

Prosci change management webinars

Cost-benefit analysis for change management

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About Prosci®

Our value proposition:

To help organizations build **their own internal change management competencies** through the development and delivery of tools and methodologies

Our principles:

Research-based | Holistic | Easy-to-use

Prosci by the numbers:

- 7 Longitudinal studies
- 14 Years of research
- 66% Fortune 500 companies
- 2600+ Research participants
- 9000+ Certified practitioners
- 63,000+ Registered members

About Prosci®

webinars

Webinar purpose:

- Educational
- Thought provoking
- Insights into new development
- New ideas, phraseology, language, and frameworks
- **Give you at least one hour per week to think about change management**

Tools or downloads referenced in this free webinar are for webinar educational purposes; reproduction or distribution of these tools in your organization will require additional steps on your part.

Prosci's channels:

- Published products and tools
- Web-based tools and applications
- Face-to-face training
- Train-the-Trainer

Prosci's target audiences:

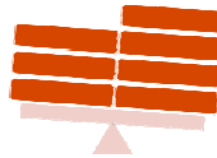
- Change management specialists
- Project teams and leaders
- Executives and senior leaders
- Managers and supervisors

Contact:

Telephone Support: +1-970-203-9332
Email Support: webinar@prosci.com
Webinars are presented by Tim Creasey, Prosci Chief Development Officer

Agenda

- Definition
- The cornerstone: benefits realization
- Cost components
- Benefit perspectives



Change management: defined

- Change management is the application of the set of tools, processes, skills and principles for managing the people side of change to achieve the required outcomes of a change project or initiative
 - Prosci's definition of "change management"

A system for encouraging employees to embrace, adopt and utilize a change to how they do their jobs

A framework for enabling successful individual transitions resulting from a project or initiative

Reality of change

Organizations introduce change through projects and initiatives

These changes impact how individuals do their work (behaviors, processes and tools)

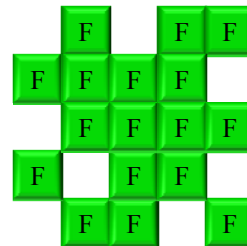
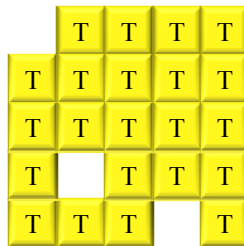
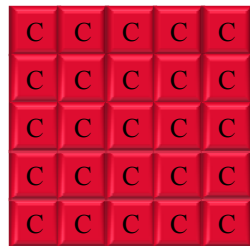
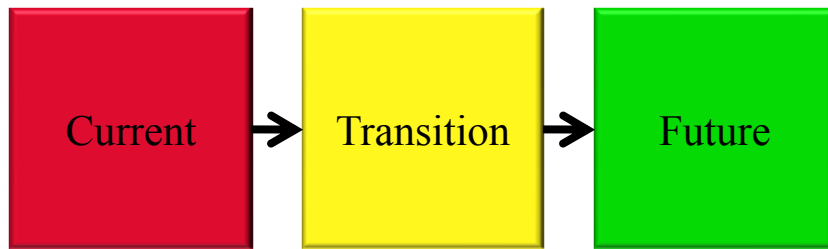
The success of the organizational change is the result of individuals doing their work differently

Examples:

- Managed/optimized processes
- ERP application
- New performance review process
- Quality improvement initiative
- New product
- New market
- Technology upgrade
- Windows 7
- Rearranged office space
- Reorganization
- Merger or acquisition

Andy
Becky
Charlie
Debbie
Eddie
Frannie
Gerry
Harry
Izzie

Are Andy, Becky, Charlie, Debbie, Eddie, Frannie, etc. **exhibiting the behaviors**, **following the new processes** and **using the new tools** as required by the project or initiative?



What is benefits realization?

The improvement in performance delivered when we arrive at the future state

- Lower costs
- Higher revenues
- Larger market share
- Fewer errors
- Greater efficiency
- More satisfied customers
- Less risk exposure



The R in ROI

It is why we took on the change to begin with

Benefits realization discipline

Front end

Defining the outcomes and results the project is looking to achieve

- Real objectives
- Metrics
- Measurable



Back end

Measuring if the project delivered on outcomes and results

- How did we do?

Benefits realization challenges

Establishing metrics we can actually measure

Time and energy it takes to track

Change saturation (already moved on)

Risk of accountability (cultural change)

Are we doing what it takes to get people onboard or are we simply building beautiful ships?



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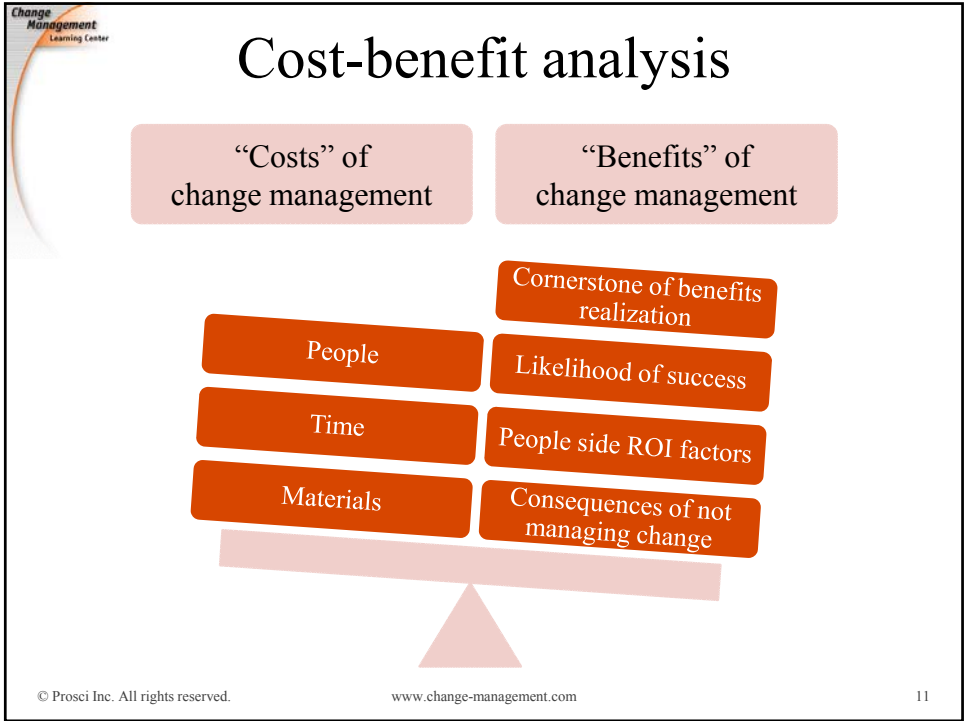
Change installed: ship built
Benefits not realized

people



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Change installed: ship built
Benefits realized



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Cost components of change management

Primary costs:	<ul style="list-style-type: none"> • Change management resource costs <ul style="list-style-type: none"> • Salary/compensation • Training costs <ul style="list-style-type: none"> • Design, development, delivery and materials • Communications costs <ul style="list-style-type: none"> • Design, development, delivery and materials
Secondary costs:	<ul style="list-style-type: none"> • Consultant costs • General expenses • Event costs <ul style="list-style-type: none"> • Workshops, group meetings, “lunch and learn” events, road shows and town hall meetings • Change management materials • Reinforcement and recognition costs

A commitment to manage the people side of change

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Approaches for estimating costs

Simple*	<ul style="list-style-type: none">• FTE required for change management• FTE as a % of project FTE• Budget required for change management• Budget as a % of project budget
Complex	<ul style="list-style-type: none">• Adding in the nature and complexity of the change<ul style="list-style-type: none">• Small, incremental change or large, radical change• Change ready impacted groups or change resistant groups• Estimating the work required to complete each activity in the methodology or approach<ul style="list-style-type: none">• Work breakdown structure as guide• Past experience in your organization

* This data was collected in the 2011 benchmarking study
The 2012 edition of *Best Practices in Change Management* should be
available for purchase the first week of March 2012

Benefit perspectives for change management

1. Benefits realization insurance
2. Likelihood of success
3. People side factors that define project ROI
4. Two costly letters in implementing change
5. Avoiding costs and minimizing risks

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Perspective 1: Benefits realization insurance

Change management enables individuals to reach their own future state

That organizational future state is composed of many individual future states

Benefits realization occurs when the organization reaches a designed future state

Benefits are not realized if individuals do not reach their own future states

Change management is an essential component of benefits realization

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Perspective 1: Are you willing to invest?

What are the expected improvements (results and outcomes) sought out with this project or initiative?

What percentage of those improvements are dependent on individuals doing their jobs a new way?

The cost of change management

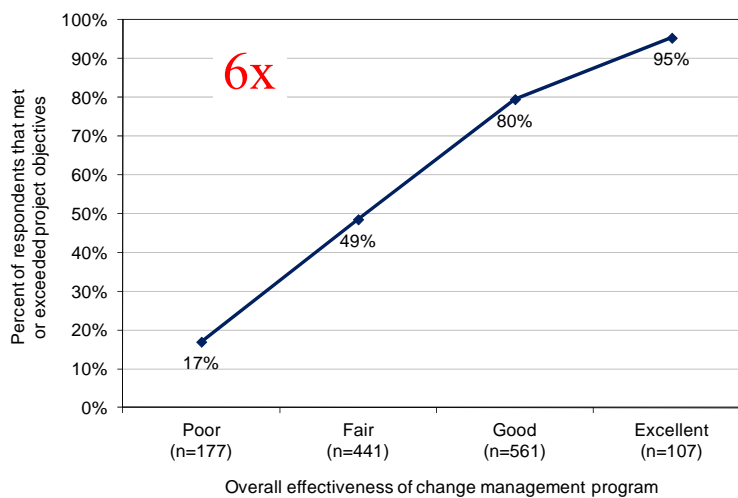
Benefits realization insurance: since benefits depend on individual changes

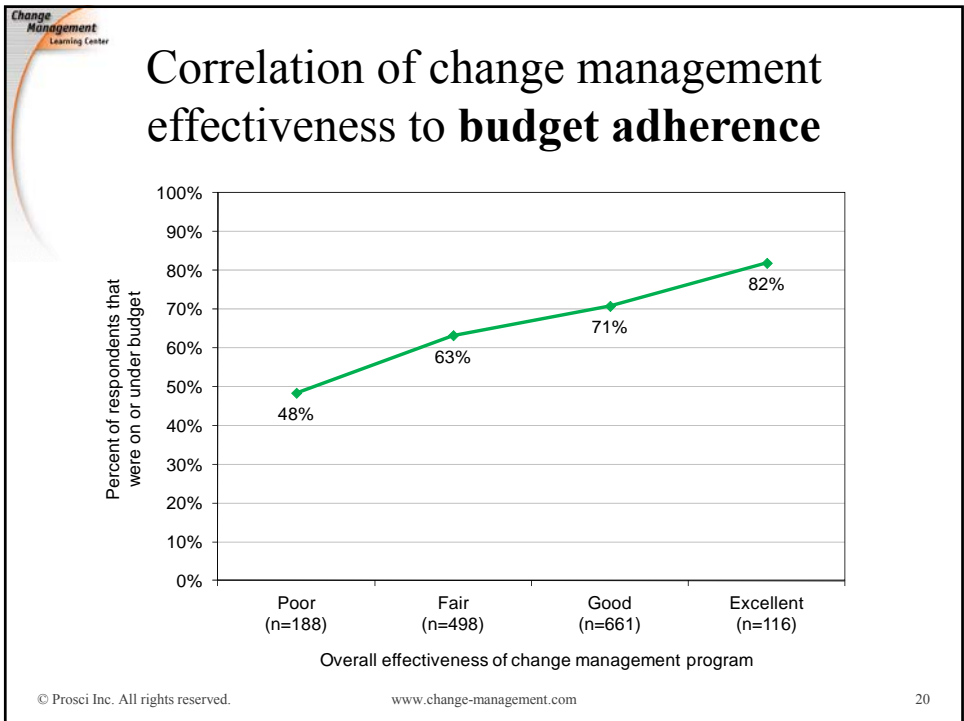
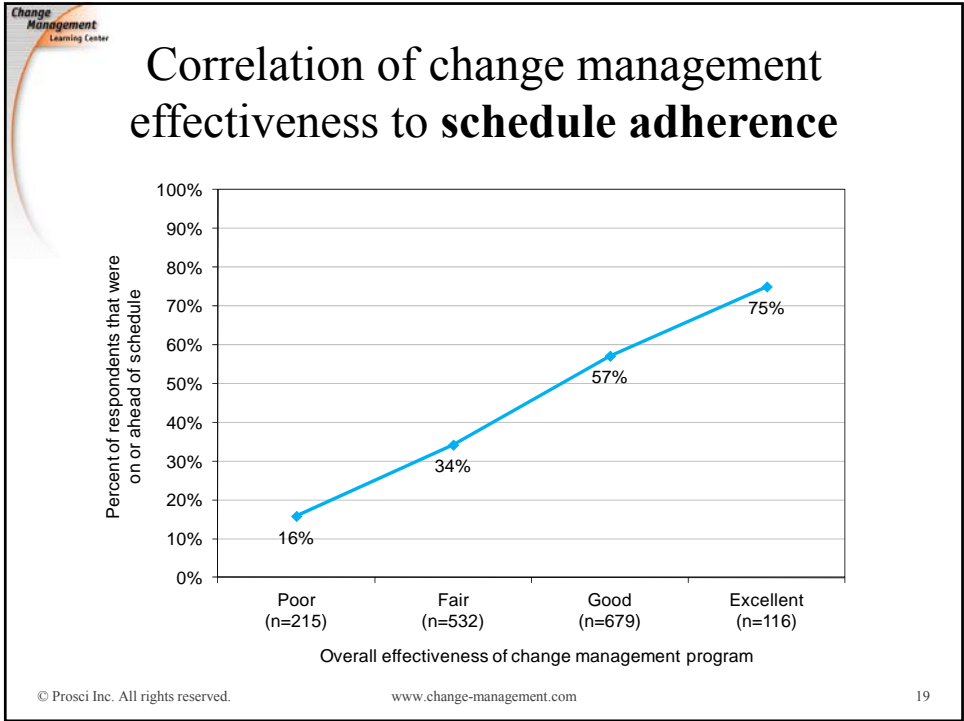
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Perspective 2: Likelihood of success

- A growing body of data supports the claim:
 - *The better we manage the people side of change the more successful our project will be*
- Prosci's 2011 benchmarking study shows correlation to:
 - Meeting project objectives
 - Staying on schedule
 - Staying on budget

Correlation of change management effectiveness to meeting objectives





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Perspective 2: Are you willing to invest?

	Poor	Fair	Good	Excellent
Meeting objectives	17%	49%	80%	95%
Staying on schedule	16%	34%	57%	75%
Staying on budget	48%	63%	71%	82%

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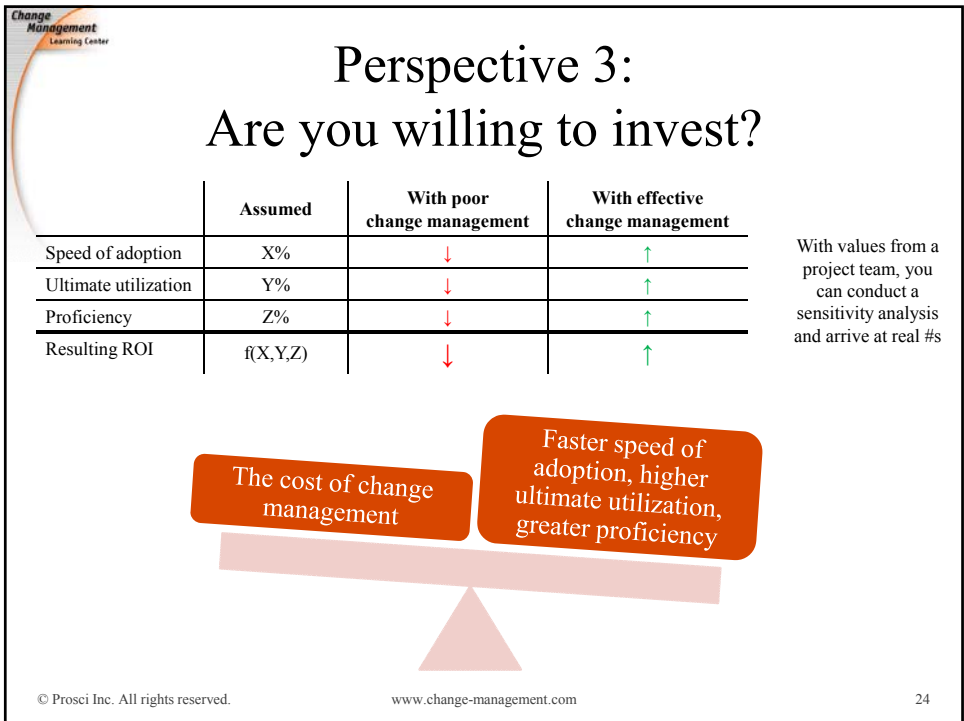
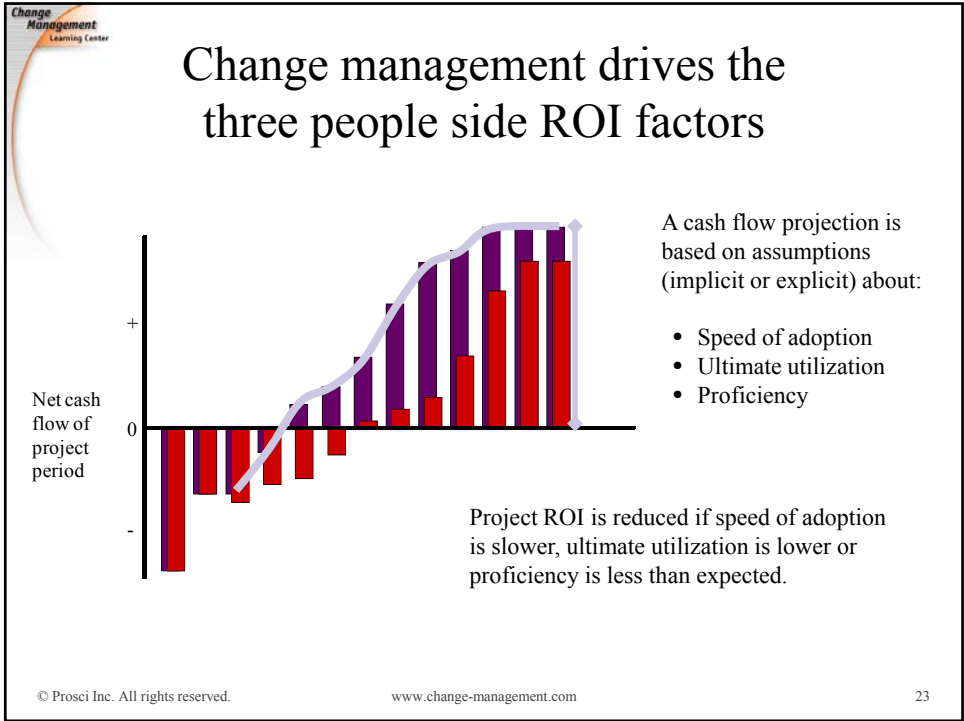
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Perspective 3: Three “people side” ROI factors

- Three “people side” ROI factors tied to individuals doing their jobs differently:
 - Current
 - Transition
 - Future

Speed of adoption	• How quickly did people make the change?
Ultimate utilization	• How many of them made the change?
Proficiency	• How effective were they in their own future state?

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Perspective 4: Two costly letters: “R” & “E”

- When change management is ignored or brought on to a project late, there are many “RE” costs

And a few more REs:

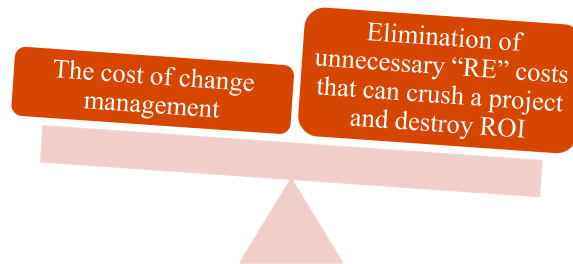
REgress
REpeat
REsources
REsistance
REtreat

- **RE**design
- **RE**work
- **RE**visit
- **RE**do
- **RE**evaluate
- **RE**train
- **RE**scope
- **RE**schedule



Perspective 4: Are you willing to invest?

The “RE” costs are unnecessary, do not add value and are discouraging to the project team, leaders, managers, supervisors and employees.



Perspective 5: Avoiding costs and minimizing risks

- What if we don't manage change?



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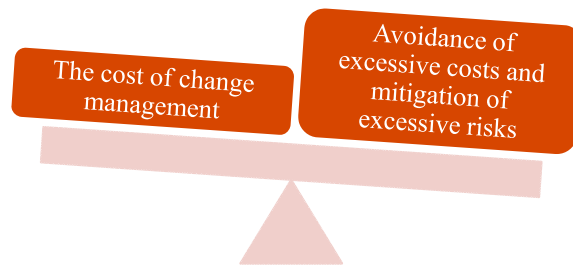
- Additional **costs** to:
 - The project
 - The organization
- Additional **risks** to:
 - The project
 - The organization
- What if the change is not implemented?

Costs and risks

	Costs:	Risks:
To the project if we do not manage the people side of this change well	<ul style="list-style-type: none"> • Project delays • Missed milestones • Budget overruns • Rework required on design • Loss of work by project team 	<ul style="list-style-type: none"> • Resistance –active and passive • Project put on hold • Resources not made available • Obstacles appear unexpectedly • Project fails to deliver results • Project is fully abandoned
To the organization if we do not manage the people side of this change well	<ul style="list-style-type: none"> • Productivity plunges (deep and sustained) • Loss of valued employees • Reduced quality of work 	<ul style="list-style-type: none"> • Impact on customers • Impact on suppliers • Morale declines • Legacy of failed change • Stress, confusion, fatigue • Change saturation
To the organization if this change does not deliver the results we expect	<ul style="list-style-type: none"> • Lost investment made in the project • Lost opportunity to have invested in other projects 	<ul style="list-style-type: none"> • Expenses not reduced • Efficiencies not gained • Revenue not increased • Market share not captured • Waste not reduced • Regulations not met

Perspective 5: Are you willing to invest?

Project costs Organizational costs
Project risks Organizational risks



Benefits realization (achievement of results and outcomes) depends on individuals embracing, adopting and utilizing a change

Avoid excessive costs and mitigate excessive risk to both the project and the organization

Increase likelihood of meeting objectives, staying on schedule and staying on budget

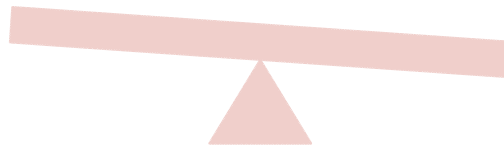


Eliminate the wasteful, non-value adding, costly and discouraging REs (revisit, redesign, redo, rework)

Manage the three people side factors that drive project ROI – speed of adoption, ultimate utilization and proficiency

Next steps:

- Questions to consider:
 - Do you need to justify change management?
 - To whom?
 - What do they value or care about the most?
- Actions to take:
 - Connect or tie change management to benefits realization, results, outcomes and success
 - Compare the costs to the expected benefits



Prosci change management offerings

Research-based | Holistic | Easy-to-use

Certification



3-day intensive program where you apply the methodology, process and tools to a real project as you learn them.

Earn CEUs, PDUs and HRCI credits

Open enrollment: offered at locations across the US, and also around the world by Primary Affiliates

At your location: for classes up to 12 participants

"Awesome - truly one of the most beneficial programs I have ever attended - immediate application on the job!"

"The best training class I have had in years. Goes way beyond the strategy and framework and focuses on real world problems and the tools to solve them."

Additional training

Train-the-Trainer program: Teaches you how to deliver Prosci's change management programs in your organization

Advanced Change Management: Expands your knowledge of the discipline and helps you move from a project-by-project to an organizational perspective

Methodology tools



Change Management Toolkit: 3-ring binder with CD/USB – complete process and set of assessments, worksheets and templates for creating change management strategy and plans



Change Management Pilot Pro: online methodology tool with "four-click" access to methodology, downloadable templates and assessments, benchmarking excerpts, presentations and numerous eLearning modules

Best Practices report



Best Practices in Change Management (2012 edition): most complete body of knowledge on change management available, with benchmarking results and lessons learned from 650 change practitioners – learn what works and what doesn't work for managing the people side of change
Available March 2012

Change management certification

"Very easily the best, most educational learning experience in which I have ever participated." - Chris T.

- **Prosci change management public sessions** (Tuition: \$2100)
 - 3-day certification program in change management
 - Work on an actual change project from your organization
 - Utilize best practices research with more than 2600 companies worldwide
 - Get input from seasoned executive instructors and fellow classmates
 - "Hit the ground running" with your change management plans when you return
 - Earn 2.4 CEUs, 24 PDUs from PMI and 23.5 HRCI recertification credits
 - www.change-management.com/change-management-training.htm
 - Offerings of the 3-day certification program:
 - Multiple times per month at locations across the United States, or at your location
 - Across the globe offerings by Primary Affiliates and Authorized Training Providers

"One of the best sessions for business training I have attended. Well structured methodology for immediate impact."
- Ken M.

"Fantastic program to bring together the project management discipline with a change management methodology."
- Keith S.

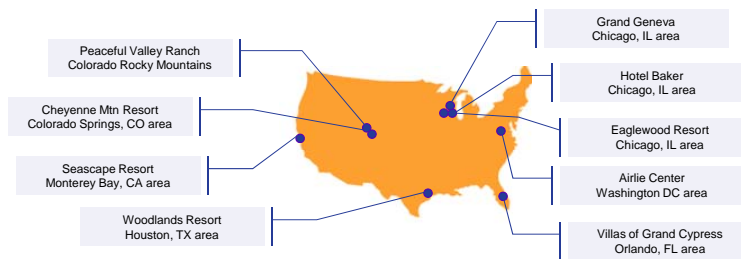
"Amazing experience - career changing for me. What I learned at Prosci's Change Management Program will allow me to transform my organization."
- Shelly Z.

"Many training sessions only give the theoretical approach, but this one took it to the next necessary step of implementation. This will jump-start the change!"
- Debra Q.

Change management certification

Course locations across the U.S.

Or bring the program to you – email training@prosci.com for information about onsite programs



"This program absolutely over-delivered my expectations. I now feel more prepared and better equipped to do my job."
- Paul S.

"Awesome - truly one of the most beneficial programs I have ever attended - immediate application on the job!"
- Robin S.

"This was the most effective and engaging course I've ever taken. I feel that I can truly use this knowledge in my personal and professional life immediately."
- Lisa S.

"The best training class I have had in years. Goes way beyond the strategy and framework and focuses on real world problems and the tools to solve them."
- Jennifer J.

Prosci Train-the-Trainer

- The goal of Prosci's Train-the-Trainer (TTT) program is to enable you to **facilitate an experience** that transforms how someone sees themselves when it comes to managing the people side of change.
 - www.change-management.com/ttt/index.htm

Courses you can teach following TTT:

- Prosci's 3-day program for change management practitioners and project team members
- Prosci's 1-day coaching program for managers and supervisors
- Prosci's 4 to 6-hour sponsor program for executives and senior leaders
- Prosci's 1-day primer for front-line employees

Topics covered in the 3.5 day TTT program:

- Philosophy and principles
- Success factors
- Preparing for a course
- The big picture
- Storytelling
- Transitions and activities
- Facilitator challenges
- Course facilitation

Prosci's Train-the-Trainer program is delivered in Loveland, CO each month. See dates at the website above. Class size is limited to 5, so seats are limited.

"Companies around the world are building competency in change management to become more flexible in today's marketplace. Prosci's Train-the-Trainer program gives you the ability to provide these courses internally - and for a lower cost to your organization."

~ Jeff Hiatt President and CEO, Prosci Inc.

Resources for applying the Prosci methodology

- The following resources were used in the creation of this webinar. If you are looking for more detailed descriptions, checklists and tools, visit www.change-management.com/bookstore.htm for ordering information.
- Resources for developing change management plan
 - **Change Management Toolkit** (\$349)
 - Change management principles, process, templates and checklists in an easy-to-use 3-ring binder with electronic files on USB or CD
 - www.change-management.com/change-management-toolkit.htm
 - **Change Management Pilot Pro 2010** (\$449)
 - Online version of Prosci's methodology and tools
 - Updated content with latest best practices and new assessments
 - www.change-management.com/cm-pilot.htm
 - *2012 edition available in March 2012*

Reference and research materials

- Reference guides
 - **Best Practices in Change Management benchmarking report** (\$289)
 - Most comprehensive report ever – a compendium of data from 2011 benchmarking study and previous studies
 - Lessons-learned and findings from 650 participants from 62 countries
 - www.change-management.com/best-practices-report.htm
 - *2012 edition available March 2012*
 - **Change management: the people side of change** (\$18.95)
 - Introduction to and foundation in managing the people side of change
 - www.amazon.com and search for “change management”
 - **ADKAR: A model for change in business, government and our community** (\$18.95)
 - The definitive explanation of the ADKAR model and how it can be applied to create successful change
 - www.change-management.com/adkar-book.htm

Resources for supporting others

- Support for managers and supervisors
 - **Change Management Guide for Managers and Supervisors** (\$189)
 - 3-ring binder with detailed guidelines and exercises to help managers support their employees through the change process
 - www.change-management.com/managers-guide.htm
 - **Employee Survival Guide to Change** (\$14.95)
 - A handbook to help employees survive and thrive during change with frequently asked questions and tools for managing personal transition
 - www.change-management.com/survival-guide.htm
 - **Coaches training session** (onsite, call for pricing)
 - 1-day program full of exercises to apply coaching principles
- Executives and senior leaders
 - **Executive briefing** (onsite, call for pricing)
 - 4 to 6 hour session geared to show senior leaders how they can be successful sponsors of change, with assessments and application on real changes

Enterprise perspectives

- In addition to the tools for applying change management on a particular change effort, Prosci has offerings to support organizations who have taken the next step – toward managing the portfolio of change and building change management competencies throughout the organization
- **Change Portfolio Toolkit** (\$800)
 - A structured approach and set of tools for bringing clarity to the portfolio of change. Use Change Scorecards, the Group Impact Matrix, Change Heat Maps and the Portfolio Dashboard to better understand and manage the portfolio of change in the organization
 - www.change-management.com/portfolio-toolkit.htm
- **ECM Roadmap** (coming soon)
 - A web-based tool to help you build your strategies and plans for building organizational change management capabilities and competencies
 - Take a “project” perspective to define the future state, assess the current state and design the transition state from the technical and people side

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