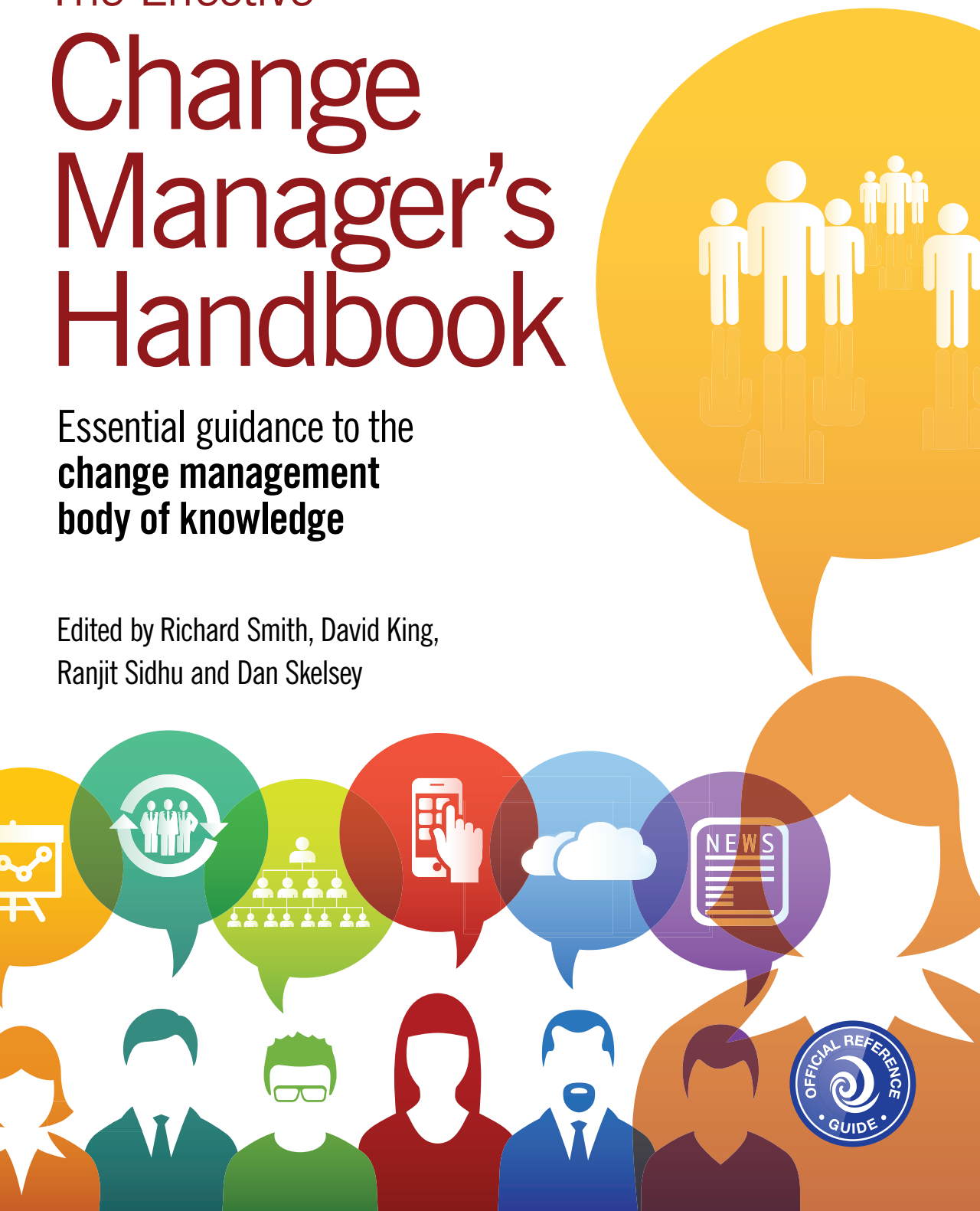KoganPage

APMG International™
Change Management

The Effective

# Change Manager's Handbook

Essential guidance to the
**change management
body of knowledge**

Edited by Richard Smith, David King,
Ranjit Sidhu and Dan Skelsey

OFFICIAL REFERENCE GUIDE

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# A change management perspective

**RICHARD SMITH**

## Introduction

Change is a necessity for survival. This was brought home to me many years ago as I read Charles Handy's book *The Empty Raincoat: Making sense of the future* (Handy, 1994). He describes a pattern, the 'sigmoid curve' (shaped somewhat like a Greek letter 's': see Figure 1.1). It is a classic life cycle that traces the stumbling start, the rise and success, and the eventual decay of empires, organizations, products, processes and even an individual person or career. Handy points out that the timescale is becoming ever more compressed. 'New' products, processes, organizations and initiatives rise and decay at an ever-faster rate.

**FIGURE 1.1**   The sigmoid curve
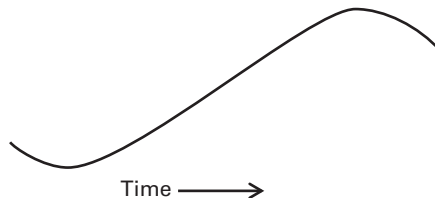
Time ⟶

**SOURCE:** From *The Empty Raincoat* by Charles Handy, published by Hutchinson.
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This sounds depressing, but change is possible (Figure 1.2). A new curve can be begun. As Handy puts it: 'The right place to start that second curve is at point A, where there is the time, as well as the resources and the energy to get the new curve through its initial explorations and floundering before the first curve begins to dip downwards.' The difficulty is that at point A there is no apparent and urgent need for change. That tends to come at point B, when disaster is imminent. By this stage, however, the time, energy and resources to support the needed 'new beginning' are no longer available.

**FIGURE 1.2**    The sigmoid curve – the second curve
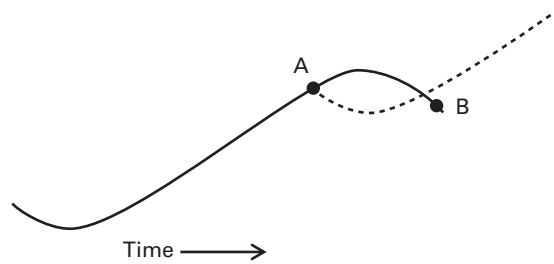


**SOURCE:** From *The Empty Raincoat* by Charles Handy, published by Hutchinson. Reprinted by permission of The Random House Group Limited.

So as we begin our thinking about organizational change, we recognize the necessity of a restless searching for change that will enable the health and success of an organization – and its people – to be continually renewed as it transfers from one sigmoid curve to the next... and the next.

This chapter is the least 'handbook-like' of the 13 chapters in this book. Other chapters will each take a particular aspect of the discipline of change management and explore it practically, offering tools, templates and techniques to help the practising change manager perform effectively. This chapter offers no tools and few prescriptions (some may have slipped in through lack of self-restraint by the author!). Its purpose is to set a context for the discipline of change management, based on the wide and growing body of published research and thinking.

The chapter introduces a selection of influential models and perspectives on change. These are drawn from the wide and still-growing body of research and thought about change since the mid-20th century. All of us involved in change management have our favourite approaches and models – and it is inevitable that those I have selected and referred to will miss some of the favourites of each reader. My hope is that the way I have described and presented this selection will encourage readers to explore further, using the references to build their own change management perspective.

## CHAPTER CONTENTS

Section A: Why change management matters

Section B: Change and the individual

Section C: Change and the organization

Section D: Key roles in organizational change

Section E: Organizational culture and change

Section F: Emergent change

# Section A: Why change management matters

## Introduction

This section sets out to assess why effective change management is important. It describes 'the knowledge required to offer clear, concise and well-evidenced information about the role of effective change management in enabling successful change in organizations' (CMI CMBoK, 2013).

I shall mention some of the research showing how often and how seriously change initiatives fail. More encouragingly I outline key research findings that show how a range of factors can be managed to increase the chances of successful change. The research offers change managers valuable evidence to use when advocating good practice.

## 1. Organizations' experiences of change

It is easy for leaders and managers in organizations to assume that change is straightforward. We are educated and trained to approach problems logically and rationally. We see an opportunity to make an improvement – large or small – and can formulate plans to make that improvement.

It sometimes comes as a shock that our wholly rational plan does not meet with the immediate approval (and applause) of colleagues. A greater shock awaits; having convinced colleagues that the plan is absolutely what is needed, it simply does not work in practice. So many structural, technical and organizational factors seem to resist progress that implementation, we say, feels like 'wading through treacle'. Within a few months the plan is consigned to history and the organization continues as before.

This is a caricature, of course. However, like any caricature it contains elements of the experience of many managers and leaders. Research over several decades records a depressingly high failure rate for change initiatives. Failure rates of change initiatives – more particularly, where change achieves substantially less than the expected value – have been reported as high as 70–80 per cent (King and Peterson, 2007). However, a few top-performing organizations experience success rates in excess of 80 per cent (IBM, 2008b). The variable criteria and measures typically used in these studies make it difficult to draw definitive conclusions about the failure rates and their causes (Hughes, 2011). Nevertheless, the continuing consistent, accumulated evidence from CEOs, project and change managers through a wide range of sources does point to the reality that very many change efforts do fail.

Further reading

Research on the successes and failures of change initiatives includes:

Beer, M and Nohria, N (2000) *Cracking the code of change*
Hughes, M (2011) *Do 70 per cent of all organizational change initiatives really fail?*
IBM (2008b) *Making Change Work*
King, S and Peterson, L (2007) *How effective leaders achieve success in critical change initiatives*
Laclair, JA and Rao, RP (2002) *Helping employees embrace change*
Kotter, JP (1995) *Leading change: why transformation efforts fail*
Moorhouse Consulting (2013) *Barometer on Change 2013*

# 2. Factors contributing to success in change management

## *2.1 What the research suggests*

The failure of many change initiatives to deliver what they promise is serious, but not inevitable. There is a strong and growing body of evidence that demonstrates the value of well-established change management practices in improving the success rate:

- A study by Laclair and Rao (2002) found a close relationship between 12 change management factors (at three levels: senior, mid- and front line) and the value captured from change initiatives. Companies effective at all three levels captured an average of 143 per cent of the expected value. Laclair and Rao measured general management factors that, followed effectively, contribute powerfully to success. Examples include executive and line management fulfilling their functions effectively and providing training, resource and empowerment for the front line.

- PriceWaterhouseCoopers published a study (PwC, 2004) on project and programme management practices. They conclude, amongst other things: 'The survey reveals an undeniable correlation between project performance, maturity level and change management. The majority of the best performing and most mature organisations always or frequently apply change management to their projects.' This highlights the need for alignment of change and project management practices and for ensuring appropriate organizational structure.

- An IBM study (2008b) highlights four key activities that make change effective:
  - prepare by gaining deep, realistic insight into the complexity of the change, and plan accordingly;

– use a robust change methodology aligned with a project management methodology;

– build and apply skills in sponsors, change managers and empowered staff;

– invest appropriately in change management.

They also found that the success rate of change projects using a dedicated change manager rose by 19 per cent compared to those that did not.

● Prosci studies over several years (Prosci, 2012) have demonstrated a close relationship between effectiveness of change management programmes and the proportion of projects that meet or exceed objectives. Those change management programmes rated 'good' or 'excellent' had an above 80 per cent success rate. Those rated 'poor' or 'fair' achieve less than 50 per cent. They highlight particularly the importance for change success of effective sponsorship, consistent communication, appropriate methodology, properly resourced change support and employee engagement.

● A paper on the change management of IT service management projects (Ferris, 2013) points out that project management as such is not the reason why many such initiatives fail. She writes: 'There is no consideration given to the need for an organisational change management (OCM) capability on the project that will ensure the changes being brought about through the introduction of new technology become truly embedded into the organisation.' Ferris says that for these initiatives effective change management delivers improved adoption speed, utilization rate and employee proficiency. She stresses the importance of effective preparation for change, disciplined management, clear reinforcement and careful handover.

● A study of over 2,500 people in change management roles across 120 organizations was conducted by ChangeFirst Limited in 2010. It found that six to nine months after project launch, projects with change management input were delivering significant performance improvements, financial results and behavioural change. A majority of the respondents attributed over 20 per cent of the success directly to effective change management. The calculated return on investment (ROI) on large projects was calculated as a 650 per cent return on current levels of investment in change management.

● A number of the studies demonstrated that consistent application of an appropriate methodology was a further factor consistently associated with greater success.

## 2.2 Improving success rates

This book is dedicated to sharing the kinds of insights and practices that lead to these improvements in success rates, especially:

● The need for the organization's executive leadership (or an equivalent local group relevant to more localized change) to define and understand deeply:

– the nature and impact of a proposed change;

– the organization's capacity and capability to undertake it.

- The importance of clarity about the various ways in which the organization expects to benefit from the change.
- The way that stakeholders are identified and strongly connected to the change through a variety of communication practices.
- The way that change and project management practices are aligned and managed, making them appropriate to the size and structure of the organization.
- How individuals and teams can be supported through the change by good leadership, appropriate training and great facilitation.
- Advocacy of best practice across the organization, supported by effective information gathering, relevant case studies and application of lessons learned from past change initiatives.

## 2.3 *Change and the organizational context*

Balogun and Hope Hailey (2008) describe what they call the 'design choices' to be considered in planning a change:

- *Change path*: will the change be introduced 'overnight' or as a journey over a period of time?
- *Change start-point*: will it roll out following the hierarchy (up or down), or grow from local 'pockets'?
- *Change style*: will it be introduced more directively or more collaboratively?
- *Change target*: does it focus on performance, people or culture?
- *Change levers*: what levers will be most appropriate? (See the McKinsey '7-S model' in Chapter 6, Section A1.2.)
- *Change roles*: who will sponsor and support the change, and how?

These choices cannot be made appropriately if considering the change in isolation. The change exists in a particular organizational context, and there are many factors in that wider context that should shape the design choices for a change process. Factors listed by Balogun and Hope Hailey include:

- *Power*
  How concentrated or diffuse is power in the organization? How much local or individual empowerment do people experience? What power lies with different stakeholder groups? (Chapter 4)
- *Time*
  Is the change urgent – the result of a crisis? Is it possible to take a long-term view? (Chapter 2)
- *Scope*
  How widespread is the change? What are its impacts? (Chapter 6)
- *Preservation*
  What elements of the past should be preserved? Which must be destroyed? (Consider physical icons, such as buildings, locations and technologies, and

intangibles such as values, ways of working and relationship networks.)
(Section B and Chapter 11)

● *Diversity*
  How homogeneous is the organization? Is diversity amongst people
  an obstacle to achieving alignment? Is inadequate diversity an obstacle
  to creativity and change? (Section E and Chapter 12)

● *Capability*
  Do individuals have the range of skills required, both for the change
  process and for the demands they will face after the change? How good is
  the organization at managing change? Does it have access to suitably skilled
  people? (Chapters 7 and 9)

● *Capacity*
  Does the organization have the cash, time and people it needs for change to
  succeed? (Chapter 2)

● *Readiness*
  Is there a critical mass of people in the organization who see the need for
  change? How committed are they to change? (Chapters 5, 7 and 11)

The impact and influence of each of the contextual factors on the various design
choices can be considered and documented. Informed and intentional decisions
about the design choices form a strong foundation for any planned change.

However good the plans for change, it is important to retain flexibility. Good
planning is vital – but mechanistic, rigid planning is dangerous, because the course
of change is seldom smooth. The unexpected will occur and the plan must be adapted
to accommodate both problems and opportunities that arise.

# 3. Preparing the organization and seeing it through

As will be seen on many occasions throughout this book, change depends on people.
The earlier and more thoroughly that people across the organization (or those parts
of it affected) can be prepared for the change, the more likely it is that the change
will succeed.

According to Prosci (2012), with its focus on project change management, the top
two 'lessons learnt' from previous change initiatives were both about preparation:
1) to get change sponsors actively involved at an earlier stage – from the very start
of a project; and 2) to start change management activity sooner, right from project
initiation.

For strategic change projects, however, much of the research points to change
management involvement from an even earlier point. Change management input
can help executive leadership to think through the context and approach to change
and its implications even before explicit projects are defined.

# Summary

This brief section has highlighted the difficulty of making change initiatives effective and some of the factors that can help. Change managers who know this research are better able to influence their colleagues to apply good change management practices.

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**Further reading**

Balogun, J and Hope Hailey, V (2008) *Exploring Strategic Change*
IBM (2008b) *Making Change Work*
Prosci (2012) *Best Practices in Change Management* – or a more recent
report if available

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**Questions to think about**

1  What data do I have on the success of change initiatives in
my own organization?

2  What information would help me to evaluate our change better?

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# Section B: Change and the individual

# Introduction

This section begins by introducing two significant and widely respected models of individual change. Both offer insights into change as a human process, and have direct, practical application for those seeking to lead and manage change. It then introduces other reasons why people may embrace or resist change – the impact of motivations and of personality – before concluding with some wider observations about resistance to change.

*The Effective Change Manager's Handbook* is the official guide to the Change Management Institute (CMI) body of knowledge, *The Effective Change Manager*. It is explicitly designed to help practitioners, employers and academics define and practise change management successfully and to develop change management maturity within their organizations. A comprehensive learning resource, it includes chapters from esteemed and established thought leaders in the field. The book covers all aspects of change management theory and practice, including benefits management, stakeholder strategy, facilitation, change readiness, project management, and education and learning support. Presenting the whole change process, from idea to implementation, *The Effective Change Manager's Handbook* offers practical tools, techniques and models to support any change initiative.

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The editors of this book – **Richard Smith**, **David King**, **Ranjit Sidhu** and **Dan Skelsey** – are all experienced international consultants and trainers in change management. All four editors worked on behalf of the Change Management Institute to co-author the first global change management body of knowledge, *The Effective Change Manager*, and are members of the APMG International examination panel for Change Management.

**APMG International (APMG)** is a leading international examination institute that accredits training and consulting organizations and manages certification schemes for professionals. It is itself externally accredited to the highest international standards by the United Kingdom Accreditation Service (UKAS). APMG began offering examinations in change management in 2006, and has sponsored *The Effective Change Manager's Handbook* as part of its commitment to develop and maintain its examinations against the most rigorous and respected global standards.

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The Change Management Institute endorses *The Effective Change Manager's Handbook* as a text which is fully aligned with our change management body of knowledge and as an appropriate reference for change managers seeking professional accreditation.

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