

# Prosci change management webinar

## Connecting change management to business results

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### About Prosci:

#### Our principles:

- Research-based
- Holistic
- Easy-to-use

#### Prosci by the numbers:

6	✓	Longitudinal studies
12	✓	Years of research
66%	✓	Fortune 500 companies
2,000+	✓	Research participants
3000+	✓	Certified practitioners
38,000+	✓	Registered members

### About our webinars:

#### Webinar purpose:

- Educational
- Thought provoking
- Challenge the status quo
- Provide new ideas

*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 has a full suite of tools available to help organizations build their own internal competency at managing the people side of change.

#### Our channels:

- Published products and tools
- Web-based tools and applications
- Face-to-face training
- Online learning opportunities

#### Our target audiences:

- Change management specialists
- Project teams and leaders
- Senior leaders
- Managers and supervisors

#### Contact:

Telephone Support – 970-203-9332  
Email Support – [webinar@prosci.com](mailto:webinar@prosci.com)  
<http://www.change-management.com>

Webinars are presented by Tim Creasey,  
Prosci Director of Research and Development

# Prosci Global Conference

Best Practices in Change Management  
Las Vegas, Nevada - April 25 - 28, 2010



## Trends, Tools & Methodologies

Join us for the biggest change management event of the year!  
[www.acmp.info/conference](http://www.acmp.info/conference)  
[conference@prosci.com](mailto:conference@prosci.com)



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delivering results that endure

**RICOH**



Co-hosted by the  
Association of Change  
Management Professionals

## Featured speakers:



Chris Worley  
Univ. of Southern California



Todd Jick  
Columbia University



Linda Ackerman Anderson  
"The Change Leader's Roadmap"



Darlene Meister  
U.S. House of Representatives



Beverly Magda  
Georgetown University



Jeanie Duck  
"The Change Monster"

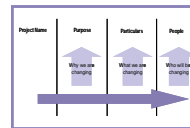


Dwight King  
Ashland Inc.

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## Agenda

- P-P-P-P exercise
- States of change
- Correlation data
- Costs and risks



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# Connecting CM to business results

## P-P-P-P exercise

Start with 4 columns

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# The first column heading is “Project name”

Project Name

**What is the project we are thinking about?**

Examples:  
Supply Chain Optimization, Global ERP,  
ACME 2015, eBenefits 2.5

Project Name			
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## Next, add the heading “Purpose”

Project Name	Purpose		
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**What are the goals or outcomes the project is trying to achieve?**

Examples: Reduce cost, increase revenue, improve margin, introduce new product, reallocate inventory, streamline business processes, merge parts of the organization, implement unified data source for entire organization, implement common business practices

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## Third, add the heading “Particulars”

Project Name	Purpose	Particulars	
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**What is actually being changed?**

Specific changes that will be made to business processes, systems, tools, job roles, organization structures – what is actually being changed?

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## Finally, add the heading “People”

Project Name	Purpose	Particulars	People
	<p><b>Who has to do their jobs differently?</b></p> <p>With the new processes, systems, tools, job roles, organization structures – whose day-to-day work will be impacted?</p>		

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## We now have a context for the project *why, what and who is changing*

Project Name	Purpose	Particulars	People
	Why we are changing	What we are changing	Who will be changing

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## How 'fuzzy' is each column?

Project Name	Purpose	Particulars	People
Which columns were the easiest to fill out?			
Which were the most difficult?			

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## Connecting the 'people side' back to project and organizational success

Project Name	Purpose	Particulars	People
<p>If people don't change how they do their job, then it <b>doesn't matter what specific changes are implemented</b></p> <p>If people don't change how they do their job, then we <b>ultimately won't achieve what we set out to from the beginning</b></p>			

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## Example: reallocating inventory across the supply chain

Project Name	Purpose	Particulars	People
SCO – Supply Chain Optimization	<ul style="list-style-type: none"> <li>• Reduce the amount of WIP (Work in Progress) Inventory</li> <li>• Maintain service levels</li> <li>• Deliver products when customers demand them</li> <li>• Reduce cost of the operation</li> </ul>	<ul style="list-style-type: none"> <li>• Document inventory levels at each stage in the supply chain</li> <li>• Evaluate order costs, holding costs and lead times</li> <li>• Calculate and optimize inventory levels across supply chain</li> <li>• Implement processes and policies for placing orders in supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Purchasers               <ul style="list-style-type: none"> <li>• Corporate BA</li> <li>• W/in each business unit</li> </ul> </li> <li>• Manufacturers               <ul style="list-style-type: none"> <li>• At each business unit</li> <li>• Foreman and employees</li> </ul> </li> <li>• Warehouse staff               <ul style="list-style-type: none"> <li>• Warehouse planners</li> <li>• Employees</li> </ul> </li> <li>• Distribution               <ul style="list-style-type: none"> <li>• Corporate analysts</li> <li>• Site representatives</li> </ul> </li> <li>• Sales</li> <li>• Finance</li> <li>• Suppliers</li> </ul>

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## Example: deploying a common approach to project management

Project Name	Purpose	Particulars	People
PMO 09	<ul style="list-style-type: none"> <li>• Bring consistency to project management practices in the organization to meet objectives, deliver projects on time and on budget</li> <li>• Avoid the ad hoc approach and the consequences of not applying solid PM practices</li> <li>• Improve project delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Research and identify a project methodology</li> <li>• Collect data on existing PM practices in org</li> <li>• Source IP, training and tools as necessary</li> <li>• Inventory projects and create steps to infuse PM methodology</li> <li>• Create a Project Management Office</li> </ul>	<ul style="list-style-type: none"> <li>• Project managers</li> <li>• Project team members</li> <li>• Support functions – HR, OD, communication, training, etc.</li> <li>• Business unit leaders introducing projects</li> <li>• Functional leaders introducing projects, such as IT or HR</li> <li>• Corporate governance and transformation groups</li> <li>• Consultants that support projects</li> </ul>

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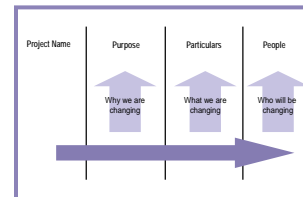
## Example: building organizational change management competency

Project Name	Purpose	Particulars	People
<p>ECM – Enterprise Change Management</p> <p>* Prosci has done research and development over the last four years in ECM, email <a href="mailto:webinar@prosci.com">webinar@prosci.com</a> with "ECM" in the subject line to find out more</p>	<ul style="list-style-type: none"> <li>• Encourage consistent application of change management principles and processes</li> <li>• Build 'effectively managing change' as a strategic capability</li> <li>• Become more flexible and durable as an organization</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and adopt a common methodology</li> <li>• Source IP, training and tools as necessary</li> <li>• Build individual skills in managing change</li> <li>• Create a CM department or office that is well-positioned in the org</li> <li>• Incorporate CM into each new project</li> <li>• Retro-fit existing projects with CM</li> </ul>	<ul style="list-style-type: none"> <li>• Project teams – need to apply change management process on their projects</li> <li>• Project support groups – HR, OD, communication, training, etc.</li> <li>• Change management specialists – need to adopt common approach</li> <li>• Executives and senior leaders – fulfilling role of 'sponsor' on each change</li> <li>• Middle managers and supervisors – fulfilling role of 'coach' for their reports</li> </ul>

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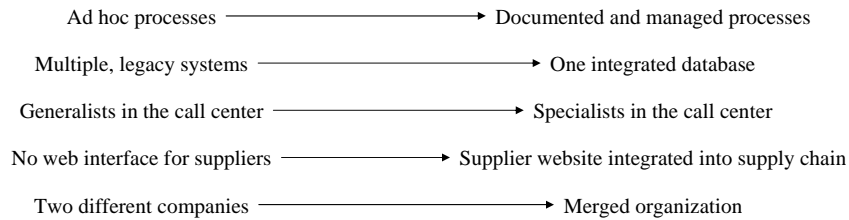
## The P-P-P-P exercise: conclusion

- The power of the exercise is that the audience makes the connection **themselves**
  - Between the project, the objectives and the people who have to change how they do their job (their day-to-day activities)
  - Helps them reach the 'ah ha' moment about the people column on their own
- Try it!
  - Who will be your likely **audience**?
  - Then email me at [webinar@prosci.com](mailto:webinar@prosci.com) to tell me how it went
- Demonstrates the role of change management and how it connects to the project and its purpose (i.e. the business results)

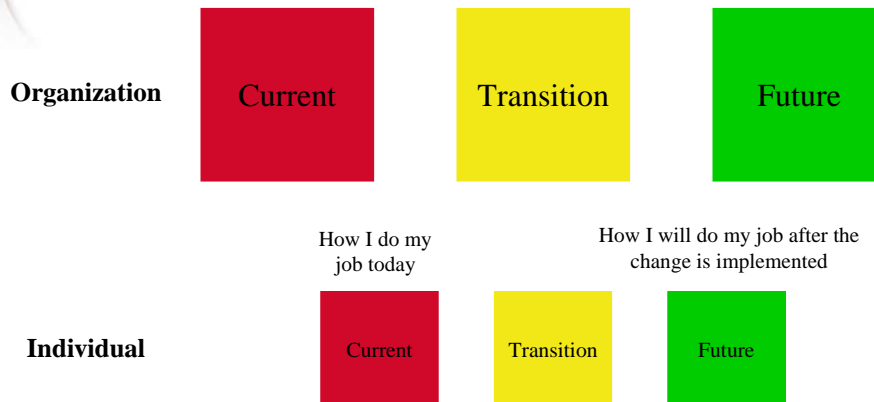


# States of change

- Typically we take an organizational perspective



## In reality, each impacted employee has their own current and future state



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## The organization's future state is actually the collection of many individual future states

**Organization**

Future

- Documented and managed processes
- One integrated database
- Specialists in the call center
- Supplier website integrated into supply chain
- Merged organization

**Individuals**

Current	Transition	Future
Current	Transition	Future
Current	Transition	Future
Current	Transition	Future
Current	Transition	Future
Current	Transition	Future
Current	Transition	Future

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## Ultimately, organizational change occurs at the individual level, one person at a time

- New strategy
- Focus on the customer
- New marketing approach
- Online HR benefits system

- New ERP
- Updated IT systems
- Mergers and acquisitions
- Productivity improvement initiative

- New product

**One individual changing, multiplied across the organization**



“Organizations don't change – people within organizations change.”

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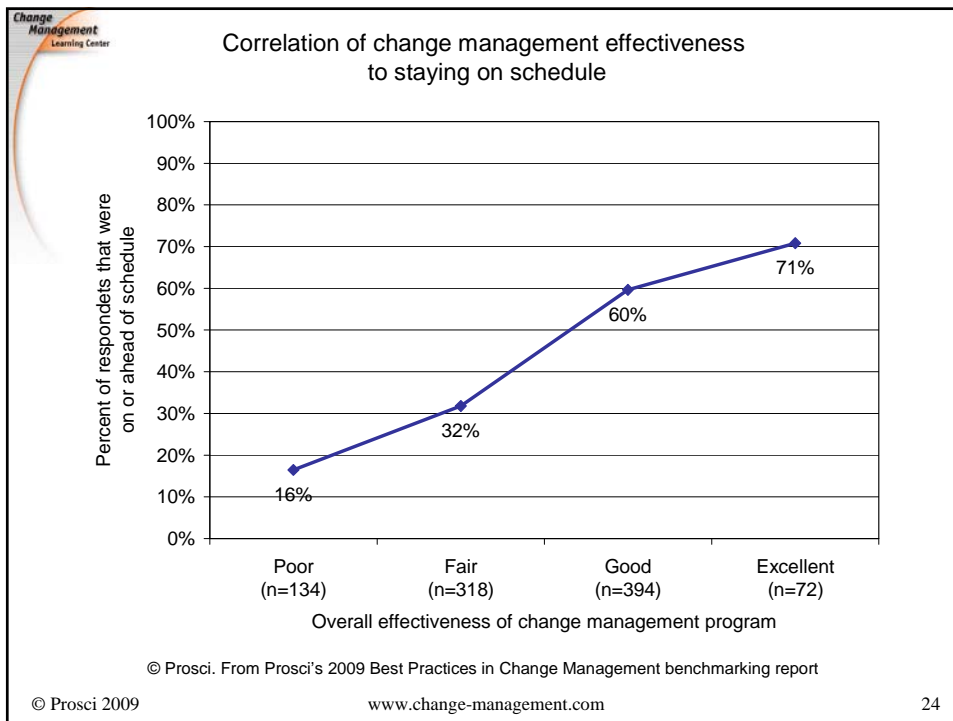
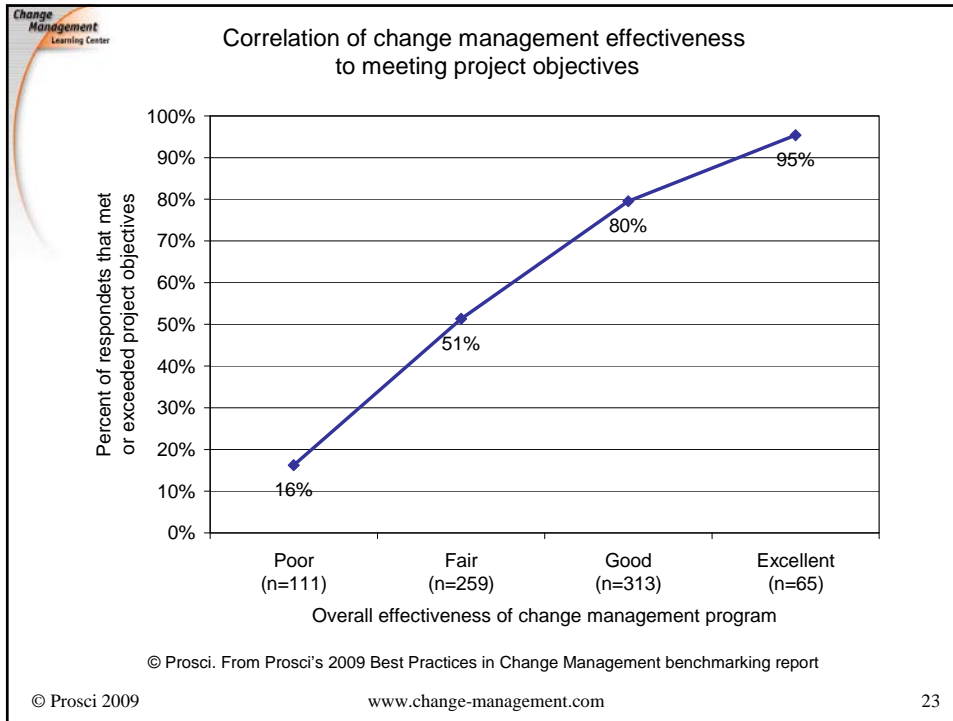
## States of change connection

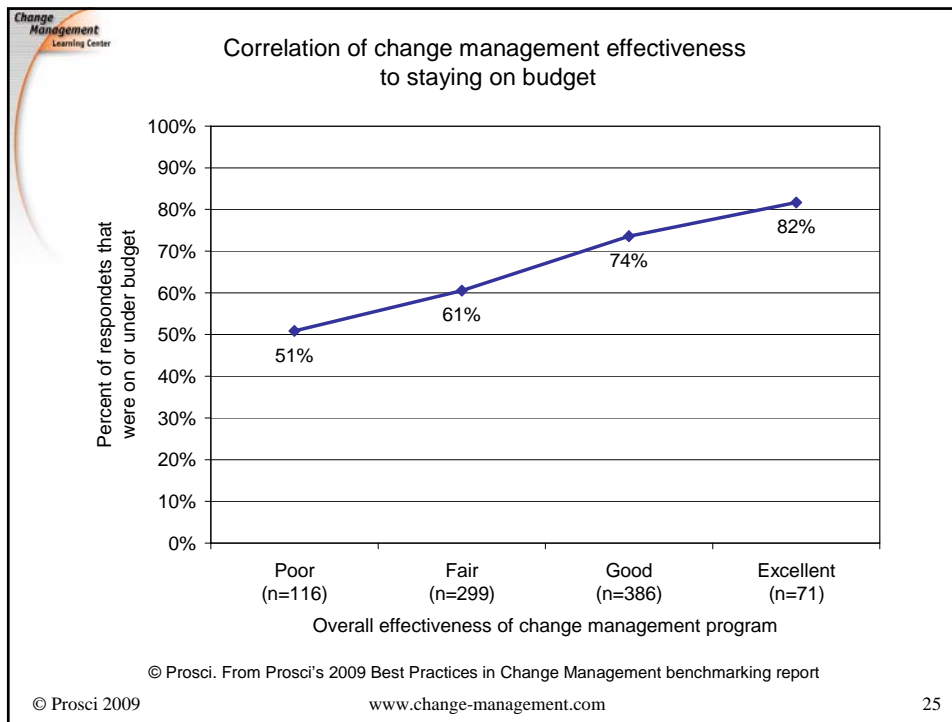
- Business results are achieved when a project is successfully implemented, moving some part of the organization from a current state to a desired future state
- The future state is only achieved when individual contributors do their jobs differently – make **their** own transition from **their** current state to **their** future state
- Change management is the tool for helping individuals make a personal transition from a current to a future state

## Correlation analysis

- Looking at data that shows a correlation between effectively managing change and meeting objectives
  - “Show me the numbers”
- Analysis from:
  - Prosci’s 2009 Best Practices study
  - McKinsey Quarterly article
  - Your own organizational experience?







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## McKinsey correlation study

- Examined 40 projects
- Evaluated
  - ROI expected
  - ROI delivered
  - Level of change management effectiveness
  - Factors evaluated
    - Senior managers
    - Middle managers
    - Frontline staff
- Results
  - Direct correlation between change management effectiveness and gap between ROI expected and ROI delivered
    - $r^2 = 0.70$
  - Those that were above average on all three factors realized 143% of expected value
  - Those that were below on all three factors realized 35% of expected value

In the article "Helping Employees Embrace Change" in the McKinsey Quarterly 2002 Number 4, by Jennifer A. LaClair and Ravi P. Rao

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## Correlation connection

- Bodies of data that support the contention:
  - *Better change management means better realization of benefits*
- Can you start collecting your own data?
  - Measure for benefits realized
  - Measure for change management effectiveness

## Costs and risks

- Two more words from the business vernacular that are relevant when making the connection to business results:

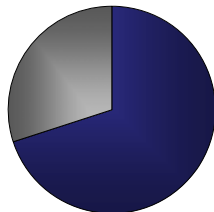
**Cost**

**Risk**

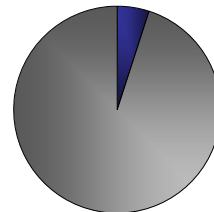
## What costs are incurred when change is poorly managed?

- Costs to the organization:
  - *Productivity plunges* (deep and sustained)
  - Impact on customers
  - Impact on suppliers
  - *Loss of valued employees*
  - Morale declines
  - Resistance (both active and passive)
  - History of failed change
  - Stress, confusion, fatigue
  - *Project abandonment*
  - *Not realizing the expected benefits of the project*
- Costs to the project
  - Potential schedule delays and missed deadlines (see correlation data)
  - Potential budget overruns (see correlation data)
  - Potential rework required because the people side of change was ignored early in the project lifecycle

## What risk are we taking on by not considering the people side of change?



What percentage of the project's expected benefits relies on people making changes to how they do their work?



What percentage of the project's budget are we putting toward managing the people side of change?

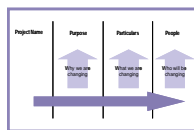
**Are you willing to leave that much of the project ROI at risk and uninsured by neglecting the people side of change?**

## Summary

P-P-P-P exercise	An exercise to help your audience connect why we are changing, what we are changing and who will be changing – <i>Change management is the tool to accelerate and encourage the ‘people change’ required by any project</i>
States of change	The organization’s future state is actually the collection of all of the future states for the individual contributors who have to do their jobs differently – <i>Change management is the tool for helping individuals make a personal transition from their own current state to their own future state</i>
Correlation data	There is a growing body of data showing that the more effectively the people side of change is managed, the more likely a project is to meet its objectives and deliver the intended value to the organization – <i>Change management directly correlates with meeting objectives</i>
Costs and risks	Mismanaging change has consequences for the people, projects and the organization – <i>Ignoring the people side of change results in unnecessary cost and uninsured risk to the project and the organization</i>

## Next Steps

- Who do you have to make the connection between change management and business results for?
- How will you make the connection as specific and relevant as possible for your project and for your organization?



## Resources for moving forward

### 3-day certification program

Highly interactive program where you apply the methodology and tools to a project you are currently supporting as you learn them, with the support of a senior executive instructor.  
[www.change-management.com/training.htm](http://www.change-management.com/training.htm)

### Change Management Toolkit

Hardcopy toolkit of the Prosci change management methodology complete with assessments and templates you can use immediately (3-ring binder plus CD-ROM).  
[www.change-management.com/change-management-toolkit.htm](http://www.change-management.com/change-management-toolkit.htm)

### Best Practices in Change Management

Research findings from study with 575 organizations on how to manage the people side of change – includes what worked, what didn't and what to do differently next time.  
<http://www.change-management.com/best-practices-report.htm>

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## 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 2000 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 22.75 HRCI recertification credits
    - [www.change-management.com/change-management-training.htm](http://www.change-management.com/change-management-training.htm)
  - Held several times per month at locations across the United States

"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.

## 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](http://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 CD-ROM
    - [www.change-management.com/change-management-toolkit.htm](http://www.change-management.com/change-management-toolkit.htm)
  - **Change Management Pilot 2008** (\$449) and **Pilot Professional** (\$559)
    - Online version of Prosci's methodology and tools
    - Updated content and new presentations
    - [www.change-management.com/cm-pilot.htm](http://www.change-management.com/cm-pilot.htm)

## Portfolio and CM Competency resources

- 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** (\$3200/\$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](http://www.change-management.com/portfolio-toolkit.htm)
- **ECM Lab** (\$20,000/\$4000)
  - A facilitated design session that helps you and your team create a customized plan for rolling out change management in your organization.
  - Conducted over five “live” sessions with assignments for lab work in between by the team.
    - [www.change-management.com/ecmlab.htm](http://www.change-management.com/ecmlab.htm)

## Reference and research materials

- Reference guides
  - **Best Practices in Change Management benchmarking report** (\$249)
    - 2009 benchmarking study, most comprehensive report ever
    - Lessons learned and findings from 575 participants from 65 countries
    - [www.change-management.com/best-practices-report.htm](http://www.change-management.com/best-practices-report.htm)
  - **Change management: the people side of change** (\$18.95)
    - Introduction to and foundation in managing the people side of change
    - [www.amazon.com](http://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](http://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](http://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](http://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, including assessments on real changes

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