# Managing
# the
# People Side of Change

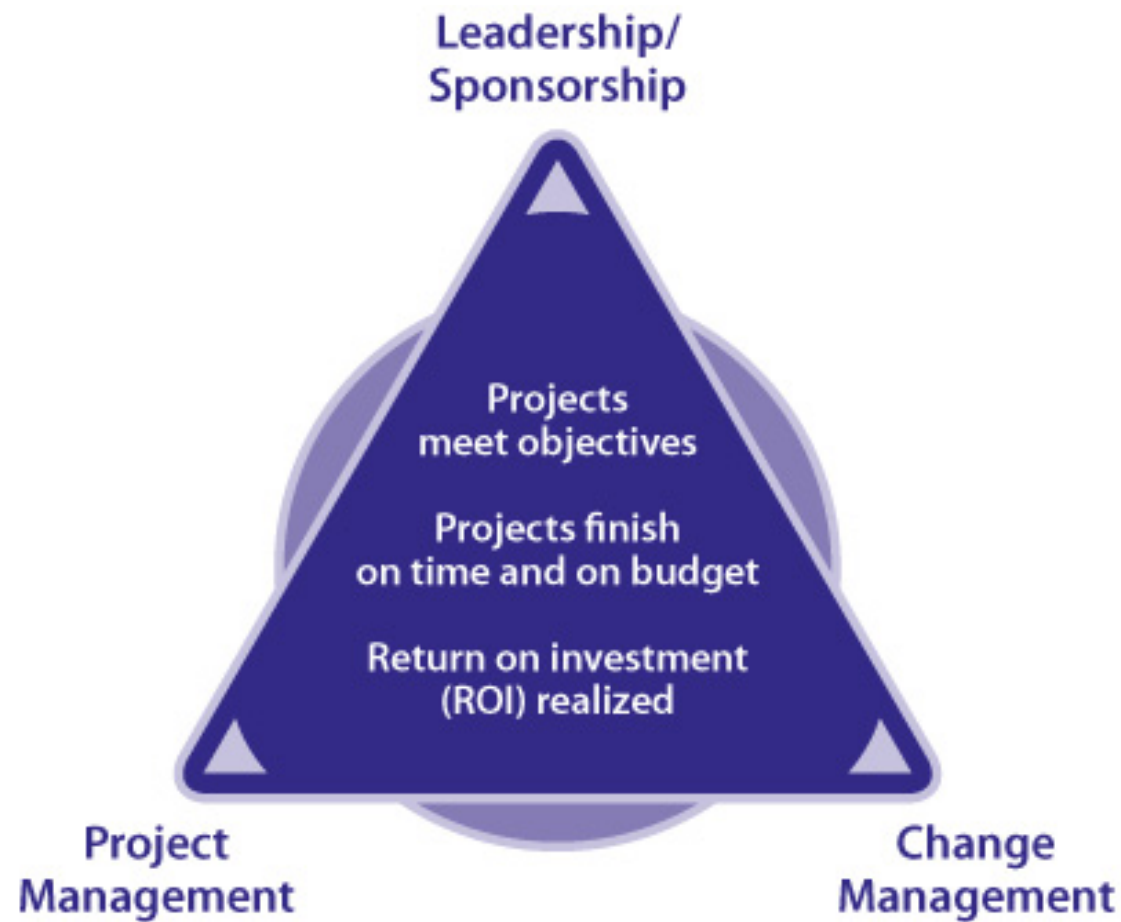Prosci

www.change-management.com

# **Agenda**

- Why Manage Change?
- Research Foundation
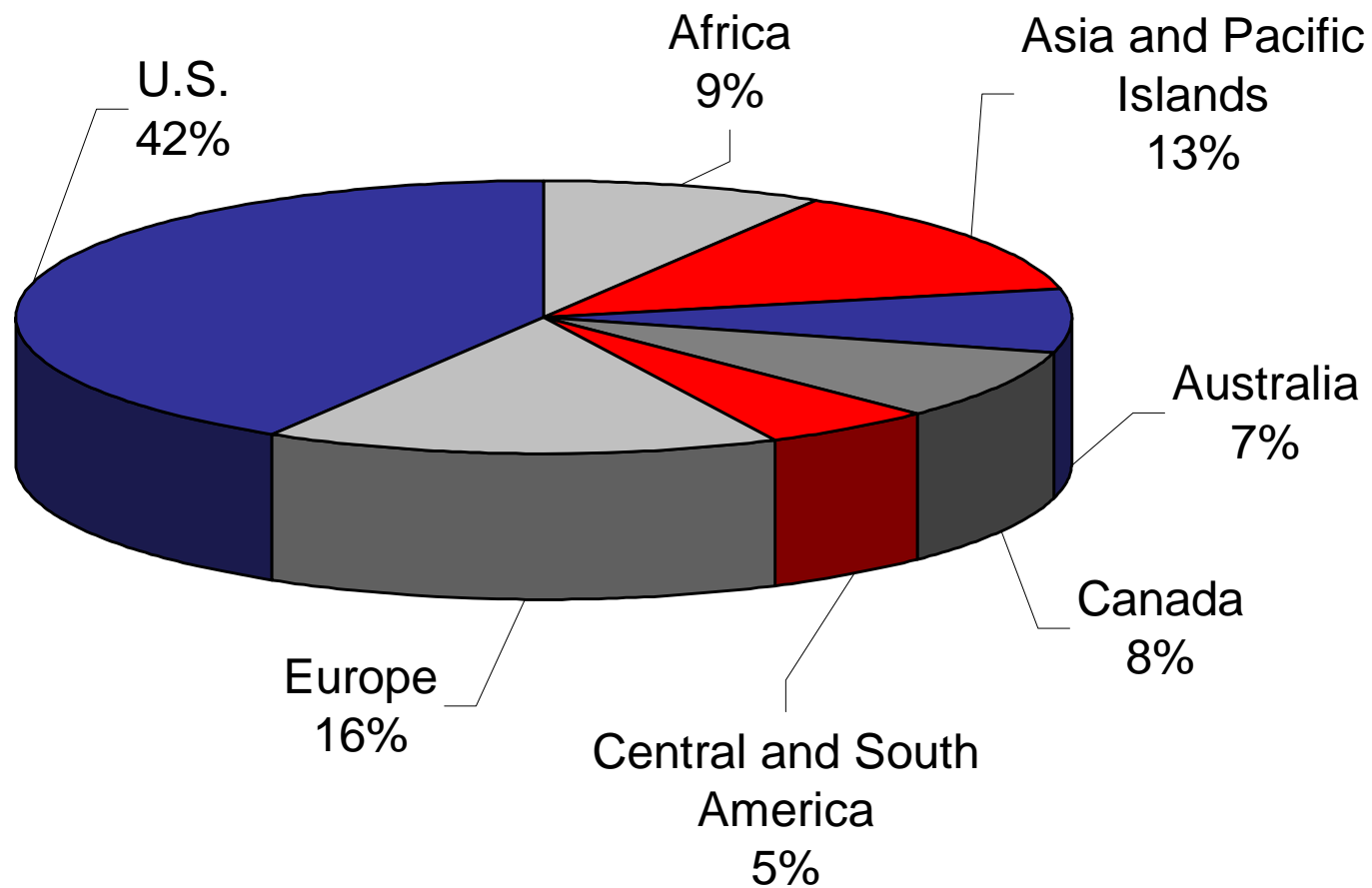- Mitigating Risk & Maximizing Return
- Three Essentials of Change Management

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# Why Manage Change?



Leadership/
Sponsorship

Projects
meet objectives

Projects finish
on time and on budget

Return on investment
(ROI) realized

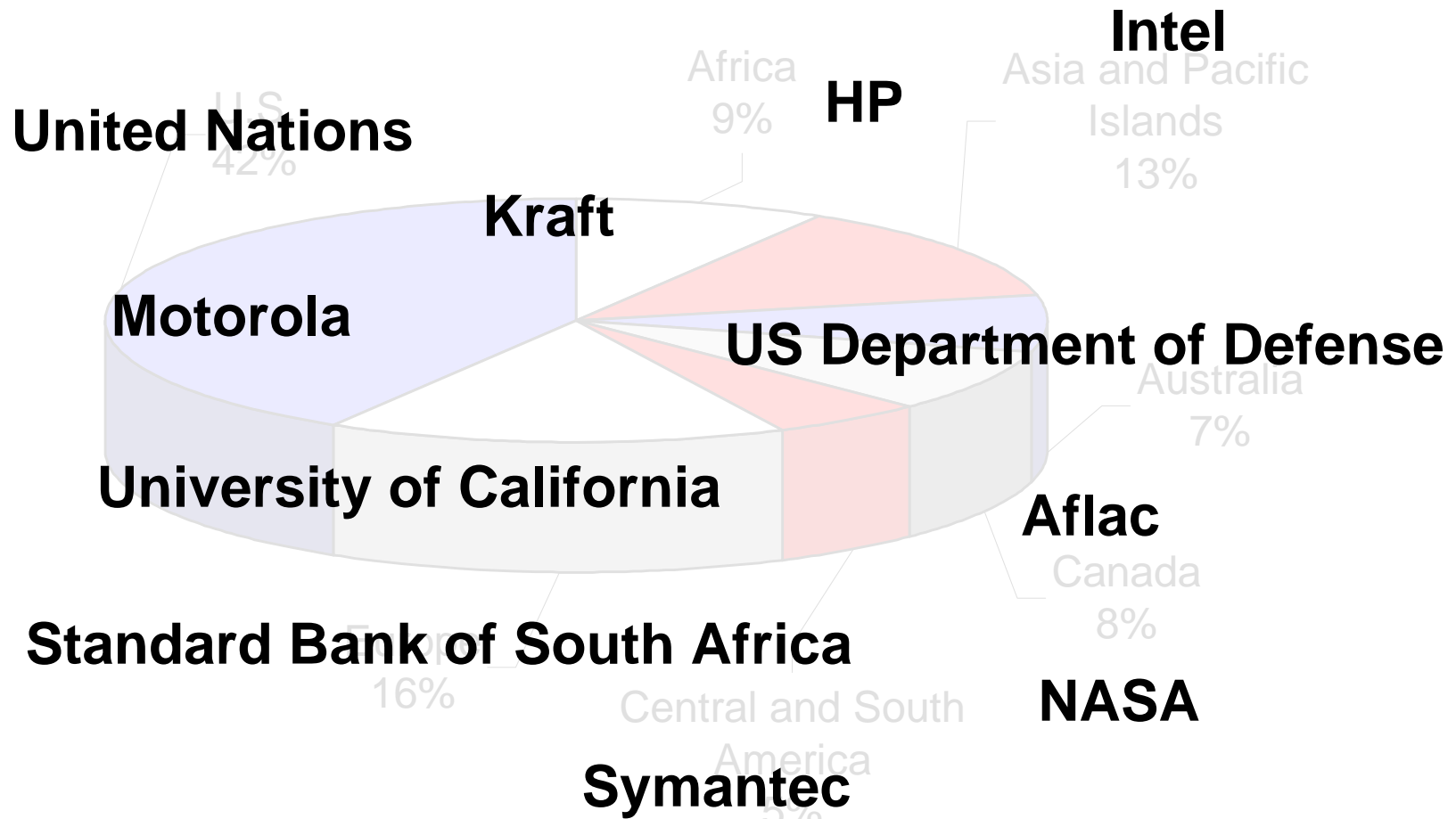Project
Management

Change
Management

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# Why Manage Change?

- To increase probability of your **project's success**

- To proactively manage your **employee's resistance** to change

- To build **change management competency** into your organization

# Research Foundation

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# Research Foundation

**Intel**

Africa
9%

**HP**

Asia and Pacific
Islands
13%

**United Nations**

U.S.
42%

**Kraft**

**Motorola**

**US Department of Defense**

Australia
7%

**University of California**

**Aflac**

Canada
8%

**Standard Bank of South Africa**

16%

**NASA**

**Symantec**

Central and South
America
5%

# Research Foundation

**1998**    First Change Management Study – 102 companies

**2000**    Second Change Management Study – 152 companies

**2003**    Third Change Management Study – 288 companies

**2005**    Fourth Change Management Study – 411 companies

**2007**    Fifth Change Management Study – 426 companies

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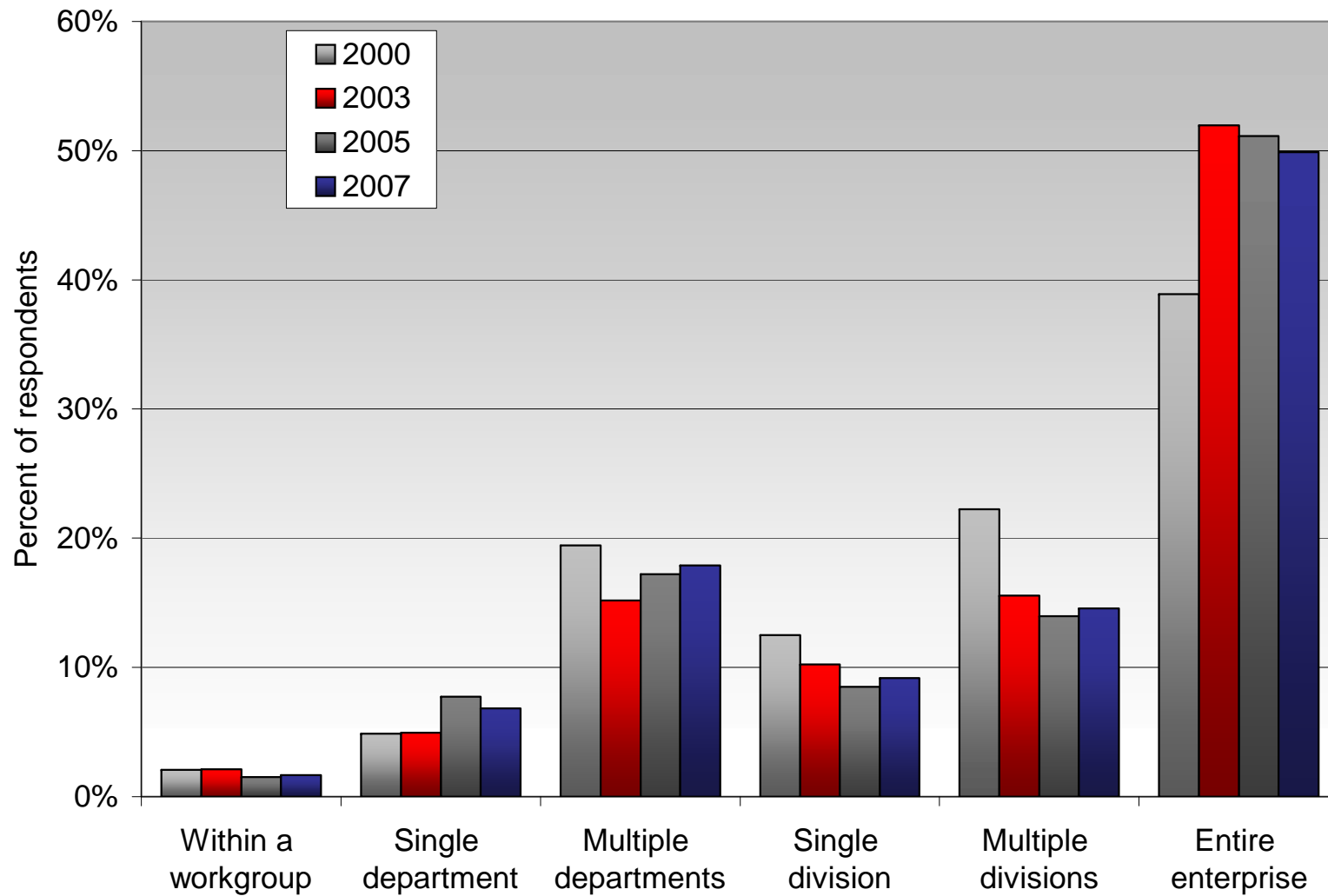
# Research Foundation

**32,000+** *Members*

**2,500+** *Certified*
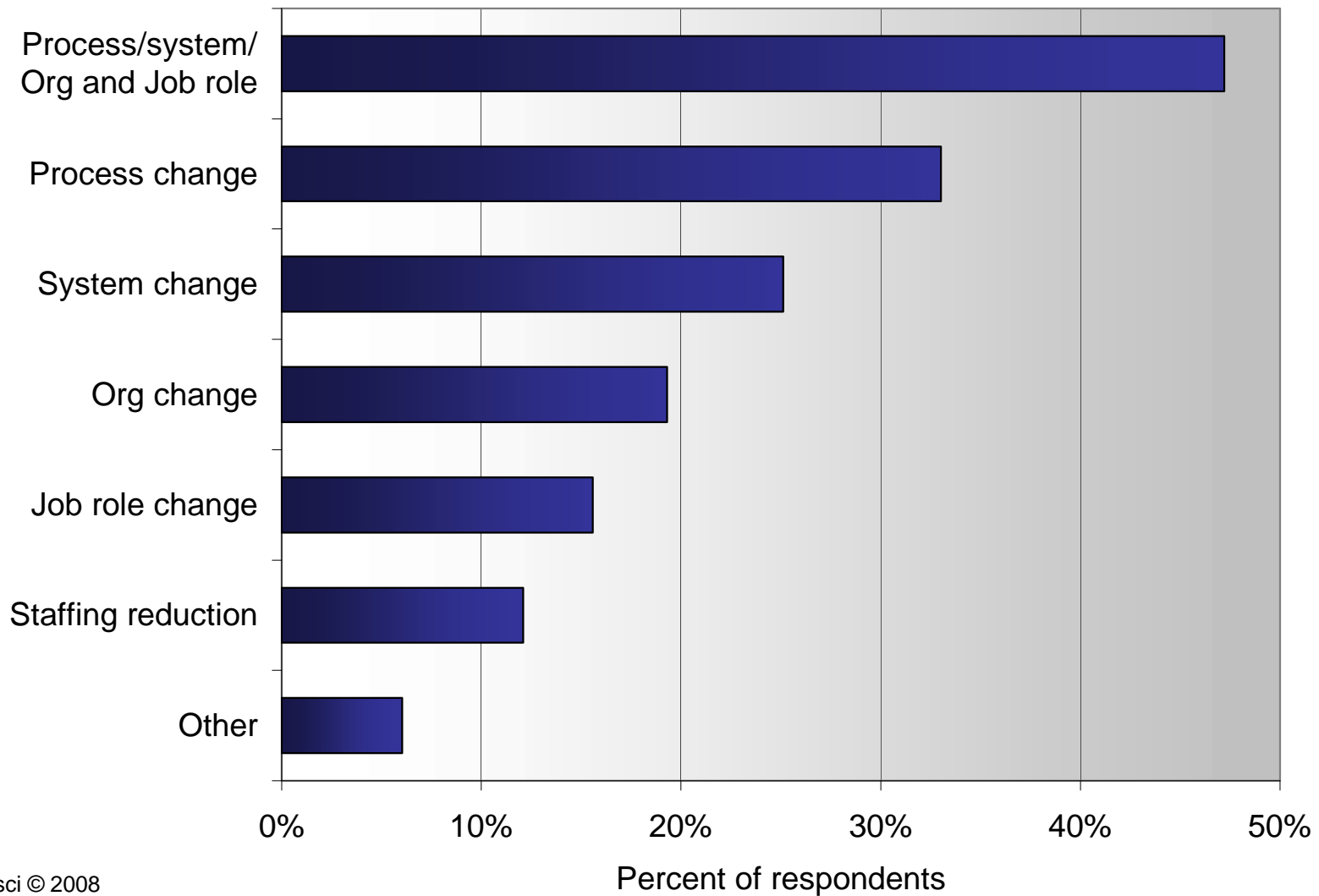
**1,600** *Research participants*

**59** *Countries*
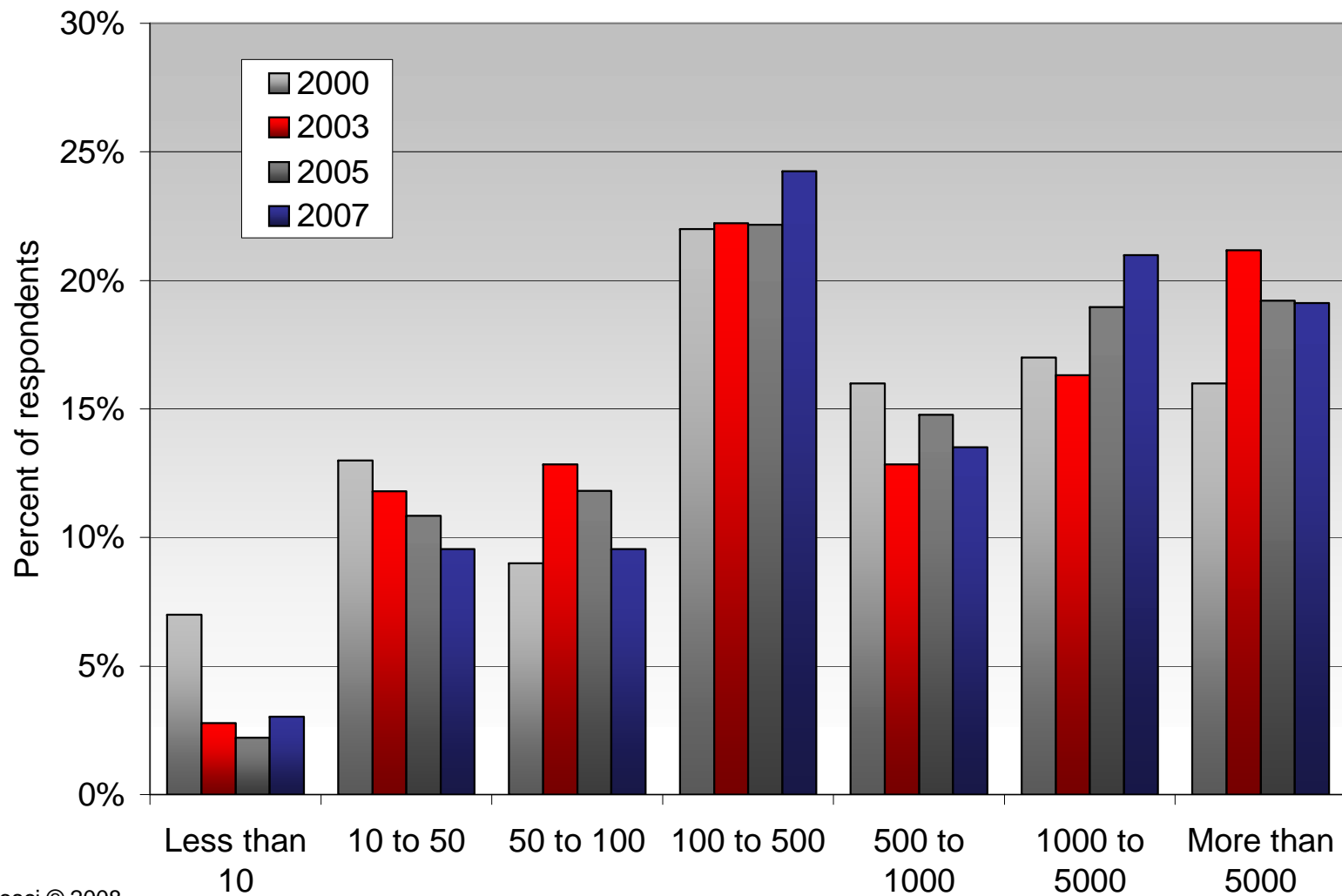
**58%** *Fortune 500 companies*

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# Research Foundation

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# Research Foundation



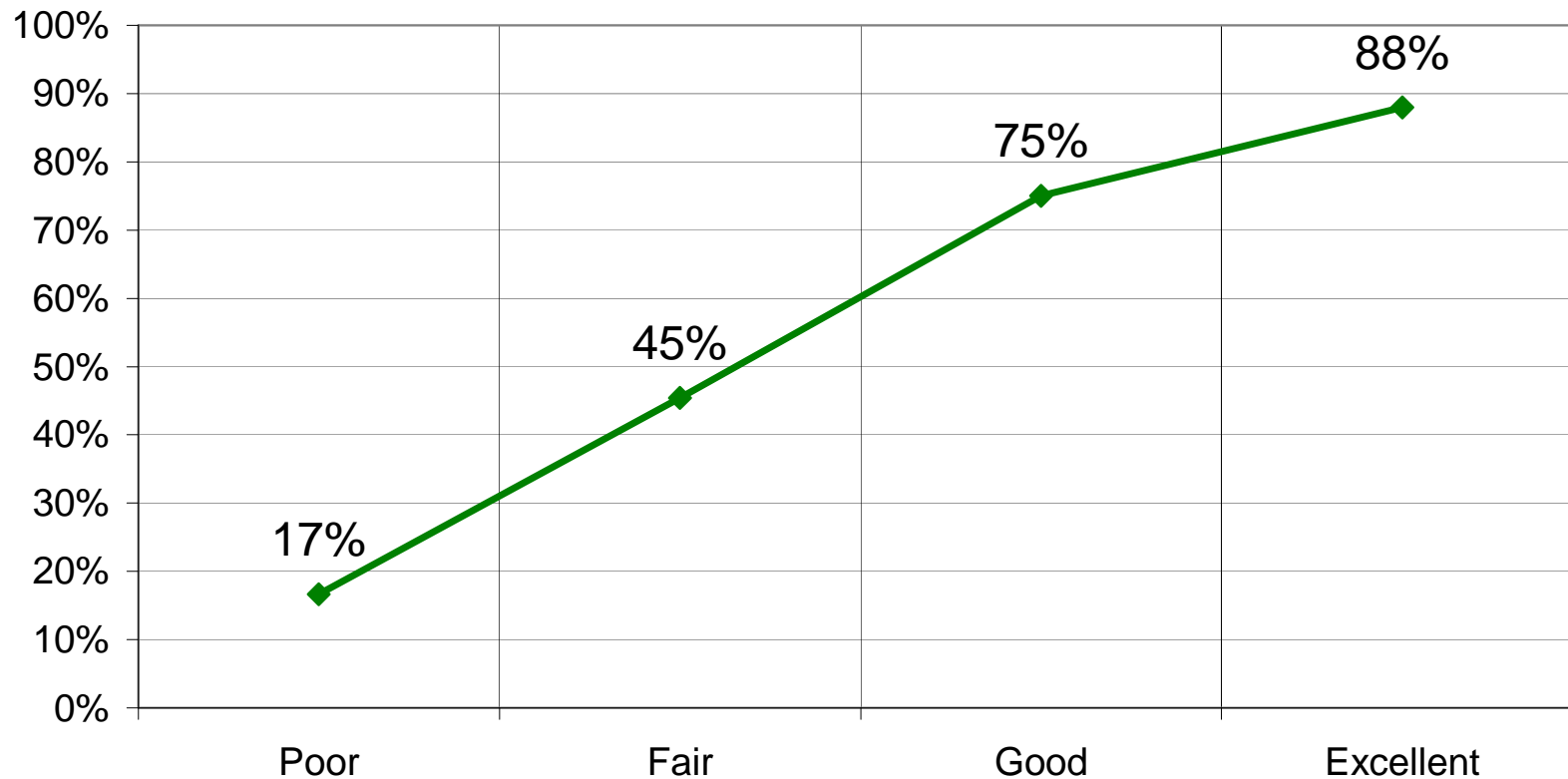| Category | Percent of respondents |
| --- | --- |
| Process/system/ Org and Job role | ~47% |
| Process change | ~33% |
| System change | ~25% |
| Org change | ~19% |
| Job role change | ~15% |
| Staffing reduction | ~12% |
| Other | ~6% |

Percent of respondents

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# Research Foundation

# Research Foundation

Participants who met or exceeded **OBJECTIVES**



Overall effectiveness of change management program
Data from Prosci's 2007 Best Practices in Change Management benchmarking study
www.change-management.com

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# Research Foundation
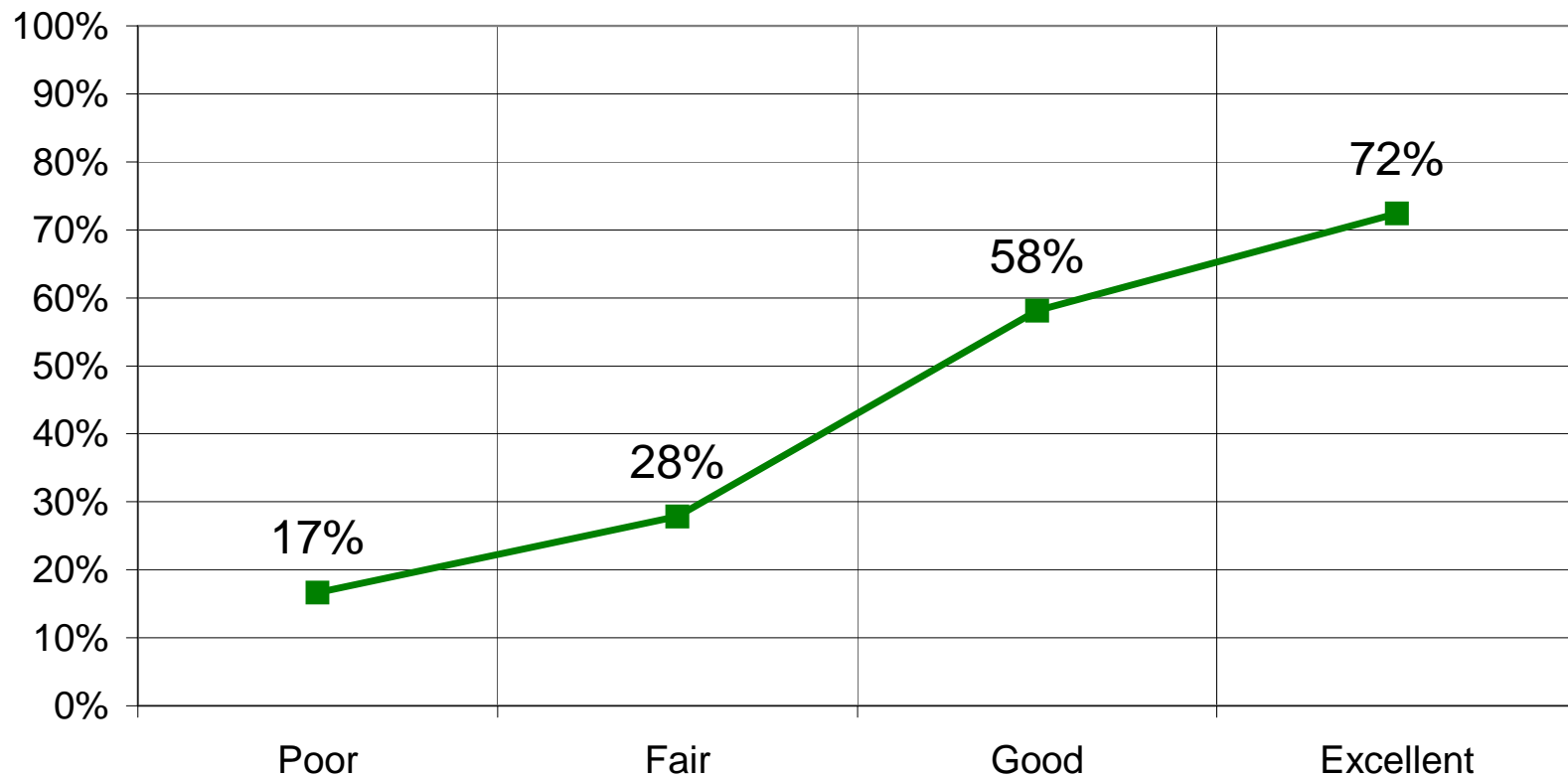
## Participants who were on or ahead of *SCHEDULE*



Overall effectiveness of change management program

Data from Prosci's 2007 Best Practices in Change Management benchmarking study
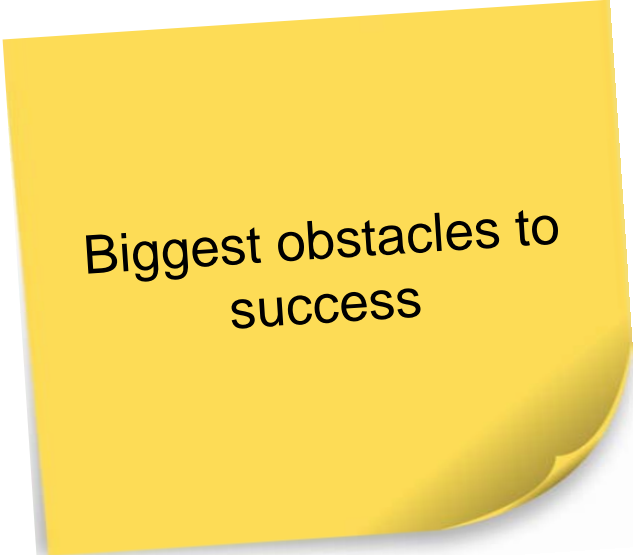
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# Research Foundation

1. Active and visible executive sponsorship
2. Structured change management approach
3. Frequent and open communications
4. Dedicated resources for change management
5. Employee participation

Greatest Contributors to success

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# Research Foundation

Biggest obstacles to success

1. Ineffective change sponsorship from senior leaders

2. Resistance to the change from employees

3. Poor support and alignment with middle management

4. Lack of change management resources and planning

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# **Mitigating Risk**

Risk Elements to Manage

– Loss of productivity

– Turnover of our most valuable people

– Tangible customer impact

# **Mitigating Risk**



Increasing fear and resistance
Decreasing productivity

Comfort / security

Worry / uncertainty

Risk / flight

Normal work environment

**Productivity loss**
**Employee dissatisfaction**
**Passive resistance**

**Turnover of valued employees**
**Tangible customer impact**
**Active resistance**

Time ➔

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# **Mitigating Risk**



**Normal work environment**

**Productivity loss**
**Employee dissatisfaction**
**Passive resistance**

**Turnover of valued employees**
**Tangible customer impact**
**Active resistance**

Poor change management

Increasing fear and resistance
Decreasing productivity

Time

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# Mitigating Risk

# Maximizing Return

Return Elements to Manage

- – Speed of adoption
- – Ultimate utilization
- – Proficiency

# Maximizing Return

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# Maximizing Return



Expected performance

Net cash flow of project period

Proficiency contributes to the 'height' of each benefit, including the ongoing benefit after implementation

This slope and shape is determined by speed of adoption

The height of the benefit (after implementation) is based on ultimate utilization

Time (periods)

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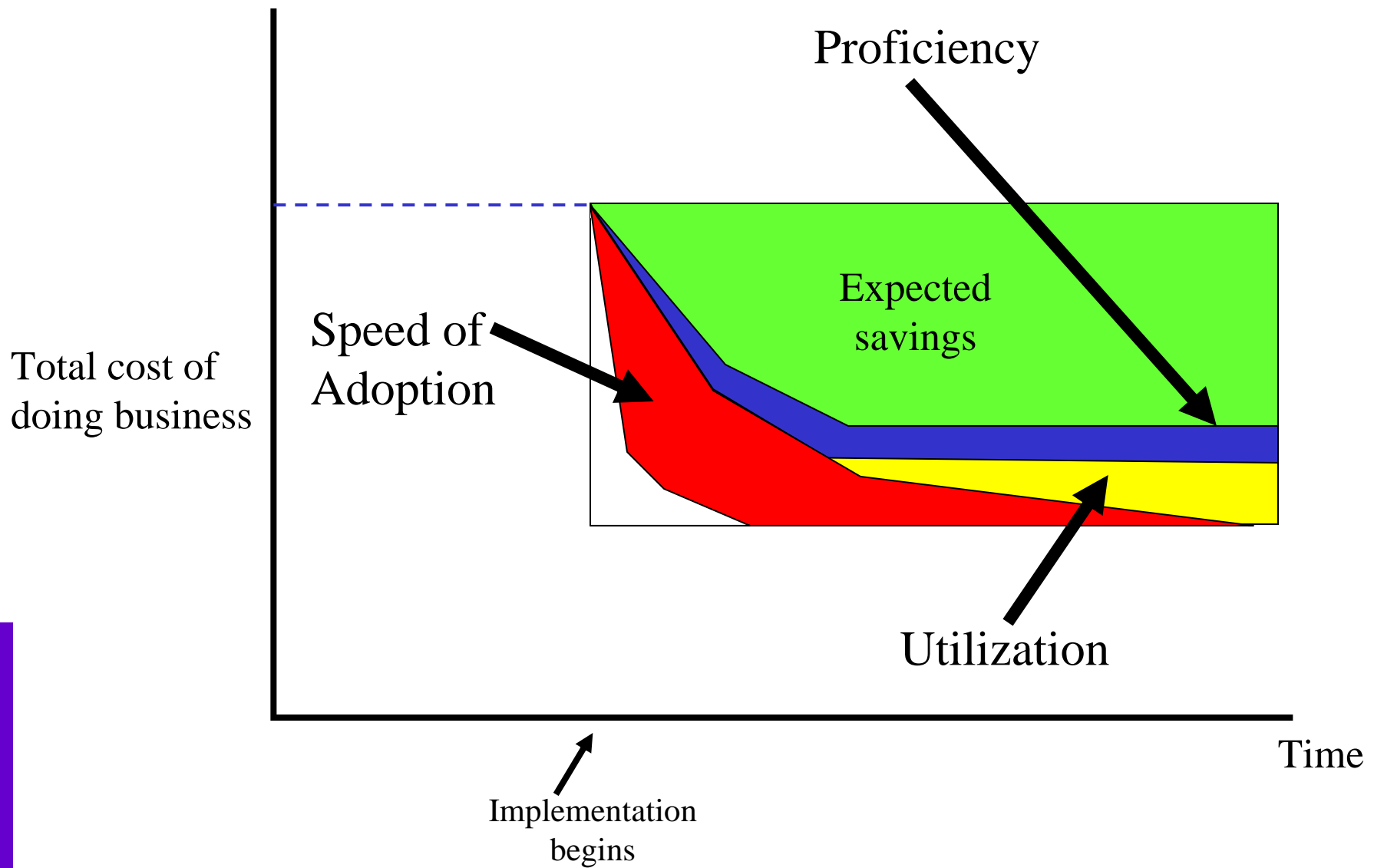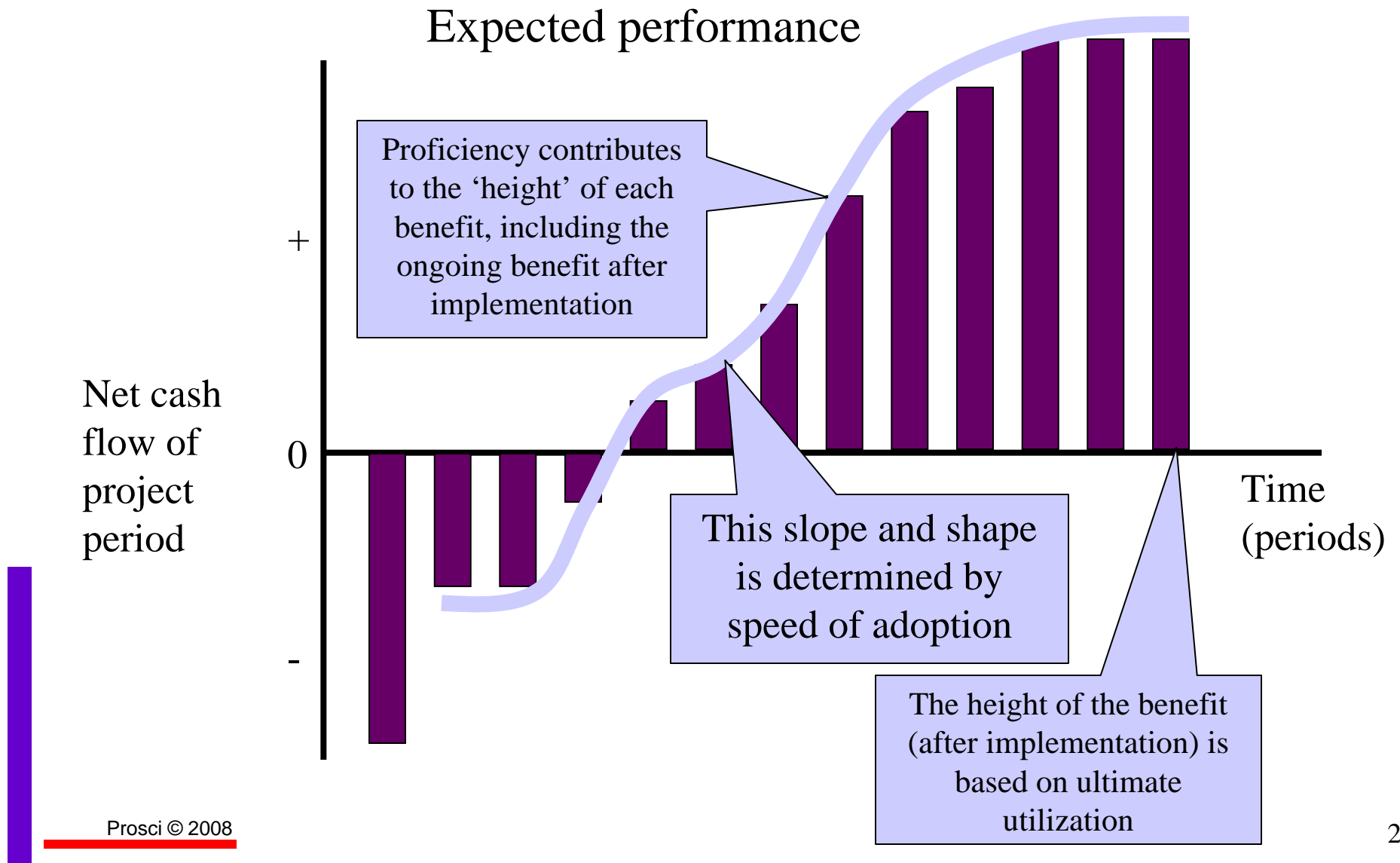
# Change Management Essentials

- Proactively Manage Resistance
- Effective Sponsorship
- Change Management Methods

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# Proactively Manage Resistance

The **number one obstacle**
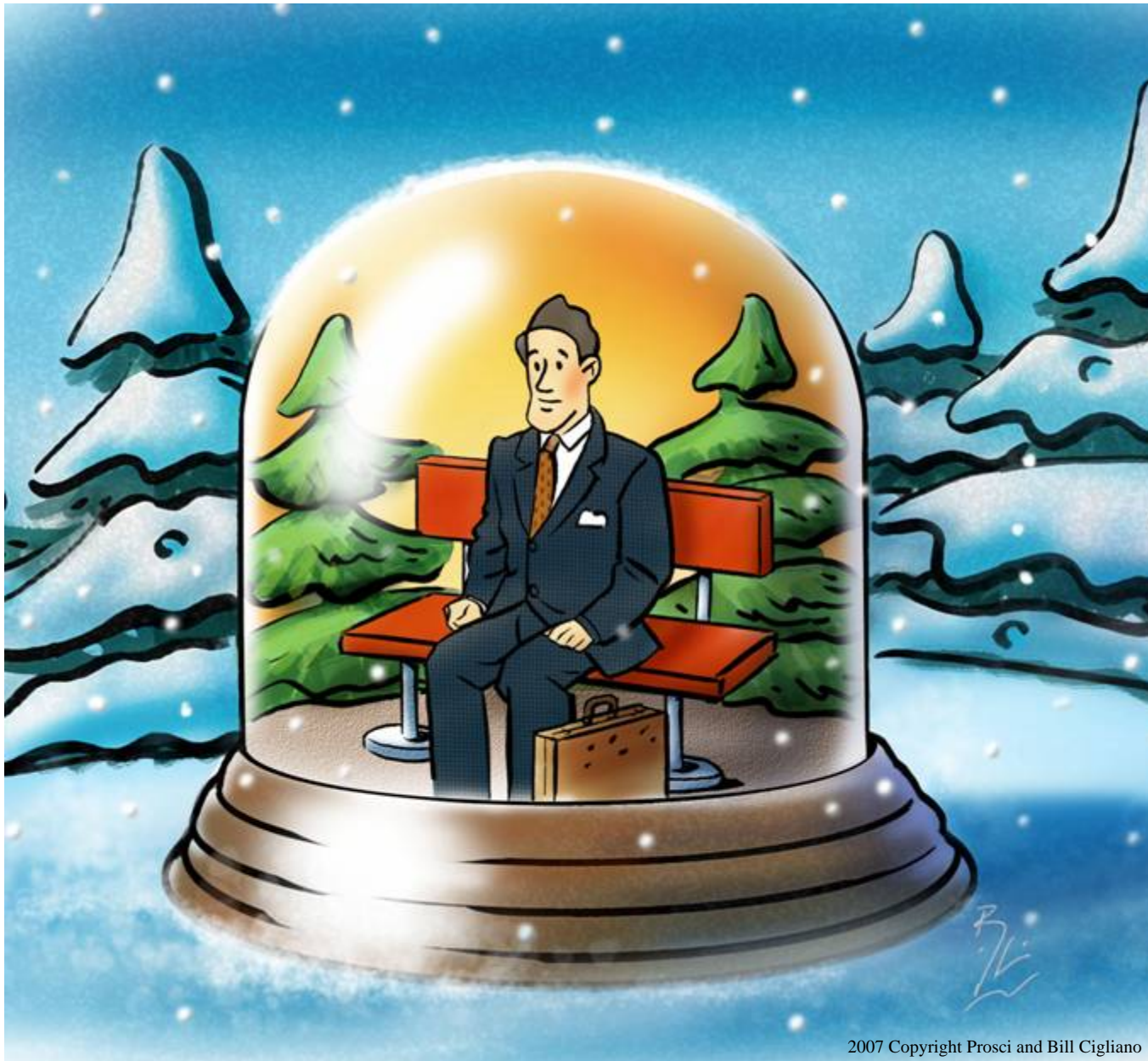to success for major change
projects is **employee resistance**
and the **ineffective management**
of the people side of change.[1]

# **Proactively Manage Resistance**

Employee Resistance

1.  Lack **awareness** of the need
2.  **Fear** of job loss
3.  Lack the required **skills or knowledge**
4.  **Comfort** with status quo
5.  Must do **more with less**

# Proactively Manage Resistance

Manager Resistance

1. Loss of **power**

2. **Overload**

3. Lack **awareness** of need

4. **Unprepared** to operate in the future state.

5. **Fear** or uncertainty

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# Effective Sponsorship

Leadership/
Sponsorship

Resources     Strategy
and scope     Active and visible
participation     Direct
communication

Executive
decisions

Executive
actions

Projects
meet objectives

Projects finish
on time and on budget

Timing and
dates

Coalition
building

Return on investment
(ROI) realized

Project
Management

Change
Management

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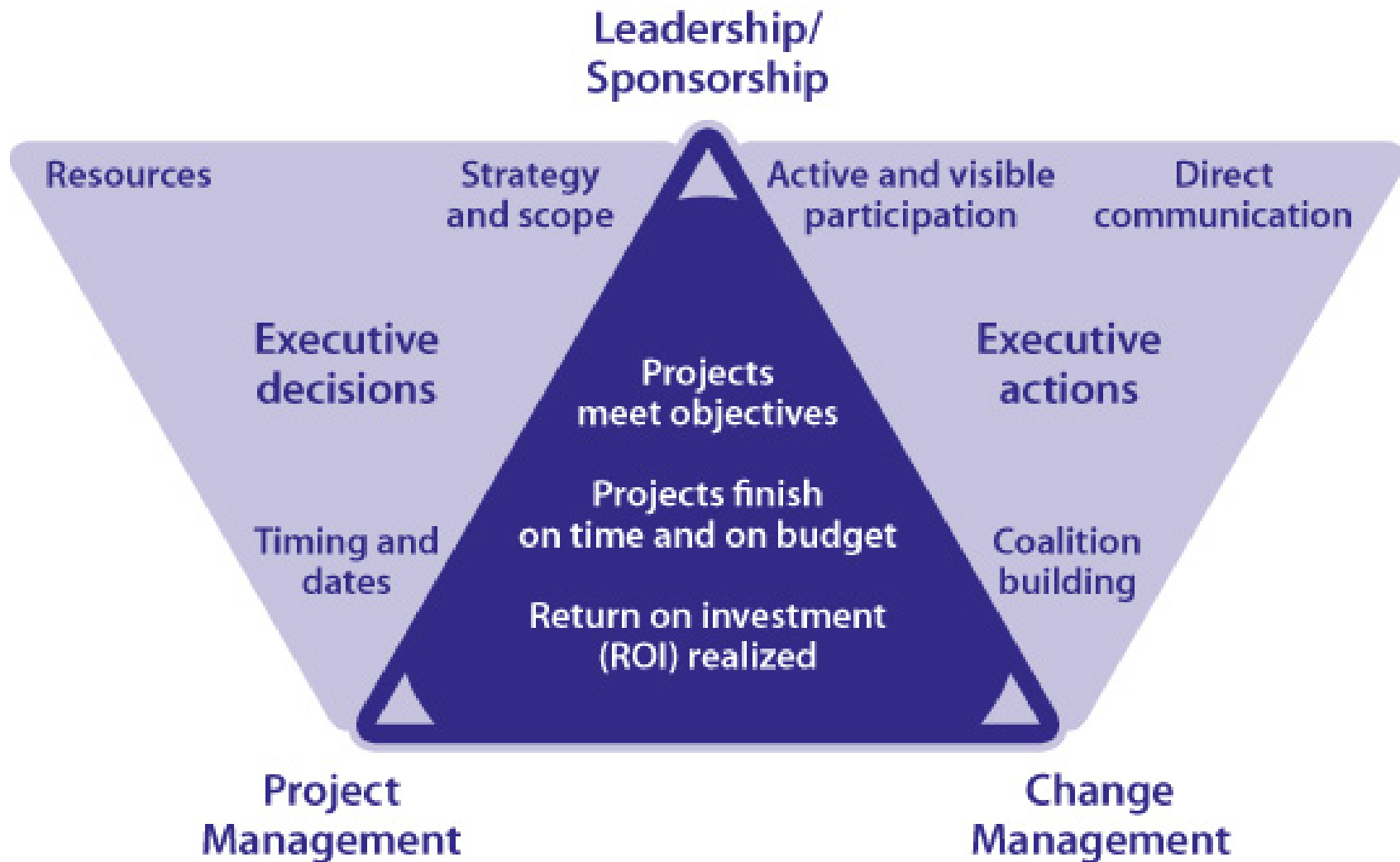
# Effective Sponsorship

The Top Three Sponsorship Mistakes

1. Failed to personally engage as a sponsor for the change

2. Changed priorities mid-stream

3. Did not build a sponsorship coalition

# Effective Sponsorship

1.  Failed to personally engage as the sponsor for the change.

    – **Abdicated** sponsorship

    – **Failed to stay involved**

    – Did not communicate the **need for change**

Reference: Prosci 2005 Change Management Best Practices study results

# Effective Sponsorship

2.  Changed priorities mid-stream.

- – Commitment **wavered**
- – Other projects took **priority**.
- – **Moved on** to the next "flavor of the month."

Reference: Prosci 2005 Change Management Best Practices study results

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# Effective Sponsorship

3.  Did not build a sponsorship coalition.

- **Assumed** support from other business leaders
- **Assumed** the message trickled down
- **Assumed** resistance from mid-level managers would go away

Reference: Prosci 2005 Change Management Best Practices study results

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# Change Management Methods

- An Organizational Approach
    - Planning for Change
    - Managing the Change
    - Reinforcing the Change
- An Individual Approach
    - ADKAR

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# Change Management Methods

## Phase 1 – Preparing for change

> Define your change
> management strategy

> Prepare your change
> management team

> Develop your
> sponsorship model

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# Change Management Methods

## Phase 2 – Managing change

> Develop change management plans

> Take action and implement plans

# Change Management Methods

## Phase 3 – Reinforcing change

Collect and analyze feedback

Diagnose gaps and manage resistance

Implement corrective actions and celebrate successes

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# "Everyone thinks of changing the world, but no one thinks of changing himself."

# Leo Tolstoy

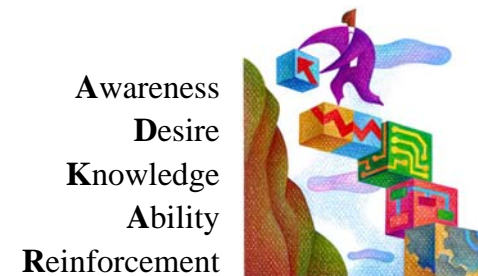2007 Copyright Prosci and Bill Cigliano

# Change Management Methods

**A**wareness
**D**esire
**K**nowledge
**A**bility
**R**einforcement

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# Change Management Methods

**A**DKAR

– Awareness of the need for change.

- What is the nature of the change?
- Why is the change happening?
- What is the risk of not changing?

**A**wareness
**D**esire
**K**nowledge
**A**bility
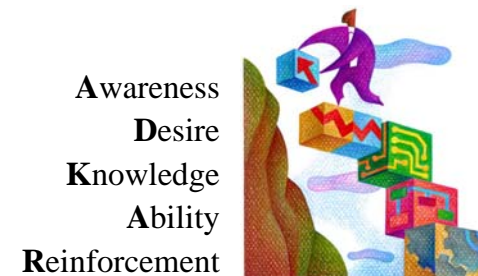**R**einforcement

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# Change Management Methods

A**D**KAR

– Desire to support the change.

- Personal motivation to support the change
- Organizational drivers to support the change

**A**wareness
**D**esire
**K**nowledge
**A**bility
**R**einforcement

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# Change Management Methods

## ADKAR

– Knowledge on how to change.

- Knowledge, skills and behaviors required during and after the change
- Understanding how to change

**A**wareness
**D**esire
**K**nowledge
**A**bility
**R**einforcement

45
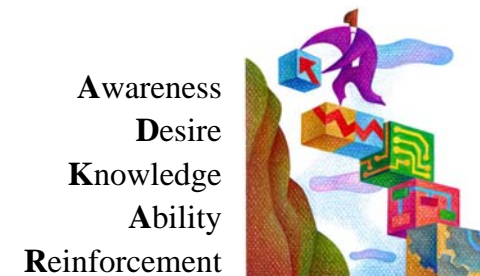
# Change Management Methods

ADK<span style="color:red">A</span>R

– Ability to implement new skills.

- Demonstrated ability to implement the change

- Barriers that may inhibit implementing the change.

**A**wareness
**D**esire
**K**nowledge
**A**bility
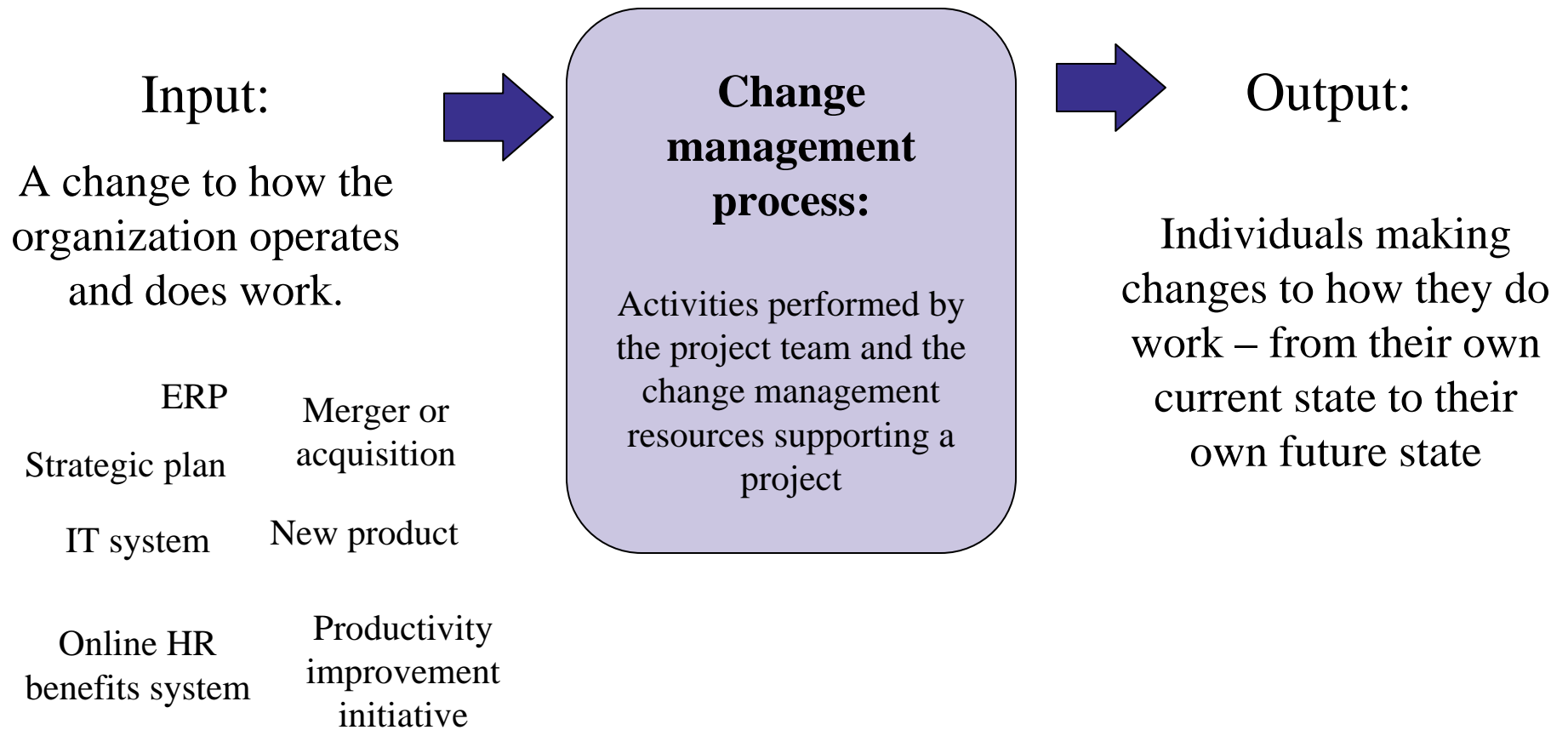**R**einforcement

46
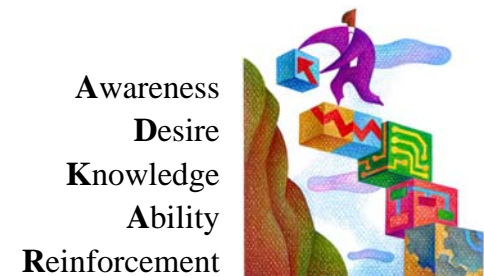
# Change Management Methods

ADKA<span style="color:red">R</span>

– Reinforcement to sustain the change.

- Mechanisms to keep the change in place
- Recognition, rewards, incentives, successes

**A**wareness
**D**esire
**K**nowledge
**A**bility
**R**einforcement

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# Change Management Methods

Input:

A change to how the
organization operates
and does work.

ERP    Merger or
acquisition

Strategic plan

IT system    New product

Online HR    Productivity
benefits system    improvement
initiative

**Change
management
process:**

Activities performed by
the project team and the
change management
resources supporting a
project

Output:

Individuals making
changes to how they do
work – from their own
current state to their
own future state

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# Change Management Methods



**Phases of a change project**

- Implementation
- Concept and Design
- Business need

Change Management Failure

Success

Project Management Failure
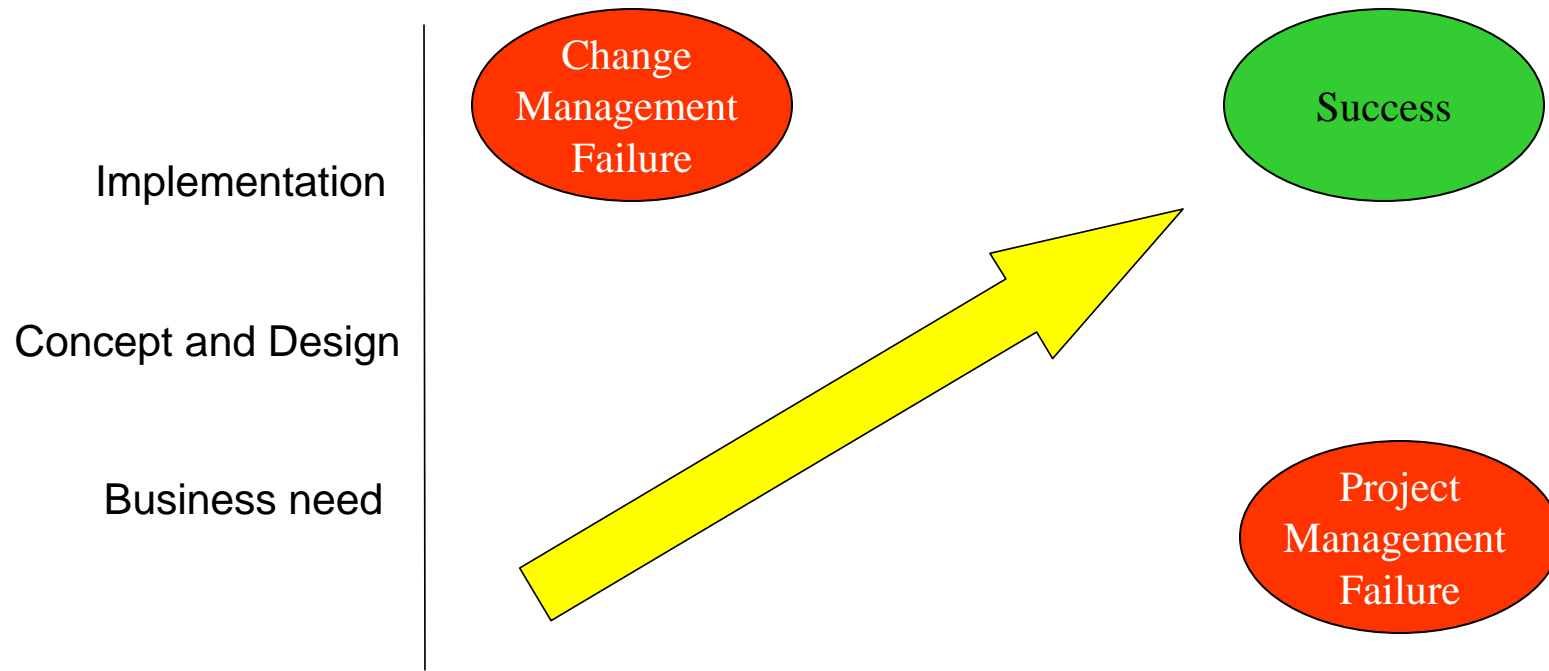
Awareness   Desire   Knowledge   Ability   Reinforcement

**Elements of change for employees**

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# **Why Manage Change?**

- To increase probability of your **project's success**

- To proactively manage your **employee's resistance** to change

- To build **change management competency** into your organization

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