

Prosci change management webinars

Cost-benefit analysis for change management

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About Prosci®

Our value proposition:

To help organization's 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:

- 6 Longitudinal studies
- 12 Years of research
- 66% Fortune 500 companies
- 2000+ Research participants
- 4000+ Certified practitioners
- 45,000+ 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 – 970-203-9332
Email Support – webinar@prosci.com
Webinars are presented by Tim Creasey, Prosci Chief Development Officer

Agenda

- Definition
- Cost components
- Benefit perspectives
 1. Three "people side" ROI factors
 2. Cost avoidance
 3. Risk mitigation
 4. Benefits realization insurance
 5. Probability of meeting objectives

Definition

- 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
 - A set of roles fulfilled by senior leaders, managers and supervisors to support employees through their own personal transitions

Change management requires a “change” as an input
The “benefits” in this webinar tie directly to the value or ultimate success delivered by the “change”

Setting the stage

Organizations introduce change

These changes impact how individuals do their work

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

Change management provides structure, intent and repeatability to encouraging and supporting individuals through their own personal changes

Costs:

- What are the cost components of applying change management on a project?
 - Time for change management team/resource
 - Materials
 - Training

Too few resources

The right amount

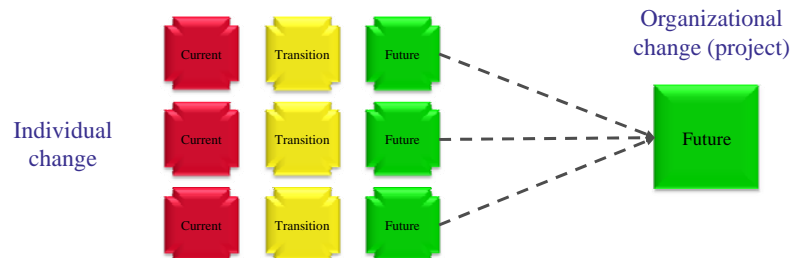
More than enough

Benefit perspectives:

- Five approaches for conveying the value to a project of managing the people side of change
 1. Three "people side" ROI factors
 2. Cost avoidance
 3. Risk mitigation
 4. Benefits realization insurance
 5. Probability of meeting objectives

Perspective 1: Three "people side" ROI factors

- Foundation:
 - Change happens one person at a time



- The individual is the unit of change

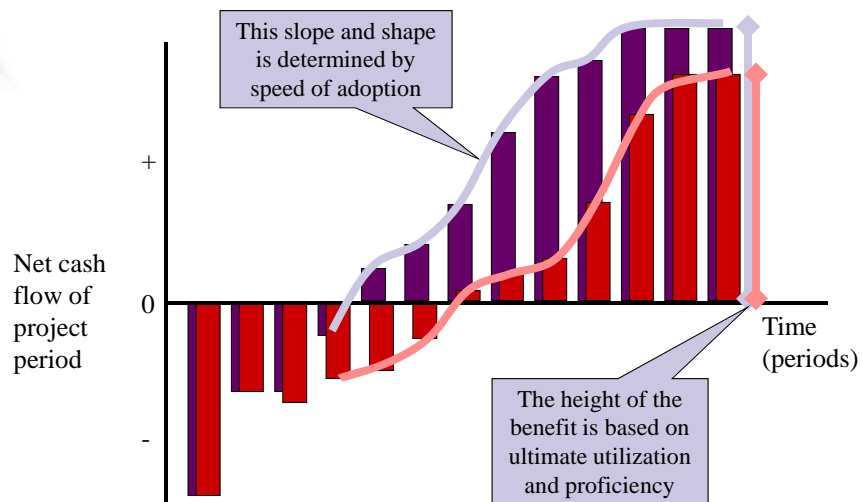
Perspective 1: Three "people side" ROI factors

- Three "people side" ROI factors tied to individuals doing their jobs differently:



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?

Perspective 1: Three "people side" ROI factors



Perspective 1: Three "people side" ROI factors

- There are not “universal” metrics for the three ROI of Change Management factors... but the three factors are universal
 - If speed of adoption is slower than expected, project ROI is lower
 - If ultimate utilization is lower than expected, project ROI is lower
 - If proficiency is less than expected, project ROI is lower
- Change management drives faster adoption, greater utilization and higher proficiency

Perspective 2: Cost avoidance

- Mismanaging change is costly
 - *Your organization and your projects absorb additional costs if you do not do change management effectively*
- Three dimensions of cost avoidance

Perspective 2: Cost avoidance

- Costs to the **project** if change is poorly managed

“Re” – two very expensive letters for project teams and budgets

- Resistance (both active and passive)
- Project delays
- Missed milestones
- Project put on hold
- Resources not made available to project team
- Budget overruns
- Obstacles appear unexpectedly
- Rework required on project design
- Project fails to deliver on objectives
- Project is fully abandoned
- Loss of work by project team

Perspective 2: Cost avoidance

- Costs to the **organization** if change is poorly managed

Organizational memory lasts a very long time

- Productivity plunges (deep and sustained)
- Impact on customers
- Impact on suppliers
- Loss of valued employees
- Morale declines
- Decline in quality of work
- History of failed change
- Stress, confusion, fatigue
- Change saturation

Perspective 2: Cost avoidance

- Costs to the **organization** if the change is not fully implemented
- Tied directly the intended objective of the change
 - expenses not reduced
 - efficiencies not gained
 - revenue not increased
 - market share not gained
 - waste not eliminated
 - regulations not met resulting in fines/penalties
- Additional losses:
 - Investment made in the project
 - Opportunity to have invested in other projects

Parallels to the
“cost of quality”
discussions

Perspective 2: Cost avoidance

- For a project you are working on:
 - Identify the potential costs to the project and organization you can avoid with effective change management.
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.
 - 6.

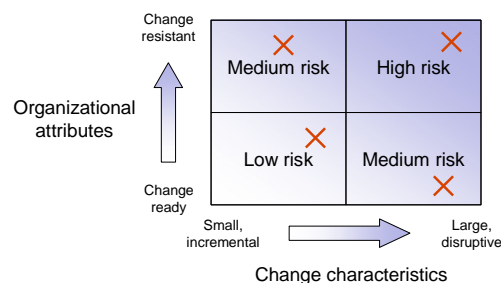
Be specific!

Perspective 3: Risk mitigation

- Change management aims to mitigate the “people side” risk of a project
 - *Like similar tactics for mitigating any type of project risk – including financial risks, technology risks, schedule risks, dependency risks, etc.*
- By not doing change management right, you are increasing the risk exposure of the project

Perspective 3: Risk mitigation

- Prosci methodology looks at two dimensions to determine “people risk” component



These assessments are part of **Phase 1 – Preparing for Change™** in Prosci’s methodology

Perspective 3: Risk mitigation

Three biggest people risks facing this particular change:	1. 2. 3.
Three biggest risks facing the project if the people side of change is ignored:	1. 2. 3.
Three biggest risks to the organization if the change fails:	1. 2. 3.

Perspective 4: Benefits realization insurance

- For each objective outlined in the project charter, business case or project plan

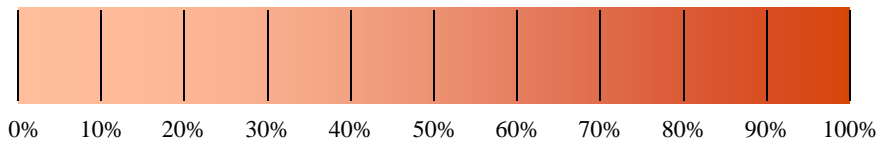
Ask yourself: “Is meeting this objective dependant on people doing their job differently?”

Follow up: “What percentage of these benefits results from people doing their jobs differently?”

- This is the benefit you can “insure” by applying change management

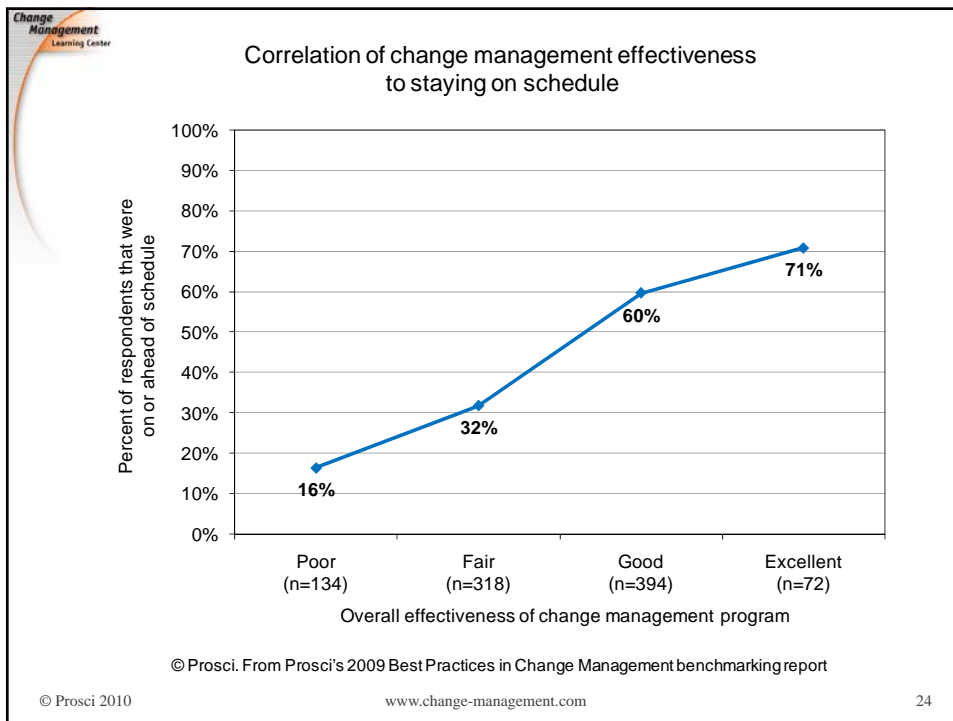
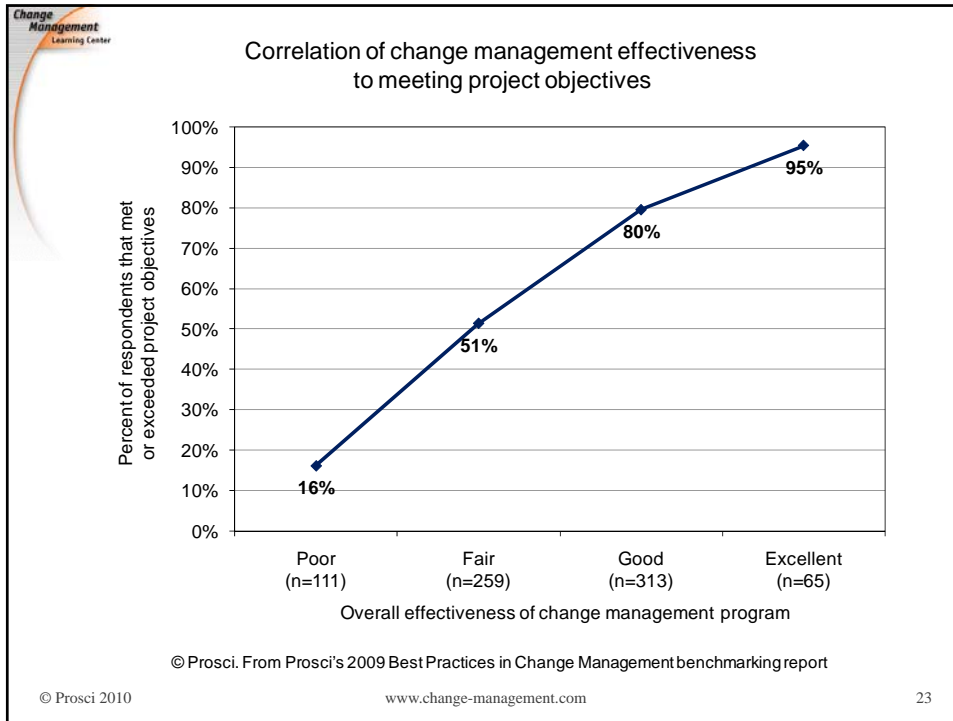
Your experience:

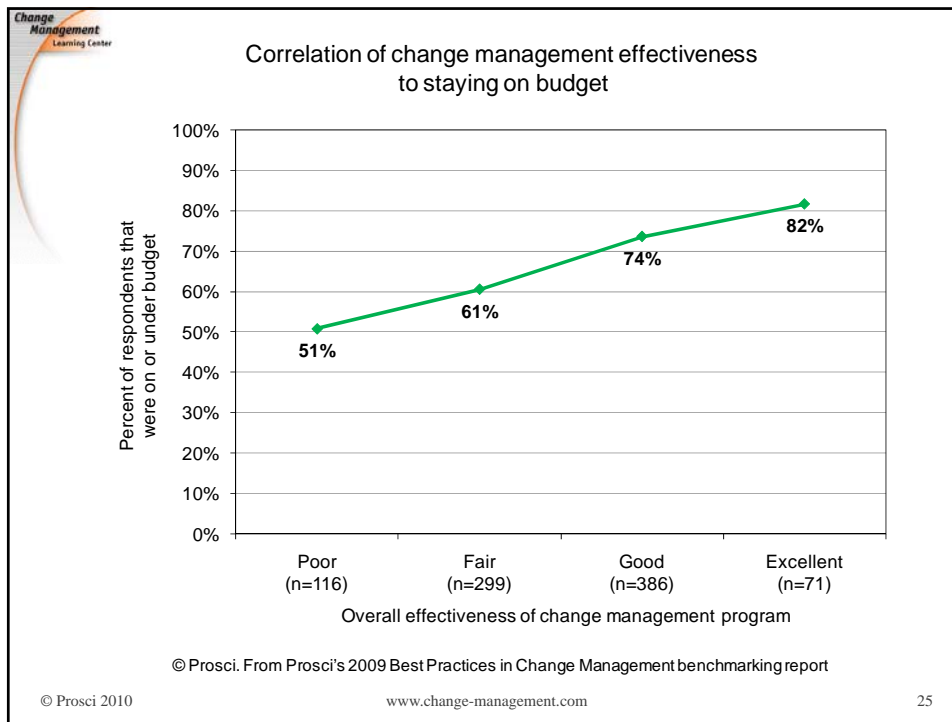
- Estimate the percentage of benefit tied to people doing their work differently for one of your current project (mark your answer on the spectrum below)



Perspective 5: Probability of meeting objectives

- 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 2009 benchmarking study shows correlation to:
 - Meeting project objectives
 - Staying on schedule
 - Staying on budget





Change Management Learning Center

Benefit perspectives summary

Benefit perspective	Story
Perspective 1: three "people side" ROI factors	Speed of adoption, ultimate utilization and proficiency are the human components that define any project ROI; change management drives project ROI
Perspective 2: cost avoidance	Poorly managing change is costly to the project and the organization; change management is a cost avoidance tactic
Perspective 3: risk mitigation	Individuals, the project and the organization are all put at risk when change is poorly managed; change management is a tool to mitigate risks
Perspective 4: benefits realization insurance	Consider how much of the value of the project ultimately depends on people doing their jobs differently; change management provides benefits realization insurance
Perspective 5: probability of meeting objectives	Data shows that projects with effective change management in place are more likely to meet objectives, stay on schedule and stay on budget; change management increases the probability of meeting objectives

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Next steps for: *Cost-benefit analysis webinar*

- Questions to consider:
 - Do you need to justify change management?
 - To whom?
 - What do they value or care about the most?
 - How will you demonstrate the benefit in those terms?
- Actions to take:
 - Review the “Cost-benefit analysis” tutorial
 - Download the benefits worksheet and try it on one of your projects
 - Once you have buy-in, apply a structured approach for change management


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Change Management Learning Center

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 around the world by Primary Affiliates

At your location: for classes up to 16 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

Onsite programs for: Executives and senior leaders; Managers and supervisors; Front-line employees
New: Train-the-Trainer program teaches you how to deliver Prosci’s change management programs in your organization

Methodology tools




Change Management Toolkit: 3-ring binder with CD-ROM – 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 (2009 edition): most complete body of knowledge on change management available with benchmarking results and lessons learned from 575 change practitioners – learn what works and what doesn’t work for managing the people side of change

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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
 - Offerings of the 3-day certification program:
 - Several 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.

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 CD-ROM
 - 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

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
 - **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, including assessments 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 Lab** (\$4000 + \$250 per participant for materials)
 - 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 your ECM team.
 - www.change-management.com/ecmlab.htm

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