Growing Organizational Change Ability

By Elissa Farrow

Abstract

Why are organisational change processes important to supply chain, services and logistics organisations? Building a new culture takes time as does growing an organisation’s ability to manage change. It is a process of repeat, refine and repeat. This article outlines what is organisational change management, why it is important to organisations and how to grow capability in managing business change. Readers should understand why managing business change is crucial to maintaining productivity and realising benefits.

INTRODUCTION

Introducing two projects, Project A and Project B.

Project A is not going well. Project A has limited sponsorship, things are not being run to time though it is a technically sound solution. The team involved with Project A has had its ups and downs; the Project Manager left last year and the replacement is doing the best job they can. This project is going to change the way people do their work here. It is becoming known as the helpless project rather than the helpful one and that is not doing anything good for the project team’s moral or the project’s broader organisational image.

Project B on the other hand is going well. Project B has an actively engaged sponsor and board, things are being run on time, scope is being managed and quality is being regular monitored and endorsed for accuracy. In this team there is a change manager working alongside the Project Manager who has a detailed plan around the people changes. It is known as the ‘can’t wait for it’ project and the organisation is buzzing at what efficiencies they will gain in their day to day work.

Sadly Project A is more the norm in organisations.

WHY WE NEED TO MANAGE CHANGE DIFFERENTLY

The international research is clear that project failure rates are still too high. According to Capability Management (2006) “The success ratio of projects has not increased in 15 years – for full delivery of benefits the success figure is still around 5%”. The Portland

1 Originally presented at the ANZAM Operations, Supply Chain and Services Management Symposium in 2013
Business Journal (2008) reported, “Most analyses conclude that between 65 and 80% of IT projects fail to meet their objectives, and also run significantly late or cost far more than planned.”

Failure can be perceived by a number of people differently. If a project is closed prematurely due to active management this is not necessarily a project failure. Closing a project early could be the best thing for the organisation as the justification and viability for that project may no longer exist.

So let’s explore a bit more as to why projects fail. Some of the key ways that projects fail include:

- Business requirements were not clear, agreed or delivered;
- Predicted benefits are not evidence based;
- Benefit realisation is not accurately planned or enforced;
- Projects focus on installation rather than implementation;
- There is now focused plan on shifting behaviour and building commitment;
- Project outputs are not accepted;
- Stakeholders resist change due to a range of factors (mainly misinformation);

Not building resilient employees throughout the change process and as part of organisational health metrics can lead to staggering costs. As an Australian case study research from the Health and Safety Agency Safe Work Australia (2011) suggested that “overwork and stress cost Australia A$30 billion a year – half the total workplace injury bill”. Shocking and staggering, but a clear message to organizations that something has to be different in our delivery of new strategy.

**WELCOME THE CHANGE MANAGER**

The Change Manager’s main focus is people and overcoming risk rising from people. They are dedicated in a project context to work with people to transition them from the existing state to the new state in the context of a change project. One of the main attributes of a Change Manager is that they understand and apply the principles, types and stages of change and develops approaches to suit the situation.

Change Manager’s differ from Project Managers where they tend to come from backgrounds like psychology, sociology, social science and humans resources. Their main role is to assess the individual’s readiness for change and builds related communication and stakeholder management plans and key messages to bring about the behavioral change the project is seeking. Change Managers mitigate and manage resistance. They are a key partner of the project or program manager.

There are a number of theoretical underpinnings to a change manager’s work, and like project management, also a number of process methodologies and approaches that
exist to support their work. One of the best resources for Change Managers is the Change Management Body of Knowledge, produced by the Change Management Institute (2013), providing information on the knowledge areas of a Change Manager.

**HOW DOES CHANGE IMPACT VALUE**

If a business case and value realisation, are predicated on the assumption that people will accept and use the new capability and they do not, it is unlikely the forecast value improvement will be achieved. A clear plan for how to increase acceptance and generate buy in of something new is critical. Organisational change management activities structure the approach to the people side of change and create an environment where value can be realised.

Change managed badly has a direct impact on:

- Delivering value to the organisation
- Building confidence in the change process – even when it’s difficult
- Getting to the outcome in most painless way
- Increased litigation and work place health and safety costs from disgruntled employees
- Maximising productivity – single biggest issue on productivity is taking people away from their direct commercial or service activities.

**CONCLUSIONS**

Building a change capable organization by having a standard process, appropriately skilled managers and change agents is critical to creating value from change projects. Value is not realised unless people change their behavior e.g. use the new system rather than the old one, take up the automated function rather than the old manual one, use the new building how it was designed rather than remain embedded in old outdated practice. Research from the Change Management Learning Centre in 2007 showed that when “change management effectiveness was rated as excellent, 88 percent of projects met or exceeded objectives. Conversely, when change management was rated as poor, 83 percent of projects failed to meet objectives and deadlines”.

This article has outlined why effective change management is critical to achieving organizational value growth and why building a change ready organization is a critical part of this process.

**REFERENCES**


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Elissa Farrow is a global thought leader in organizational change and strategy delivery. She is an experienced strategist and runs a successful consulting and training business with clients globally. Elissa has delivered consultancy services to clients in the tertiary education, cultural development, environment, construction, transport and logistics, social services, housing and the resources sector. Elissa is the current Global board member for Country Development with the Change Management Institute and the Director of Ethics for the International Institute of Project Coaching. Elissa has a Masters in Social Planning and Policy and a number of other project, program, portfolio and change management accreditations. She can be contacted at About Your Transition at discover@aboutyourtransition.com.au. For fun she is also a the resident change management blogger for www.projectmanager.com.au