

# State of the Union for Change Management

By Jeff Hiatt, Prosci Founder and CEO

As we enter 2009, some 25 years after change management was first introduced as a formal tool for managing people through change, we are now seeing a broad adoption within business and government of structured change management processes. The strength in the deployment of change management is evident in the overall growth in revenue in change management products and services, the creation of practice areas by consulting firms, the commitment by companies to create formalized job roles and training, and research work that identified change management as the missing success factor for change. Overall, the deployment of change management is strong and growing. In this "State of the Union" address on change management, I share my personal observations and philosophy, as well as a few of the trends we at Prosci see in this field.

## Observations and philosophy

### 1. Change management is both a process and a competency

From the **process** perspective, more projects are deploying change management as a structured approach for managing the people side of change. To ensure consistent use of change management going forward, organizations also need to "hard wire" the application of change management by setting investment thresholds that trigger:

- a. a requirement for change management to be applied on that project
- b. dedicated change management resources as part of the core team
- c. an integration of change management activities into the project plan

From the **competency** perspective, companies must recognize that executives and senior managers must be active and visible sponsors of change on many change programs. They must be able to build strong coalitions, communicate effectively with employees and remain active with the project team throughout the entire project. At the same time, managers and supervisors must be advocates, coaches and change agents to their employees during the change process. Organizations cannot assume that the knowledge and skills required to fulfill these roles already exists. In fact, recent research data suggests that this competency is not present for a majority of managers and represents a new leadership skill. Companies and government agencies must make a deliberate effort to build these competencies into their leaders and managers.

### 2. Change management is both organizational and individual

Organizations that change effectively recognize two things. First, that managing employees through change is a leadership responsibility that requires top-down actions to lead that change. Second, that **organizations do not change, people change, one person at a time**. The best change management processes include an effective process for managing organizational change and a companion process for managing individual change. It is this partnership or integration of organizational and individual change that ultimately produces results. We should never believe that the actions of sponsors, the content of communications, the knowledge from training or the coaching from supervisors represents "change management," **unless** these actions transform the thinking and behaviors of individuals. We therefore must utilize models for individual change that will help us guide and assess the results of our organizational change management work.

### 3. Change management success is only measured through business results

I can never imagine an experienced project manager saying that the end goal of project management was to manage budget, tasks and resources. They more likely would say it was to "successfully build the fastest aircraft, on time and on budget" or "implement the best ERP system to reduce operational costs."

Likewise, we should never think that the end goal of change management is to implement a set of activities or follow a recipe for managing people through change. **We implement project management and change management for one reason only – to achieve business results.** If you manage the people side of change, you are accountable for the objectives of that initiative. You may be **responsible** for communications, sponsorship, training, coaching and resistance management as elements of change management. But you are **accountable** for one thing – that the project meets or exceeds its objectives. As soon as you step away from this final accountability, you are no longer managing change.

#### 4. Change management is not just a process for managing resistance

I am often asked why resistance management is left for the third day in Prosci's change management certification program. So many managers and change practitioners believe that they are learning change management so they can better manage resistance. The reason that Prosci addresses resistance management at the end of our program is simple: We do not believe that change management is solely a process for managing resistance. Change management is a holistic approach to build engagement from employees around change. Managing resistance is only a small part of that process. **We must focus on the tools and techniques for building enthusiasm and passion for a change.** If change management is reduced to a process for identifying and managing resistance, then you will tend to focus on negative elements of change. You will find exactly what you were looking for. If, on the other hand, you implement change management as a holistic process for engaging employees, the amount of resistance will be less and the strength of that resistance will be lower. The adage that "an ounce of prevention is worth a pound of cure" is as true with people going through change as with good health. For this same reason you cannot measure the success of change management by the avoidance of all of the "bad things" that can happen during change. The better position, that position of strength, is not focused on threat mitigation, but rather around capturing the positive energy of employees embracing change.

#### 5. Change management experts and practitioners are not doers, they are enablers

I like to use a theatre analogy to convey this idea. Consider for a moment staging a play. In this play we will have script writers, directors, stage hands, costume staff, lighting crews, set crews and finally, actors. Change is akin to a play, in that many roles are necessary to carry out a fantastic performance. We also know that the play would likely not be a success if the director and script writer decided they were going to be the actors as well. Each person has an expertise and role to play. Great plays utilize the skills of all cast and stage members. Likewise with change, any person who is not a sponsor of change or a direct supervisor of an employee going through change is at best a director, a script writer, or perhaps a stage hand. Change practitioners must view their role not as an actor in the spot light, but rather behind the scenes, ensuring that the right things happen at the right time with the right people involved. This perspective is not only important for change practitioners to have, but even more so for the leadership and project team. So often a project assigns someone to change management and draws the conclusion that they will carry out all of the necessary roles. They mistakenly put this person in the role of actor and assume that change management is "covered." As a change management expert and practitioner, one of your first tasks is to clearly define the players, identify the actors and then enable them to stage the best possible performance for this change.

## Trends in change management

### Enterprise Change Management - deployment of change management across an organization

More and more organizations are deploying change management throughout the organization rather than relying on a project-by-project approach. Organizations who are doing this well recognize that **effective deployment of change management requires change management.** This statement takes just a moment to sink in, but we must recognize that the adoption of change management processes and skills within an organization is a change in and of itself. Therefore, the deployment of change management must be treated like a **project** and must utilize change management as part of that project.

Five elements of a balanced deployment for change management include:

1. creating strong sponsorship for change management among business leaders
2. establishing standardized processes and tools for managing change
3. creating permanent roles like a CMO or change management group to support change management and to manage the portfolio of change
4. offering ongoing training programs in change management for business leaders, supervisors and managers, employees and project teams
5. developing project criteria, a gate process or performance measurement system that ensures the consistent and effective application of change management across all projects

## Integration of project management and change management

We are seeing a greater intersect between project management and change management – a very positive trend that is resulting in the institutionalization of change management. More Project Management Organizations (PMOs) are taking on change management responsibilities. More work is being done to integrate change management activities with project management activities. Project teams are recognizing change management as a structured process that can be followed to manage the people side of change. For the first time Prosci was invited to talk at the 2008 PMI Global Congress, with an overwhelming interest shown in this topic. This particular shift is reinforcing the message that project management and change management are companion disciplines that require effective integration in order for change projects to succeed.

## Need for change portfolio management and the increase of change saturation

As the amount of change grows within many organizations, employees are experiencing change saturation. At the same time, the growth in resources and expertise in change management is not always keeping pace with the rate of change. This can result in more changes occurring with a poorer implementation of change management. The result is compounding business risks and projects that are not achieving their objectives. Therefore, we have a growing need for an enterprise view of changes underway in an organization with a central process for understanding the impact on groups within the organization and for managing change management resources. The trend here will be towards a greater effort on **managing the portfolio of change** so that business leaders can set priorities and make investment tradeoffs between competing initiatives.

## Summary

A final note to change management experts and practitioners: However cliché, change has become the norm. Changes are bigger. Changes are happening more frequently. Changes are happening faster. For organizations to survive and thrive in this ever changing environment, the people cannot be left behind. Leading change – and being a change leader in your organization – is a critical process and competency. By bringing the people-side of change to the forefront, you are one of the most vital assets and sources of success in your organization today.