

Prosci Change Management Webinar Pre-reading

The “harder” side of change: The What, Why and How of change management

The following pre-read will help you prepare for the upcoming webinar.

While it is sometimes called the “soft” side of change, managing the people side of a change is often the most challenging and critical component of an organizational transformation. Take a merger or acquisition for example. The technical side of the change – or the “hard” side, if you will – will most certainly be complex. Issues surrounding the financial arrangements of the deal must be worked out. Development will have to take place to integrate the business system. Decisions will be made about the physical arrangements of the newly formed organization.

But, it is getting people on board and participating in the change that will make the difference. Individuals will have to do their jobs differently, and it is the degree to which they change their behaviors and work processes that will make or break the merger or acquisition. The “soft” side of change is many times actually the “harder” side of change. This article provides a foundation for the what, why and how of managing the people side of change: a structured approach to change management.

What

Change management is taking care of the people side of change. It does little good to create a new organization, design new work processes or implement new technologies if you leave the people behind. Financial success of these changes will be more dependent on how individuals in the organization embrace the change than how well you draw organization charts or process diagrams.

Change management is the process, tools and techniques to manage the people-side of change to achieve the required business outcome (*Prosci’s definition from the Change Management Learning Center*). It is the systematic management of employee engagement and adoption when the organization changes how work will be done. Ultimately, change management focuses on how to help employees embrace, adopt and utilize a change to their day-to-day work.

Change management is both a process and a competency. From a process perspective, it is the set of steps followed

by a team member on a particular project or initiative. For the given transformational effort, it is the strategy and set of plans focused on moving people through the change. Prosci's research-based methodology includes three main phases: Preparing for change (where readiness assessments help guide the formulation of a strategy), Managing change (where five change management plans are created and integrated into the project plan) and Reinforcing change (where compliance is audited and mechanisms are deployed to cement the change).

From a competency perspective, it is a leader or manager's ability to "effectively lead my people through change." The notion of a leadership competency is universal, but what that competency entails depends on a person's relationship to change. For senior leaders, the competency means being an effective sponsor of change and demonstrating their own and the organization's commitment to the change. For front-line supervisors, the competency is related to coaching direct reports through their own change journey. While the competency varies based on one's relationship to change, organizations are more effective and successful when they build change management competencies throughout their ranks.

Change management is not just communication or training. It is not just managing hardware or software versions (although it has been used in this

context). It is not just managing resistance. Effective change management follows a structured process and uses a holistic set of tools to drive successful individual change.

Why

There are numerous reasons to employ effective change management on large scale efforts, including mergers and acquisitions. Here, three main cases for change management are made.

1. Organizational change happens one person at a time
2. Poorly managing change has costs
3. Effective change management increases the likelihood of success

1. Organizational change happens one person at a time: It is easy to fall into the trap of thinking about change exclusively from an organizational perspective. When one thinks about a merger or acquisition, the issues that come to mind are financial structuring, data and system integration and physical location changes. However, organizational change of any kind actually occurs one person at a time. Success of an organization effort only occurs when Adam and Betty and Charles and Deborah (for example) do their jobs differently. Organizations don't change – people within organizations change. It is the cumulative impact of successful individual change that results in an organizational change being successful. If

individuals don't make changes to their day-to-day work, an organizational transformation effort will not deliver results.

2. Poorly managing change has costs:

There are countless consequences of ignoring the people side of a change. Productivity declines become much larger and longer in duration than they could have been. Managers are unwilling to devote the time or resources needed to support the change. Necessary people do not show up to meetings. Suppliers begin to feel the impact and see the disruption caused by the change. Customers are negatively impacted by a change that should not have been visible to them. Employee morale suffers and divides between "us" and "them" begin to emerge in the organization. Stress, confusion and fatigue all increase. Valued employees leave the organization. Projects also suffer as deadlines are missed, budgets are overrun and rework is required to get the effort back on track. In some cases, the project itself is completely abandoned after large investments of capital and time. All of these consequences have tangible and real financial impact on the health of the organization and the project. And, each of these consequences can be addressed and mitigated if a structured approach to the people side of change is utilized.

3. Effective change management increases the likelihood of success: There is a growing body of data that shows the impact that effective change management

has on the probability that a project meets its objectives. Prosci's longitudinal benchmarking studies show a strong correlation. Data from the 2007 and 2009 benchmarking studies showed that 95% of participants with excellent change management met or exceeded objectives, while only 16% of those with poor change management met or exceeded objectives. In other words, projects with excellent change management were six times more likely to meet objectives than those with poor change management. A 2002 McKinsey Quarterly article by LaClair and Rao found that projects with excellent change management delivered 143% of the expected Return on Investment, while those with poor change management delivered only 35% of expected ROI. Regardless of the change at hand – focusing on the people side of change increases the likelihood of being successful. Additionally, Prosci's research shows a direct correlation between effective change management and staying on schedule and on budget.

How

Effectively managing change requires two perspectives: an individual perspective and an organizational perspective. The individual perspective is an understanding of how people experience change. The Prosci ADKAR® Model describes change as successful, whether at home or at the office, when an individual has:

- Awareness of the need for change
- Desire to participate and support the change
- Knowledge on how to change
- Ability to implement required skills and behaviors
- Reinforcement to sustain the change

If an individual is missing any of the five building blocks, then the change will not be successful. The goal, then, in leading the people side of change is ensuring that individuals have Awareness, Desire, Knowledge, Ability and Reinforcement.

The organizational perspective of change management is the process and activities that project teams utilize to support successful individual change. If ADKAR describes what an individual needs to make a change successfully, then organizational change management is the set of actions to help build Awareness, Desire, Knowledge, Ability and Reinforcement. Based on over a decade of research, Prosci's organizational methodology utilizes readiness assessments and strategy development to support the creation of five targeted plans: communication plan, sponsor roadmap, coaching plan, training plan and resistance management plan. Each of the plans has a specific ADKAR element as its focus.

While the change management resource on a project can work to develop the strategy and plans, much of the work of change management is done by senior leaders, manager and supervisors

throughout the organization. Benchmarking data shows that in times of change, employees have two preferred senders of change messages: someone at the top and the person they report to. Change management practitioners are enablers of these employee-facing roles. And, in times of change, it is the effectiveness of senior leaders as sponsors of change, and of managers and supervisors as coaches of change that will determine if a project succeeds or fails.

Conclusion

So what can you do to become a more effective change leader? The bottom line is this: begin applying change management on your projects and begin building change management competencies in your organization. These are the first steps to ensuring projects deliver their intended results by taking care of the people side of change.

The people side of change is not the "soft" side of change; in reality it is the "harder" side of change. Investing the time and energy to manage the people side of your organizational efforts pays off in the end – in terms of success of the effort and avoidance of the numerous costs that plague poorly managed change.

About Prosci

Formed in 1994, Prosci is an independent research company in the field of change management. Prosci's approach is an integrated methodology that addresses both the individual and the organizational aspects of change management. ADKAR® and the Prosci 3-Phase Organizational Change Management Methodology have become some of the most widely used approaches for managing the people side of change in corporations and government. Today, Prosci is the world leader in change management research.

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