

## Vision of a change competent organization

Organizations are beginning to realize that their ability to respond to, handle and manage change is one of the keys to success in the upcoming years. Additionally, there are many organizations feeling saturated by the amount of change going on right now. How quickly and effectively an organization responds to the internal and external pressures requiring change can truly **set it apart** from its competitors.

Prosci has undertaken research and development to help organizations build the internal competency to manage change effectively. This research has surfaced some **critical ingredients** that must be present in order for organizational change competency to be realized. Rather than present these findings in a dry, bulleted form, we have decided to blend these research findings along with lessons from multiple clients together into this **fun, fictitious case study**. By reading this, you will be able to identify the **key success factors for building change competency**.

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### ACME earns acclaim as preeminent change competent organization

By Tim Creasey, Change Management Chronicle

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DENVER (Change Management Chronicle) - It is time to add one more certainty to death and taxes - change. During the last decade, the frequency, number and size of changes that organizations face have all increased substantially. External pressures to meet market demand and internal pressures to improve efficiency and effectiveness have resulted in change saturation for many organizations. One organization, however, has found that a dedication to becoming competent at managing change has truly paid off - in project success, market success, employee satisfaction and the bottom line.

#### Background

Three years ago, ACME was struggling with the amount of change it was facing. "Everything was changing around here, from our processes to our systems to our organizational structures," said CEO Juliann Jacobson. "Our people knew that change was necessary and was going to happen, but we were turning everything on its ear and were not giving our employees a way to succeed during the transitions.

Jacobson was brought in by the board in early 2007 to replace the CEO Bruce Baxter, who was ousted because he was unable to deliver on a number of strategic initiatives. When the board announced that Baxter was going to be replaced, they cited his "inability to effectively manage the employees of ACME through change" as the reason they were looking for a new leader.

Susan Smith, a long-time employee and business unit director, said, "Bruce just told people to do it, without ever appealing to what

#### Reasons ACME undertook a change competency building program:

1. Tremendous change expected in the near future
2. Recent history of poorly managed change and failed projects and initiatives
3. Increasing amounts of resistance across the organization
4. Missing skills and competencies from those who needed to manage change
5. Competitors implementing changes and distancing themselves from ACME

they cared about and why the change was needed." While the initiatives seemed like the right thing to do, employees resisted with such fervor that some of the projects were cancelled outright, while many others failed to meet their objectives. "People just weren't getting on board. Without people on board, the projects were doomed to fail," continued Smith.

When Jacobson joined as the CEO, her first goal was to begin building the competency to manage change into the organization and culture. Jacobson's previous role as Chief Transformation Officer had exposed her to a number of innovative and systematic approaches to managing people through change, and she began applying the lessons she had learned immediately.

ACME knew that Jacobson meant business from the very beginning. Her very first interaction with the employees of ACME was a town hall meeting that was held in the corporate auditorium and broadcast in real-time to each and every desktop. During her impassioned speech, Jacobson stated, "we need to get better at implementing change. Each and every one of you plays a crucial role in making changes successful. We are going to arm you with a powerful new framework and tools to help you succeed in the face of change, but ultimately you will be the ones who make changes successful." The employees of ACME heard the message loud and clear.

### **Kicking off the program**

Immediately after the session, Jacobson called together her executive team and again reiterated that becoming competent at handling change was one of the strategic goals she would be pursuing over the next year. She established a task force and charged the team with creating a strategy and a plan for building change management competencies in the organization.

Mike McMillen, director of ACME's Project Management Office, was not convinced. "We already had a methodology in place for managing projects", said McMillen. "I was worried about dedicating so much time and resources on the 'soft' side of change. I always thought we just needed to be more concrete when telling people what needed to be done."

"We got off to a very slow start," stated Clive Chester, chairman of the change management task force. "None of us had tackled this type of a problem before. We had representatives from throughout the business, as well as from HR, OD, communications and training. Each of us was pushing in one direction or another, and we didn't have a framework to guide our efforts."

As the team progressed, they realized that they were not dealing with a small undertaking. The competency to manage change reached across the entire organization and stretched from the most senior leaders to front-line employees. "Becoming competent at managing change is a transformation to how our organization operated. Jacobson provided the strong vision and leadership we needed, but we were still missing structure," said Chester.

One of the biggest breakthroughs for Chester and his team was the recognition that this type of transformation was itself a project that had to be managed. "It was a real awakening", said Chester. The team began looking for outside help that could provide a better framework for the task ahead. Ultimately, the team utilized a research-based approach called 'Enterprise Change Management (ECM)'.

This ECM approach offered two key pieces: 1) an ECM Deployment Process that walked through the creation of plans and activities based on the future state and the current state and 2) an ECM Strategy Map that outlined five different areas to focus the competency building program around.

Embedded in this approach was the application of project management, solution design and change management disciplines. "In the same way that a new system had to be effectively managed, this change of becoming good at managing change also had to be managed," said Chester.

### **Change management deployment strategy**

"The plan that the task force produced had five key components," explained Jacobson. "The team moved beyond a simple training focus, and eventually created a strategy that encompassed leadership, project, process, skills and structure. This holistic approach moved change management from something we talked about, to something we did on a day-to-day basis."

Under each of the five areas, the team created specific tactics for making 'effectively managing change' part of the way ACME operated.

The team brought in a research-based methodology for managing change and created a step-by-step process each project team could embrace. The process was integrated into the existing project methodology. A new change management risk assessment was completed at the launch of each new project to help understand the importance of the human-side of change for that particular initiative.

Training was developed for front-line managers, middle managers, senior managers, executives, project teams and other functional support groups. The training was aimed at explaining why change had to be managed and the role each group played in making changes successful. Rather than just making the training available, the change management group outlined a systematic approach and sequence for deploying the training. Performance management systems were adjusted to include the management of change as a key competency of managers throughout the organization.

#### **Elements of ACME's deployment strategy based on Prosci's ECM Strategy map:**

- Leadership - engaging executives and senior leaders
- Process - adopting a common approach to managing change
- Project - attaching change management to new initiatives
- Skills - building competencies in all levels of the organization
- Structure - creating a governance body, process ownership and tools

Ultimately, the task force created a change management group that oversaw the deployment of the process, tools and training into the organization. This organizational 'footprint' was located under the Chief Transformation Officer and included representation from a number of business functions and units. The change management team frequently held meetings with the Project Management Office, Human Resources and the executive team to ensure their needs were being met. The change management group also met monthly with the heads of each business and assembled teams of influential managers to continue to socialize change management throughout the business.

### **Results**

The results of taking on the change management competency are evident. Throughout ACME, people have internalized their role in making changes successful. Change management is no longer viewed by employees as someone else's job, it is truly seen as part of 'my' job. "When headquarters used to tell us what to do, most of us cringed," said a front-line supervisor named

Denise Doudry. "Now, we feel like we own the changes, even when they come from the top. They tell us why it is important, why it has to happen now, and then we take what we have learned and coach our employees through the change."

Even McMillen, the skeptical leader of the Project Management Office, changed his mind. "Early on, I thought the change management effort was going to be a huge black hole. But as the team began reaching throughout the organization, I realized that this initiative was really going to make a difference." McMillen's team worked closely with the change management task force in the process integration parts of the initiative. "Change management is not a burden for project managers, it is a powerful tool that has helped our projects meet their objectives. We are now some of the biggest allies in the entire organization."

Chester, who was recently promoted to the Chief Transformation Officer position, described the outcome his team was able to achieve. "Up front, we defined success in our ECM effort along three dimensions. We wanted to incorporate a common process and set of tools, build leadership competencies throughout the organization, and establish the strategic capability to thrive during change. With three years, a structured approach, and a solid framework, we have achieved all three of these goals."

One needs to look no further than the project portfolio to see the impact of building the competency to manage change. "Last quarter, I had four major strategic initiatives come to a close. All four ended on time, and all four surpassed the expected ROI and benefits they were looking to achieve," says Ginger Gomez, president of one of the business units. "Four years ago, we were pulling the plug on projects. Today, we are finishing projects with such momentum that my division can't wait for the next one."

Jacobson agrees. "In today's marketplace, the only thing certain is change. Three years ago we were not even sure if we would make it to the end of 2007. But we buckled down, invested the time and effort to become good at change management, and now we are number one in our market. From the top to the bottom, we have implemented the processes, tools and competencies to manage change - an investment that pays off every day and will continue to pay off well into the future."

**Want to learn more about Enterprise Change Management?** Begin by becoming certified in change management by attending Prosci's 3-day training program in the Colorado Rocky Mountains. You can then move forward to participate in the ECM Lab (an instructor-led online learning program) or the ECM Summit (a three-day workshop). Email a Prosci analyst or call 970-203-9332 for more information.

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