



Case Study Series

Building change management competency at Ashland Inc.

The following case study and associated interviews follow Ashland's deployment of change management through the eyes of their key business leaders and change practitioners.

Ashland Inc. is a FORTUNE 500 diversified chemical company providing innovative products, services and solutions to customers around the globe. Ashland has sales and operations in the United States and in more than 100 countries worldwide. Ashland Inc divisions include: Ashland Performance Materials, Ashland Distribution, Valvoline and Ashland Water Technologies.

Background

In 2002, Ashland earnings were off track, operating costs were high and redundancy was present throughout the business groups. The net result was lower than expected share value. Ashland's then Senior VP of HR believed the root cause was a change-averse organization. "We didn't have capability, competency or desire. Change was not something we did well. We would mandate that we would do something different and call that change."

Between 1998 and 2003, Ashland had sold their oil exploration business, joint ventured marketing and refining, sold their coal business, restructured resource groups and relocated the corporate headquarters. "And in the process," according to Dwight King, Vice President of HR for Ashland's Chemical Sector, "we left a tremendous amount of rubble along the way, including unwanted turnover and dips in performance. By 2003, we recognized that we did not do this change of direction as well as we could have. In fact, our first ERP implementation in the Distribution

Business resulted in a nearly broken organization out there. We had a temporary shut down of west coast operations because we had done such a poor implementation."

Frustrated with repeated examples of poorly managed change, Dwight initiated a program to build change management competency throughout Ashland. Starting at the top, Dwight arranged an executive briefing with the business unit presidents for Ashland. Sponsorship gained at this meeting resulted in a series of change management programs for HR, project managers and the Distribution leadership team. By mid 2005, there was momentum around basic change management terminology and a new change management approach for Ashland.

When the SAP implementation moved from the testing phase into full-scale implementation, Ashland formed its *GlobalOne* project team for SAP deployment world-wide. Dwight and the leadership team convinced the SAP project manager that he needed to have a Change Management element beyond what their current SAP consultant called "change," which primarily translated to system training. Ashland made the decision to hire a certified change management specialist for their *GlobalOne* team.

About the same time, Ashland was implementing an organization-wide *Total Rewards* initiative to redesign compensation and incentive programs. With this change, Ashland would migrate to a single incentive system rather than each group having its own incentive and compensation program. It was during this change that Jim O'Brien, Ashland's CEO and Chairman of the Board, was introduced to the change leadership tools. Jim utilized these tools to identify his champions, and together with HR and Communications, developed a plan targeting those change sponsors. "It went incredibly well," stated Dwight, "It was fraught with potential landmines and we missed most of them, so Jim, our CEO, became an advocate for change competency."

"Ashland had adopted Prosci's ADKAR change management methodology and had just gone through Hammer's one-day reengineering workshop, attended by the top-150 people in the company via television broadcast. Distribution managers and project leaders were saying 'boy this goes right along with what

change is all about.’ And when they were talking about change they were talking about an ADKAR approach to change,” Dwight commented.

This marked a shift in Ashland’s deployment strategy. Instead of applying change management one project at a time, CEO Jim O’Brien sanctioned an enterprise-wide approach to change. He selected one of the business unit heads, Hank Waters, to be the Ashland Enterprise Change Management (ECM) executive sponsor. Dwight King and Hank Waters put together an organizational structure and identified key players to be on the ECM deployment team.

The net result of this journey for Ashland was substantial change between 2003 and 2008. Ashland made significant inroads to achieve their vision and build a platform for growth.

The following interviews shed insight on Ashland’s journey toward change competency. Interviewees from the leadership team include Dwight King, VP of HR for the Chemical Sector, and Martha Johnson, then-VP of Communications, who share their thoughts on Ashland’s journey toward change competency. Following these business leader interviews, members of the change management deployment team share their experiences related to the detailed deployment tactics.

The interview

Interviewer: *What was it like to initiate change five years ago in Ashland?*

Martha: In 2002, we did not have ‘sponsors’ for change. Those that were charged with change projects had to just barrel in and say, “You will do this.” The organization’s response was, “yeah, right.”

Interviewer: *What has changed since then and how is it going now?*

Martha: A critical turning point was the realization by our CEO and Chairman that the people side of our changes was not going well. The strategy and vision were present, but we were seeing a plateau and needed to take the next step to get people on board. Our CEO

met with the leadership team and asked them, “What are you doing to help with change management?” He encouraged a process for change management along with a formal review of communications – more targeted – that answered “Why?” and that helped align the messages from senior leadership. He became personally involved in managing the people side of change.

Dwight: I agree. This required the CEO. When we reached the level of deploying change management enterprise wide, that was a high point for us. We had the highest level of sponsorship and great integration. The leadership, including our CEO, attended the workshops on change management. We had integrated this work with our process organization so we now had process management, project management and change management, if not singing from the same hymnal, at least in the same church.

We lost a little momentum when we moved a key executive from change management deployment to run our Water division of Ashland, but perhaps we had embedded it far enough into the organization that it’s now, if not part of our DNA, inoculated with enough people that we require that all project leaders go through at least a 2-day workshop in change management for each project.

It’s not as embedded globally as it is in the U.S., but we’re getting there. For the implementation of GlobalOne in Europe and implementation of GlobalOne in China, we had the acquisition team go through the change management training. And we have introduced it to all the HR shared services centers in Europe and Asia-Pacific. All managers in Europe also went through a one-day Coaching Employees Through Change workshop.

Those that were charged with change projects had to just barrel in and say, “You will do this.” The organization’s response was, “yeah, right.”

Interviewer: *What caused change management to gain momentum within Ashland? Was it just the involvement of the top-executives?*

Dwight: We had to have a reason, a burning platform, in order to get people engaged. There had been

enough horror stories about the first failed implementation in Distribution that we now had the will to determine how to mitigate some of those problems. There were plenty of people that gave lip-service to the word “change,” including our consultants, two of the largest consulting firms in the world. But their idea of change was documenting the new physical competencies of change around what new buttons you had to push, what new levers you had to pull, what new screens you were seeing in order to enter or bill an order or service an account. It had nothing to do with building an understanding about resistance, creating a body of knowledge about expectation, and reinforcing it once you had done the training and had it installed.

Even when we did SAP GlobalOne in Canada, we had a very good change plan. But the assets that we deployed were only there for two weeks. And after they had done their installment they pulled out and said, “OK, you guys have got it because we’re heading back to the states to get ready there.” We did a post mortem as to why Canada didn’t go as well. We were able to recognize that you need a dedicated change management structure within the project, in this case GlobalOne regionally, as well as people who were embedded in the businesses responsible for the change effort.

Interviewer: *Could you outline the critical ingredients for bringing change management into an organization?*

Dwight: It had been talked about for decades. As our previous VP of HR would say, a lot of wreckage results from somehow not executing our plans correctly. He sort of labeled it as being resistant, change averse, change incapable. So the elements in place for us were 1) a previous failure that was fairly visible and fairly impacting, 2) a new critical project that was on the table and was important to the business, and 3) an intellectual appreciation by the leadership team that they didn’t really grasp or understand, and therefore were not very efficient, at being change leaders.

Interviewer: *It seems like one important ingredient was the appreciation by the leadership team that a gap existed in change competency. Can you comment more on that?*

Dwight: I personally felt a déjà vu experience where I was getting ready to watch another slow-motion car accident. I used to tell the Leadership Team, “I can speak slower and louder, but we’re not making forward progress.” We were all nodding our heads saying, “We understand the what and the why, but we are missing the how -- what we can do differently” and that was the real push to go find some tools for change management.

Interviewer: *When did you start putting dollars behind it?*

Dwight: First investments were in 2004. I facilitated a conversation with the chemical sector leadership team and I said, “It’s five years from now ... what does the organization look like? How did we get there? What did we have to do? What were some of the things we had to overcome? What were some of the things we had to learn? What are the things we had to stop doing?” And one of the very evident themes around that was we had to be better at trusting others and better at leading change. So the management team recognized that this was going to be a significant challenge for them.

A recipe for starting the change management competency journey

- 3 tsp** – Visible failure of a past project with significant impact on the organization
- 1 cup** – Upcoming project that is critical and must succeed.
- 4 tsp** – Recognition by senior leaders of the need for more change management knowledge and tools
- 2 lbs** – A leader with the vision and influence that takes on the effort of building change management competency with a personal passion and commitment

Martha: We also started investing in training programs. I put all of my staff through a 3-day program, and many of the directors later followed in a 1-day executive version of the change management program. This enabled us to become fluent in change management at our meetings.

Interviewer: *Once you began using new tools for managing change, how long did it take for you to notice results?*

Dwight: My old boss said about change “When you’re going through Hell, don’t stop.” And I agree. We would feel frustrated from not making any progress, then suddenly the very next day, the light bulb would come on and one of our leaders would say, “You know, I really need to address these two managers who are not supporting and endorsing what we need.” And you make these little incremental moves that give you at least the energy to come back and try it again tomorrow. It’s been a three-year journey for me and now we have finally gotten to a point where it has become part of our process.

Interviewer: *It looks like you have experienced both success and some missteps. What did not work?*

Dwight: I think the fragmented approach to change. With GlobalOne, while we had a change management resource within the SAP initiative, we struggled with the business operational groups. Different businesses would dedicate different levels of resource within their organization. In some places you’d have a mid-level manager; in other places you’d have a VP. In Distribution we had the President. It was evident that we weren’t going about this in such a way that we were going to be successful. Some consistency of approach was needed for the deployment to work.

Martha: Take care not to assume that a single HR or communication group can carry the brunt of the change management load. This cannot be successful without other pieces. If change management is started without involving everyone, you can create an adversarial relationship – us versus them. It is important to build larger networks and to be more aggressive at working in teams.

Interviewer: *What would you say to a very passionate HR VP or Director at another company who believes that this is simply a training issue?*

Dwight: Save your money. The analogy is like learning a foreign language and not ever practicing it. You need to find a way to use what you’re going to learn. So hook it to a project in the organization, and it

doesn’t have to be a burning platform. It could be an acquisition, a divestiture, a joint venture, a plant expansion, or a change in the benefits. Something you can attach it to so people can get some operational experience using the tools.

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Interviewer: *What ultimately causes this type of change leadership to take hold?*

Dwight: You can really get traction when people start recognizing that they can build their coalition by using some rudimentary approaches. First, by doing the assessment on who is going to sponsor the change, who is going to resist and who is kind of in the middle (and then going to the champions and building a coalition with them). And finding out the resisters who will be saboteurs and managing that through special coaching techniques. It gave them a way to go about doing this kind of surgery, whereas in the old days it was kind of like, “well, we’ll just hope for the best.”

Interviewer: *What else can companies do to “hard wire” change management into their organizations?*

Dwight: Combine Project Management and Change Management into a single project workshop so all project managers get Change Management training. The same for people who are doing mergers and acquisitions.

Interviewer: *Any closing comments?*

Dwight: You have to be selfless to do this kind of work. You can’t really worry about who gets the kudos if it works. And you have to have a little bit of a thick skin!

Interviewer: *Thank you for your thoughtful and honest reflections on Ashland’s journey toward change competency and change leadership, and congratulations on your success, both in terms of internal skills and external financial performance.*

Ashland's tactical deployment of change management

Background

In 2003, Ashland was either not applying change management on their projects, or was using a multitude of different approaches from different vendors with mixed success. An attempt to implement a standard approach through an internal HR training program was eventually abandoned after about 12 months.

In 2004, Ashland conducted an internal review and external due diligence process, and selected the ADKAR approach as a standard methodology. Certification programs taught by Prosci were delivered to mid-level and senior managers.

Executives attended sessions designed to create awareness of the need for great executive sponsorship and these sessions provided specific sponsorship roles for executive leaders. The word on the street was upbeat and positive. What was missing was a field trial on an Ashland project.

In 2005, a trial application of the tools with the Total Rewards program resulted in the first real traction of change management with proven results. The momentum gained on this trial allowed a greater deployment of change management across other projects and allowed for a more careful tailoring of the training programs.

Ashland's Enterprise Change Management (ECM) Deployment Team, created in May of 2006, began to drive the change management deployment effort deeper into the organization. The team was originally headed by Hank Waters and was comprised of a diverse group including Pam Yost, Carol Chistobek, Jerry Prochko, Lisa Ireland, Mark Lambeth, Stacy Dunbar and Vonda Melton.

Having a high profile leader like Hank Waters was an important first step in gaining momentum throughout Ashland. Hank was a charismatic leader, and the fact that the team reported to a leader in the business provided additional credibility and ground cover.

Within three months, an ECM Steering Committee was formed to provide oversight for the ECM Team. The Steering Committee included the heads of HR, Corporate Communications, IT, EHS and two business unit leaders. The steering committee gave direction and also became an important avenue for driving change management further into the organization.

The deployment team had three initial objectives:

1. Retro-fit projects that were already underway with change management plans and strategies.
2. Integrate the project management and change management practices.
3. Build competencies throughout the organization, as the ECM Team could not be everywhere at once.

Objective 1: Retrofitting existing projects

In June 2006, the team began retrofitting several major initiatives to the Prosci methodology including Global One, Supply Chain integration, major business unit reorganizations, large Environmental, Health & Safety initiatives and Human Resource initiatives. Dedicated change management resources were assigned to each of the five major initiatives in an attempt to make an immediate impact.

Objective 2: Integrating project and change management

In August of 2006, the team developed a workshop that integrated project planning and change management. This "boot camp" was used to help new project teams evaluate the challenges they faced and develop project and change plans at the initiation of the project. The first workshop was conducted for the North American implementation of the EH&S Responsible Care project.

Objective 3: Competency building

The ECM Team developed a training curriculum for five key audiences: Executives, Managers and Supervisors, Practitioners, Intact Project Teams and Employees.

Two members of the ECM Team, Mark Lambeth and Vonda Melton, became certified trainers in the Prosci Methodology.

A key breakthrough on the competency building front came when Peter Rijneveldshoek, a former business unit head and member of the ECM Steering Committee, was named president of Ashland Europe. In preparation for the pending SAP implementation, he requested that all 200+ managers in Europe attend change management training.

The ECM Team also focused on the sponsorship by the Operating Committee. In April 2007, the team conducted a series of assessments and professional development sessions with the 12 members of the Operating Committee and the CEO. The assessments helped these leaders understand what sponsorship really meant and how well they were fulfilling the role. The team followed up with coaching sessions and the development of sponsorship roadmaps to help the leadership team continue to develop their skills as sponsors.

The change management deployment is now under a new organization called the Enterprise Optimization group. The change management deployment team members that provided responses to the questions below included Pam Yost, Mark Lambeth, Stacy Dunbar, Jerry Prochko and Vonda Melton.

Interview

Interviewer: *What motivated the selection of a common approach and what were your criteria?*

Ashland had already established a Process Office. All projects had a process component, but not a change component. It made sense to start thinking about the People Side of Change.

Process centering requires a common approach, a repeatable process. This can be applied to change management processes as well. The criteria for a common approach included useful tools that were easy to use, a logical thought process behind the approach, and a methodology based on best practices learned through experience.

We recognized that rapid change would be common place at Ashland Inc., and the better we could prepare our associates, the faster we could implement changes and minimize turnover. Selecting a common methodology and vocabulary provided the platform for us to develop a global competency.

Interviewer: *What tactics proved to be the most successful for deploying change management?*

Without a doubt, senior level support was critical to our deployment. Having Hank Waters as the executive sponsor, as well as the formation of a steering committee of business leaders, was essential to the success of this effort. Also, having a well-designed training program and practical tools that we could deliver to the organization really helped raise awareness about change management. And, of course, the struggles we have had with past changes provided more incentive.

In addition, having the CEO and his leadership team go through the 3-day workshop was critical. This sent a strong message. It was hard for others to say "they didn't have the time" once Jim and his team had taken the time. Visible leadership support was critical. Reporting directly to Hank helped make it a high profile initiative. Now everyone wants to learn about it, and "get some" because it has become something that executives ask about. Phrases like "where is this group at in the ADKAR model" are common at the highest levels.

We also designed an entire training curriculum that included six programs, including the Prosci Change Management Practitioner workshop, a manager overview program, and an ILT and on-line course that was based on ADKAR. Within the first 12-months we trained 774 employees, including 200 European managers as part of the preparation plan for the SAP implementation in Europe. The new president for Europe at the time was a member of the ECM Steering Committee and was committed to giving his managers the tools they would need to make the SAP implementation a success. And so far, the reports are that the EMEA go-live has been the smoothest yet.

We conducted a 30-day follow-up survey of the European managers and the results were: 69% had shared the ADKAR model with their employees, 94% were using the ADKAR tools on their current projects,

and 95% reported that the training and tools helped them support their employees during the SAP EMEA implementation. In addition, since its release 12 months ago, 331 employees have taken the online ADKAR course, 99% reported that the course met the objectives and 96% agreed or strongly agreed that the course had been worth the time it took to take it.

Interviewer: *Your project planning workshop or “boot camp” seemed like a key factor. What are your thoughts on this program and what was the feedback from participants?*

This program merges both project management and change management concepts and hands-on application of the tools. The need for this “boot camp” came from the Prosci PCT Model. Pam was responsible for first identifying the need and coordinating the resources to design the program. The feedback has been very positive. Its appeal, like that of the Prosci Change Management workshop, lies in the fact that it is hands-on. We only conduct this boot camp for project teams that have an actual project that they need to start. This approach appeals to adult learners in that it is practical and relevant. It focuses the team on what's important to success and helps them apply these things to the actual project. They leave having accomplished meaningful work. In fact, several of this year's Chairman's Award winners credit this workshop for their success.

The Project Management/Change Management workshop has been so successful because people walk out the door with most of what they need to work on a project. It helps focus the conversation and the thinking of the team. The facilitated discussions around the project risks and outcomes along with the detailed discussion about the sponsors, make people true believers in having a process around change. It's not seen as a “nice to have;” it has become a “need to have.” Participants are our biggest supporters on their next project. I am working on one now where the team leader says there isn't time for the workshop. Several of the team members had done it on another project and said we had to make the time, that it had helped them tremendously. The team regrouped and scheduled the workshop.

Interviewer: *What tactics did not work as well as you hoped, and what would you do differently next time?*

I fear that the sponsorship may not have lasted as long as it should have because the team was moved into a permanent role in a different part of the organization with less visibility and focus on the change management competency development. However, it has taken hold and with some nurturing should continue to grow. But if the ECM Team had been given another 6-12 months, 90% of the organization would be much more change-ready in my opinion. So, in short, declaring victory too soon at best impedes the maturation process that must occur for any change to become part of the culture. But there is enough awareness around ADKAR that it's now part of Ashland's lexicon.

Mass training on the Prosci Change Management Practitioner's class did not produce the requisite number of knowledgeable, competent CM consultants. Also calling this effort Change Management has been confusing to folks. It really should be called Leading Change, which requires active leadership, project management, and change management. In addition, we needed more online options and then follow up so that we know if anyone who took the course has done anything with it. Would have been better to have it as “required learning” or part of a broader curriculum. I don't think we've captured the learning needs of the masses. People get short introductions in other arenas but not the real meat around the whole process. They latch onto ADKAR without really knowing the full breadth of the capabilities.

One final thought: Even though there was a team dedicated full time to Enterprise Change Management, not all team members were full time to Change Management. The team did not always seem connected to what each other were doing.

Interviewer: *What were the greatest challenges you faced, and how did you deal with those challenges?*

Retrofitting very large projects with Change Management components after they were well underway was a major challenge. We now require all new projects that support Ashland strategies to follow a structured methodology for project management, leadership and change management.

On another front, we faced a big challenge in gaining sufficient executive sponsorship early in the deployment. In truth, our journey started back in 2002

or 2003. It took several years for the organization to realize that change management was a key competency for our success. And it wasn't until Hank had his ah-ha and shared it with Jim before they seriously entertained creating the Enterprise Change Management Team. If that sponsorship had not been there, Dwight King would still be preaching change management to the masses. Once the larger "study group" team was formed, then gaining consensus on one approach was critical. Without that clarity, you have everyone running around doing their own thing and calling it change management. And that's what was happening up to that point.

Evolution of the ECM Team at Ashland

In October of 2006, Enterprise Change Management became a formal part of the Process Office. In March 2007, the Enterprise Change Management Team became a component of the Enterprise Optimization group – a group that integrated change management, project management and process centering practices and resources. At this point, the team was staffed full time, with three full-time employees reporting to the VP of Enterprise Optimization (a member of the Operating Committee).

An example of sponsorship

The message below was sent by Ashland CEO Jim O'Brien to the entire Ashland Leadership Team (more than 60 leaders recognized for their ability to catalyze change) on February 22, 2006. The message is an outstanding example of sponsorship – in particular sponsoring the need to improve change management practices.

As I said in my January 3 letter to you, we must focus on execution this year. One extremely critical aspect of execution is change management. It's become clear to me that the best chance we have of successfully implementing our GlobalOne plans and other initiatives – such as supply chain integration and APAC's Focus on Performance – is for me to become personally involved in the leadership of change management.

In addition to my involvement, I have asked Hank Waters to work with me. Hank's role will be to improve our change management capabilities by creating, leading and implementing a coordinated, integrated change management strategy in the Chemical Sector. This will be in addition to his responsibilities as president of Ashland Distribution and will not change his reporting relationship to Gary.

I truly believe that successfully implementing GlobalOne will be the difference between Ashland's long-term success and failure. It will be very difficult – or maybe impossible – to move forward if we don't do this right. There will be no cavalry riding in to save the day – we have to do this job ourselves.

If you look at Prosci's ADKAR model for managing change, each person individually goes through stages of awareness, desire, knowledge, ability and reinforcement. As an organization, we are aware of the need to change and to put GlobalOne in place. As people understand why the change is necessary, there is a desire to make this change work. What we need now is the knowledge to make it work – the specific steps we need to take to implement the change. In the absence of knowledge and ability, we'll experience incorrect usage of new processes and tools, reduced productivity, and our customers and partners will suffer.

To help affected employees advance through the stages of change, we'll need to provide training and create specific messages to explain how their jobs will be different so they can understand what their new jobs will be. Key influencers across the organization have a responsibility to help deliver these messages, coach these employees and lead these changes. I understand all of us will first need to complete the two-day Prosci change management training so we understand how to do these things.

In leading change, Hank will play an important role in identifying and engaging influencers, coaching, and promoting training for managers and supervisors. I will be attending meetings, participating in training, and reviewing metrics to get real information about our progress.

I've been pleased with our progress to date, but it never moves fast enough. Focusing on the leadership of change management and creating an Ashland-wide process should allow us to move faster. We'll focus on the Chemical Sector first. Hank, Gary and I need your full support and engagement.

Jim O'Brien
Ashland CEO