Advances in Project Management Series[1]

Enterprise-wide transformation programs do not succeed without Change Management!

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Practitioners and Consultants have been advocating better processes and tools to implement large scale programs (and portfolios) in large organizations. Many of them are well informed and their intentions and commitment are indisputable as well. Yet, in spite of the well laid out plans and the drive from top management, a significant percentage of change initiatives fizzle out or do not produce the intended results.

A key reason for this failure is the impact on the people perspective. Top-down driven initiatives breed skepticism and pushback from the operational stakeholders—where the 'rubber meets the road'. It is often said that 'people want change but won't change'. This is especially true when the impacted stakeholders perceive the outcomes from the transformation programs to be negatively impacting them.

Based on our experience and analysis, we could categorize stakeholders into three groups – Top Management (typically the C level executives), Middle Management (usually Divisional or location managers/ Heads of business units and their deputies) and the operational stakeholders. The likely success of large scale change initiatives under various combinations of stakeholder commitment and propensity to change could be summarized as in the following table.

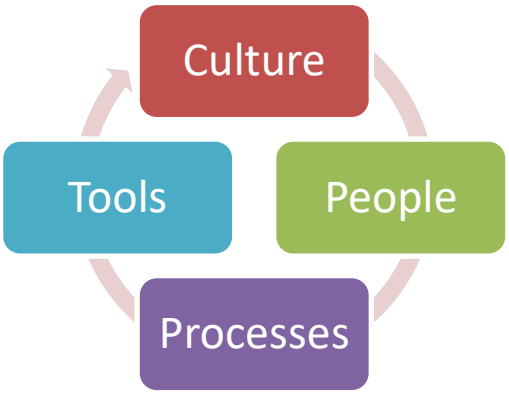
[1] *The PMWJ Advances in Project Management series includes articles by authors of program and project management books published by Gower in the UK and by Routledge worldwide. To view project management books published by Routledge publishers, click here. See this month's author profile at the end of this article.*

Change Impact matrix

Stakeholder commitment			
Top Management	**Middle Management**	**Operational stakeholders**	**Likely success of the change initiative/ status**
Low	Low	Low	Nil. Status quo- resigned state.
Low	Low	High	Nil. Enthusiastic bottom-up ideas – sabotaged by the middle and senior management. Frustrated work force. High de-motivation and attrition.
Low	High	Low	Unlikely situation. In this combination – middle management can spearhead the change – but will require considerable push to implement them.
Low	High	High	Medium. Fertile situation for change to happen and a change in top management can trigger off the transformation.
High	Low	Low	Negligible. Unless the rank and file changes – top management will find it extremely tough to push change. Typical situation seen in many Corporates. Long lead time for implementing changes.
High	High	Low	Success more likely. The operational stakeholders can be incentivized to absorb change and with a lag, the momentum for change can catch on.
High	Low	High	Low-medium. Unless the blocking middle management is convinced or 'cajoled' – change can fizzle down
High	High	High	Utopia! Change initiatives will be debated and accepted swiftly.

Enterprise-wide transformations

For any enterprise wide transformation, we consider following dimensions, impacting the success of change initiatives.

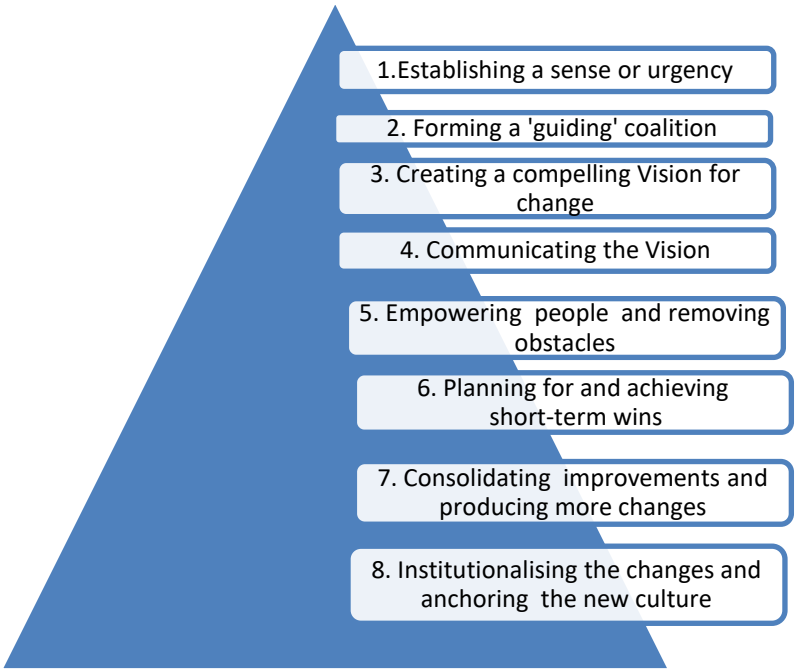


For the initiatives to succeed, the people and culture perspectives are of paramount importance, as compared to resetting processes or deploying enterprise-wide tools (including ERP or similar IT systems). Whereas we are not discrediting the process and tool perspectives, we have noted from our experience that mere implementation of new processes and tools do not alone facilitate effective or sustained change.

The soul of the organization lies in its culture and its people. Here-in lies the problem as these perspectives are more 'resistant' to change. These four perspectives are interconnected (though the linkage from Tools to Culture is more of secondary nature). Any enterprise-wide transformation which predominantly addresses the process and tool perspectives, would find the organization reverting back to the old equilibrium at the 'first possible' instance and change will not be sustained.

The maturity of the organization and the triggers for change also play a critical role in sustaining change. In a stable environment, change can be planned and driven. When the change is triggered due to external factors (like change in political environment, mergers or acquisitions etc) – we have noted that the change process itself is chaotic and 'emergent'. In such a situation, the transformation program itself gets subjected to frequent ups and downs, causing frustration and disenchantment to management. It has also been noted many times that the top management is 'attuned' for change in their mindset – but the operational management is not – causing friction and expectation mismatches.

Amongst the various organizational change models propagated, John Kotter's Eight step model is quite popular. The 'standard' eight steps are noted below.



For most of the 'top-driven' changes, the disconnect typically happens between steps 4 and 5, as the top management typically is unable (or unwilling) to put in the required

efforts to empower people or remove obstacles due to obsolete processes or structures (and culture).

Also, if the change is radical or far-sweeping, the time-lag between steps 7 and 8 can be protracted.

Step 2 above is vital. Many organizations undertake pilot implementations and gauge the organizational readiness for change. The champions of these pilot implementations can become 'early adopters', propagating the change to the rest of the organization.

Apart from creating and communicating the vision, the top management also needs to develop detailed outcomes expected from the implementation of the change initiative – including the impact on customers, employees, suppliers and other key stakeholders.

Step 6 – creating short term wins would be focusing on 'low hanging fruits' – with the redesign of new functional model of the pilot organization, product and support functions, outsourcing/ alliances etc.

A knowledge transfer mechanism needs to be in place to achieve step 7. How quickly an organization absorbs change is also dependent on the maturity of the organization and its change readiness. This step will also call for creating new job profiles, capacity and capability planning for the entire organization, mapping current skills to the roles, high level training and assessment of outsourcing needs etc. New business scenarios will be created and 'walked through' to familiarize the functional and middle management of the new roles and responsibilities,

Governance mechanisms get significantly influenced by the culture. As the companies institute the 'new culture' – it is imperative that the redesigned processes and structures need to be fully embedded in the organization.

Transition Management is important in step 6 and more during step 7. While managing change, it is imperative for the organizations not to lose focus on their core operations and their commitments to their Clients. Usually there are three sub-steps in transition management, covering pre-transition, transition and post-transition with detailed activities to address the change. Most of the change involves communication to the functional stakeholders – as these are the people who get typically impacted the most. An early communication of what is in store for them is more important – than last moment 'surprises' – which tend to breed more resistance and non-acceptance. A separate Change Director (or Transformation Director) is deployed in large scale engagements to address the soft-skills aspects concerning change, to ensure these initiatives produce desired outcomes and benefits.

Change at the Portfolio level

Change at the organizational level and the portfolio level are inter-related to a considerable extent.

The portfolio manager designs the portfolio in conjunction with the portfolio steering group (or a similar body). The portfolio consists of the programs and stand-alone projects within its ambit.

At the portfolio level, the challenges are more coming from non-acceptance of change from senior management. Especially the portfolio management may include projects and programs from diverse departments and some of these decisions can become contentious (like 'why was the program from my department not included in the portfolio while the program from another department was included' and so forth).

Senior management usually resolves this by having a common meeting wherein the issues are debated and resolved. Such decision conferencing systems are held where the top management states the vision of the portfolio and the middle managers agree on why change is initiated and what benefits it brings to the organization. Again pilot studies or feasibility reports enable a quicker buy-in.

Program Management – change perspective

Transition management is a key consideration during program level changes. Once the project outputs combine to create a capability, transition management occurs to concerned operational departments.

The functional managers (also called Business Change Managers) are responsible for accepting the outputs from projects and transitioning them into operations. They need to prepare their concerned business areas for change – by relating to what is going to change and what is not going to change. This is especially useful for functional users who may get anxious on the extent of changes which may impact them. During the actual process of transition, extensive handholding may be needed to guide through the change, including creation of temporary facilities for transition and helpdesks, etc.

Once the transition gets stabilized, the concerned project managers can be de-engaged and the program can move onto creation of capabilities for the next transition.

Post-transition, the business change managers need to focus on realizing the benefits. This is the step where outcomes get stabilized and benefits start forthcoming. The functional (business change) managers need to ensure that the operational departments are not relapsing back into old ways of working. In some cases, parallel systems are commissioned to ensure there is no disruption to the service levels provided to the customers. Benefit realization plans are activated to measure the benefits as and when they accrue.

Projects and change management

Typically projects operate under the 'constraints' of the triple triangle – comprising schedule, cost, scope and also quality. Delivering fit-for-purpose outputs is a purpose of project management. In this context, the project management is more concerned about technical delivery rather than typical change management as noted in the program and portfolio management.

Most of the change requests which come relate to changes from the baselines. The assessment done in this context relate to the impact on the scope, schedule and costs and how best they can be addressed.

It is however likely that the impacts on the project can 'hit' other dependent projects on the program and may ultimately affect the program change readiness. In such cases, the program manager assesses the impact of the change request from the program perspective and takes corrective and preventive actions.

Summing up

All change initiatives (whether projects, programs, or portfolios) are enablers for change. Whereas the technical capability enables the change initiatives to succeed, without organizational change management, large scale changes usually falter. We have been seeing increasing awareness from organizations on the necessity for large scale change management, which is a welcome change by itself!

About the Author

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S. Ramani, PfMP®, PgMP®, PMP®, PMI-RMP®, MoP®, MSP®, PRINCE2® , M_o_R® , P3O® , Change Management, Managing Benefits Practitioner, P3M3® Consultant, has over 25 **years** of experience in technology and management consulting industry, spanning key account management, project, program and portfolio management (P3M), management consulting (with PwC Consulting), strategy/ portfolio development for IT and Client relationship management.

He has over 20 years of project/ program management including consulting experience, having successfully led multiple large projects/programs for ERP implementations, Business-Systems integration and IT strategy development. These projects/programs were implemented in diverse sectors – including in discrete and process manufacturing, automotive, FMCG, retail and finance.

Prior to PwC Consulting, Ramani was managing technology and application oriented IT services for multiple clients – including non-profit organizations. He has also handled Portfolio, Program and Project Management trainings for diverse clients. Currently, Ramani is managing his company GRT Consulting LLP, which specializes in advisory/ consulting and training in Project, Program and Portfolio Management.

Ramani holds Post-Master's educational qualification in Computer Science. He also holds multiple professional certifications, including PfMP®, PgMP®, PMP® and PMI-RMP® from PMI, USA. He has multiple practitioner certifications from AXELOS/APMG, UK – including in PRINCE2®, MSP® (For Program management), MoP® (For Portfolio Management), M_o_R® (for Risk management), P3O®, Change Management, MoV® (for Value Management), CHAMPS2® (for enterprise-wide transformation program implementation), Agile PM , PRINCE2 Agile and Benefits Management.

Ramani is an approved trainer from APMG/AXELOS for PRINCE2®, MSP®, MoP®, Change Management, Managing Benefits and P3O®. Ramani is also an accredited consultant with AXELOS for Portfolio, Programme and Project Management Maturity Model (P3M3®) – amongst the very few globally. He is also a Kaplan Norton Balanced Scorecard Certified graduate.

Mr. Ramani is the author of *Improving Business Performance: A Project Portfolio Management Approach* published by Auerbach / CRC Press in 2016.