant to change
- Change saturation (employees that are overwhelmed with change)
- Strong feelings of comfort with the current state
- Lack of involvement by employees in the change process (no input or participation)

3. Poor support and alignment with middle management

Middle managers were reluctant to support the change when they perceived that the change was not aligned with their operational objectives or when they expected negative impacts to their day-to-day operations. This lack of support was evident by middle managers who were unwilling to communicate consistent and accurate information about the change and who exhibited poor sponsorship of the change with their employees.

4. Lack of change management resources and planning

Lack of change management resources and planning included insufficient resources available to conduct the necessary planning and implementation, the lack of a formal change management approach and the lack of change management knowledge within the team. Some participants stated that they did not form the change management team early enough. Others reported that they did not have the budget or sufficient time to apply change management properly.

What to do differently on the next project

Looking at their overall projects, participants evaluated what they would do differently on their next project. The findings focused on three areas:

1. Better engagement of senior leaders as change sponsors
2. Utilization of a formalized change management approach
3. Implementation of a more robust planning and project management process

Better engagement of senior leadership

Participants stated they would engage senior leaders earlier and more proactively to:

- Ensure buy-in and alignment around the project
- Obtain sponsorship at the right level in the organization
- Enable senior leaders to participate actively as effective sponsors

Study participants would have created a sponsorship plan and provided more sponsor education and coaching around managing change. They cited the need for a strong sponsorship coalition that was aligned around the vision and objectives for the project. They also stated the need for more frequent communications and resistance management with stakeholders earlier in the project to ensure a consistent message and to build commitment for the change.

A formalized change management approach

Participants who cited the use of a more formal change management approach would:

- Apply a standardized change management process on all projects
- Provide access to change management tools to project teams and managers

- Obtain the appropriate funding for change management
- Properly staff the project team for change management work
- Align change management plans with project management plans

Participants stated that change agents and project teams needed change management training, and that managers needed a coaching plan and workshop to support their role in change management.

Implementation of a more robust project planning and management process

Participants stated they would use a more robust project planning and management process to:

- Take more time up front to plan the project
- Provide adequate staffing and budget
- Include better functional representation on the team
- Set clear project objectives and ensure alignment with the vision for the organization
- Dedicate resources for change management
- Define roles and expectations, with clear lines of accountability for the project
- Start the process sooner

Biggest changes in change management over the last several years

Change management, as a discipline and field of study, has undergone many changes over the last ten years. In the 2007 study, participants were asked to identify the biggest changes they had seen. The top trend identified by participants, by nearly a three-to-one margin, was a greater appreciation for the importance of and need for change management. The most frequently cited trends were:

- **A greater recognition of the need for change management**

Overall, change management practitioners have seen a greater interest in change management including a better understanding of why change management is important for project success. There has been a greater emphasis on managing the people side of change, as well as a higher profile for change management within the organization.

“The recognition that planned, intentional and resourced change management is a critical success factor for producing change outcomes.”

“A wider acceptance that it is necessary and vital to success.”

“Change Management is being seen as a business imperative now and not a nice-to-have.”

- **More structured and formal processes**

Over the last several years, change management has moved from an ad hoc reaction to change to a more proactive and structured approach to support change initiatives. Participants cited using more systematic methods to manage change. Approaches to managing change have become codified and documented, and use more standard tools and common terminology. The addition of structure and a formal process has, in some cases, resulted in simplifying the application of change management.

- **Better understanding of what ‘change management’ really is**

Participants commented that a more common

understanding of change management has emerged. Much of the mystique around the term ‘change management’ has been eliminated as people have recognized it as a structured business tool to support organizational change.

- **Integration with project management**

While change management had once been viewed as a completely separate undertaking, change management has now become firmly integrated with the standard set of project management activities.

Other trends or changes in this field as cited by participants include:

- Recognition that change management and the associated competencies are new skills that must be developed within an organization
- Creation of formal job roles and titles for change managers, along with the assignment of dedicated resources for managing change on major change projects
- Earlier application of change management on projects

While most of the changes noted were positive, several concerns were expressed by participants, including the potential for change management to become a fad and the emergence of more people claiming to do change management who lack the experience and expertise to do it effectively.