Integrating Organizational Change Management Concepts with Project Management and Business Analysis Functions.

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Objectives

• Leverage a practical OCM framework and understand the key integration points into both the governance process, and project and business analysis lifecycles.

• Understand the characteristics between a proactive and a reactive change manager, and its impact on organizational change management

• Understand and be able to apply key lessons learned from case studies where OCM concepts played a large role in the successful delivery of those projects.
Detailed Agenda

- What is OCM?
- The Change Equation
- Types of Organizational Change
- Foundations in OCM
- OCM Assessment Framework
- Key Integration Points within PM Processes
- Key Integration Points within BA Processes
- Proactive vs. Reactive Change Managers
- Case Study #1 – Applied OCM Concepts and Lessons Learned
- Case Study #2 – Applied OCM Concepts and Lessons Learned
Underlying Themes

• Project Managers are “strategic change managers”.
• Business Analysts are “change analysts”. (Analyze transition from current to future state.)
• Operations = what you are today. Projects = what you will become = change.
• Many organizations fail to integrate the concepts of organizational change management (OCM) into their project management and business analysis best practices.
• Failure to plan for and mitigate risk surrounding the organizational change can result in:
  • Failed or cancelled projects
  • Customer dissatisfaction
  • Failure of your delivery organization to be seen as a strategic asset and partner to your business stakeholders.
What is Organizational Change Management?

• Organizational change occurs when a company makes a transition from its current state to some desired future state. Managing organizational change is the process of planning and implementing change in organizations in such a way as to **minimize employee resistance and cost to the organization** while simultaneously **maximizing the effectiveness of the change effort**. (Source: Inc.com)

• Organizational change management (OCM) is a framework for managing the effect of **new business processes, changes in organizational structure or cultural changes** within an enterprise. Simply put, OCM addresses the people side of change management. A systematic approach to OCM is beneficial when change requires people throughout an organization to learn new behaviors and skills. **By formally setting expectations, employing tools to improve communication and proactively seeking ways to reduce misinformation**, stakeholders are more likely to buy into a change initially and remain committed to the change throughout any discomfort associated with it. (Source: SearchCIO.com)
How Can OCM Help A Project or Program?

*Effective application of OCM techniques can increase the return on investment and the change acceptance through:*

– Effective **sponsorship and governance**
– Effective **visioning, branding, and alignment to culture** (or redefinition of desired culture)
– **Process redesign** / efficiencies
– Sufficient **training and education** of all stakeholders on new culture, processes, systems, tools, policies, procedures, etc. to ensure they are effective in their new roles
– Helping stakeholders understand, **accept and OWN the change** through **benefits realization** and **WIIFM**
– A well-planned and thoroughly executed **communication strategy and plan** that ensures that all impacted parties feel connected throughout the project
– Establish a governing body to **sustain the positive momentum post go-live** and track and monitor the ROI and benefits realization through quantitative metrics
The Change Equation

CHANGE = FUTURE x NOW x PLAN > RESISTANCE

- **FUTURE** = Desired Future State (Vision)
  - Show the benefits of the change as well as what will be preserved. (Value +, Deficits -)

- **NOW** = Current State / Situation
  - Create dissatisfaction with the present situation and create an awareness of a need for change.

- **PLAN** = The Plan to move from current state to future state (Clear, Realistic, Non-Disruptive)
  - The change effort plan should include the following elements:
    - **Description of the “NOW” & “FUTURE”** – What the organization looks like today and what you want it to look like after the change.
    - **Communications Plan** – Informing everyone about the change, as well as keeping them up-to-date as your change effort evolves.
    - **Recognition Plan** – How you will celebrate successes and reward those employees that support you and your change effort?
    - **Guidelines** – Defining processes, roles and responsibilities in order to reduce conflict and potential power struggles.
    - **Measurements** – Identifying accountability and tracking success.

- **REISISTANCE** = Potential resistance to the change (or perceived loss)
  - Overcoming potential resistance or perceived loss. Involve those who will be impacted by the change. (Ownership)

(Sources: Original Change Equation by Richard Beckhard and Reuben Harris; and “Managing the Change Equation”, by Robert Swaim.)
Types of Organizational Change

**Structural Changes**
- Typically involve company wide or department wide changes
- Usually transformational in nature
- May include major shifts in technology
- Typically include changes to organizational or team based structure and reporting hierarchy.

**Strategic Changes**
- Driven by need to adapt to external factors
- Usually Transformational in nature
- Shifts in Business or IT strategy
- May force realignment of projects and change efforts to strategy

**People Changes**
- Usually involve changes in roles
- May be large-scale or incremental
- Can impact employee attitudes, behaviors and performances
- Often tied to HR initiatives

**Process Changes**
- Attempt to improve workflow efficiency and productivity
- May include technology changes
- More successful when employee input is obtained and utilized.
- Best rolled out in stages or phases.
- Usually includes a need for training

**Dimensions of Change**
- Will the change be organizational wide or affect only a subset of the organization?
- Will the change represent major transformation, or seek to enact change in phases or incrementally?
- Is the change required to remedy a certain condition or situation, or is it developmental in nature?
- Is the desired change in response to an unplanned trigger or a planned trigger?
Foundations in OCM

KOTTER’s 8 Stage Process for Creating Major Change

1. Establish sense of urgency
2. Create the guiding coalition
3. Developing vision and strategy
4. Communicating the change vision
5. Empowering broad based action
6. Generating short term wins
7. Consolidating gains and producing more change
8. Anchoring new approaches in the culture

(Source: Leading Change, by John Kotter)

BEVAN’s 7 Core Factors for Successful Change Management

- Clarity
- Engagement
- Resources
- Alignment
- Leadership
- Communication
- Tracking

(Source: Change Making, by Richard Bevan. 2011.)
A “Simple” OCM Framework

Assess Current State
- Understand leadership vision and alignment
- Identify paint points and areas of opportunity
- Highlight dissatisfaction with present situation and create awareness of the need for change
- Establish a sense of urgency
- Develop Initial Communication objectives
- Set Expectations with key participants regarding involvement
- Identify potential champions or stakeholder groups that can be leveraged (training, etc.)
- Identify potential organizational barriers to change (structure, culture, resources, process/policy, etc.)

Future State Design
- Define Future State and benefits
- Leverage change agents and define barriers to change, and areas where cultural change is expected and needs to be communicated
- Identify HR strategy, tie-in, and involvement if needed.
- Align and integrate with current initiatives where overlap occurs
- Assess Impact (both positive and negative) and Level of Effort.
- Help key stakeholder teams to understand why the bar is being raised (impacts of current state, and benefits of future state)
- Define, Prioritize and rank all recommendations
- Define and assign key roles for each recommendation or set of recommendations in order to execute change successfully
- Define and/or develop tools necessary to implement the change
- Develop draft OCM Plan
- Define “one minute elevator pitch” and FAQ

Execution
- Engage and gain commitment with key action owners
- Define measurement methods for assessing success of change
- Finalize OCM plan and execute
- Communicate, Communicate, Communicate
- Support efforts with training as needed.
- Obtain “quick wins” and market those wins.
- Collect Feedback (Throughout Action Plan)
- Reward and Recognition
A “Simple” OCM Framework

Assess Current State
- Understand leadership vision and alignment
- Identify pain points and areas of opportunity
- Highlight dissatisfaction with present situation and create awareness of need for change
- Establish a sense of urgency

Future State Design
- Define Future State and benefits
- Leverage change agents and define barriers
- Identify HR strategies, tie in, and leverage
- Align and integrate with current initiatives where overlap occurs
- Assess Impact (both positive and negative) and Level of Effort

Execution
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- Define and execute communication plan
- Communicate, Communicate, Communicate
- Support efforts with training as needed
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Content:
- Change Readiness Assessment
- Force Field Analysis
- SWOT Analysis
- Process Mapping

- Stakeholder Analysis
- Influencer and Change Agent Strategy
- Training Needs Assessment & Planning
- Communication Planning
- Role Mapping

Execution Phases:
- Discovery
- Integration
- Transformation
OCM Integration Points

Changing corporate culture is more challenging.

The Change Agent’s role requires:

• Understanding of the required cultural change and its rationale
• Learning how the success of the cultural change will be measured and sharing that information with your team
• Developing a plan that includes objectives, explanations, communication, and measurable goals
• Brainstorming with your staff on methods, techniques, and behaviors to come into compliance
• Pushing gently in the new direction while acknowledging previous behaviors
• Teaching and mentoring using encouragement, stories, and a sense of humor
• Seeking assistance from change management experts either in your own HR department or asking for outside training
• Balancing rewards and discipline—always remembering that change is difficult and frightening for some people
• Giving feedback and being open to getting feedback

**OCM Integration Points within Governance and PM Processes**

**Initiation** (Business need identification, scoping, business case, budgeting)
- Identify degree of change
- Plan roles and budget accordingly (i.e. change manager role, work stream leads, business involvement)
- Identify impact on hardware and infrastructure

**Planning** (Requirements, analysis, design)
- **KICKOFF** -- Engage all stakeholders in kickoff, and include the following key elements
  - Vision, Objectives, Benefits, and High Level Scope (including what is NOT in scope)
  - Impacts (and impacted areas),
  - Overall timing and when stakeholder groups are needed (by system and business area),
  - Team structure, governance, roles and responsibilities, communication plan
  - Importance of business process definition and its linkages to all other aspects.
- Requirements – Engage stakeholders, gather input, and ensure traceability from requirements thru testing
- Project plan – Create fully integrated plan with business or client tasks as well. Key Task areas should include: business readiness, physical environment, customer care, SOP’s & business processes, training, communications (project, business, client), operations and support, documentation, and an OCM area of the plan.
- Business Process linkage -- Understand linkage between business process and almost everything else
**OCM Integration Points within Governance and PM Processes**

**Execution** (Construction, Test, Train, Documentation, Beta)
- Training – Engage stakeholders, ask for input, identify customer & client variances (one off or group variances), and utilize train the trainer approach (encourages investment and loyalty)
- Testing – Engage business or client to write UAT test cases, and ensure onsite stakeholder participation in one room
- Interfaces – If possible, Build interfaces early in project, enabling earlier visibility into data flow and downstream issues.
- Business Process should support UAT test case creation.

**Monitor and Control**
- Plan regular meetings with executive sponsors – NO SURPRISES
- Gather data on “before-and-after” that is relevant to your “change” objectives
- Recognize and reward examples of the desired new behaviors
- Be a teacher or mentor
- Remember that learning new processes and tools takes time—practice patience

**Closing** (Deploy, Transition, Ops/Maintenance)
- Engage operations / support resources and system administrators during requirements and testing.
- Project plan needs to include post production support planning and knowledge transfer.
Key Integration Points within BA Processes

Elevating the role of a Business Analyst to a leader on business transformation and innovation projects requires application of OCM concepts within all phases.

Foundational OCM Themes to apply in all phases:

- Change the way the business interacts with the technical team, encouraging an increased amount of business resources / expertise dedicated to the project.

- Encourage collaboration with business representatives to develop and define options and recommendations.

- Focus more on the business value of the project than on the new technology.

- Prepare an organization to accept new business solutions and to operate them more efficiently.
Key Integration Points within BA Processes

**Discovery / planning**
- Gaining an understanding of vision, scope and benefits
- Integrating strategic planning with planning for the IS and technology directions
- Defining business problems and identifying new business opportunities to achieve the strategic vision

**Requirements**
- Understanding the business need and impacts of the proposed solution on all areas of business operations
- Maintaining the fierce focus on the value the project is expected to bring to the enterprise
- Using an integrated set of analysis and modeling techniques to make the as-is and to-be business processes visible for all to see, understand, and validate
- Translating the business objectives into business requirements, ensuring prioritization is aligned with objectives.

**Design / Build / Test**
- Providing guidance and vision to project team
- Validating the new solution meets the business need
- Ensuring UAT and Training plans align to the business processes.

**Implementation / Post Go live**
- Transfer of knowledge is essential
- Managing and tracking the benefits expected from the new solution
Proactive vs Reactive Change Management

- Recognize that change will occur
- Understand that you need to be able to execute under both models (proactive & reactive)
- Define, share, and stick to the vision
- Communicate, communicate, communicate!
- Build your “informal” networks (vs. formal organizational hierarchy).
- Overcome resistance (remember the “change equation”)
- Minimize bottlenecks on key subject matter experts, and the need for those SME’s to carry the project success on their backs.
Proactive vs Reactive Change Management

Change managers are responsible for garnering support for change and overcoming resistance to change.

There are ten techniques that change managers can use to accomplish this.

• Plan well.
• Allow for discussion and negotiation.
• Allow for participation.
• Emphasize the financial benefits.
• Avoid too much change.
• Gain political support.
• Let employees see successful change.
• Reduce uncertainty.
• Ask questions to involve workers.
• Build strong working relationships.

Case Studies
Case Study # 1 – TPM Conversion and Implementation

The Challenge -- A leading, global pharmaceutical and consumer package goods company managed its Trade Promotion and Shopper Marketing funding and spending via a legacy Trade Promotion Management (TPM) application.

The application was built on older, legacy technology, and exhibited the following major flaws and risks:

- Insufficient automated integration with backend systems (Order Entry, Accounts Receivable, and AP/GL)
- Manual processes for data entry,
- Excessive delays in obtaining information,
- Minimization of confidence in Trade Spend performance reporting.
- Duplicate Trade Spend data entered into a back end legacy system for reporting purposes, producing two "sources" of TPM activity for Finance and Sales, respectively.
- A need for heavy reconciliation between the systems, thereby elevating risk, and negatively impacting management's timely decision making capabilities.
- High level of inconsistency in both the timing and the quality of the data provided.
Case Study # 1 – TPM Conversion and Implementation

The Solution: The client chose to implement a vendor purchased TPM solution across the United States to achieve the following:

• The Soft Benefits:
  o Provide transparency of trade spend cross-functionally between Sales, Finance and Marketing
  o Improved timeliness of performance information and measurements, including early visibility to funds “available to spend” enabling funds to be deployed to drive business growth, rather than not being utilized
  o Simplification of the Trade Spend Model, thru automation which eliminates manual and duplicate data entry improving accuracy, as well as elimination of the rigorous reconciliation of disparate systems improving efficiency
  o Standardization of the global platform across one technology

• The Hard Benefits:
  o More timely and accurate management of $xxxM in trade spend, anticipating $xM in annual savings.
Case Study #1 – TPM Conversion and Implementation

The Project Organizational Structure was critical to the planning and execution of proper Organizational Change Management.
Case Study # 1 – TPM Conversion and Implementation

Managing the expectations of the business, their level of involvement, and the necessary alignment to business processes was critical to success.

Where is Business Support Needed?
• Process flow review and input (September / October)
• Definition of extended business processes, supporting the primary processes. (October)
• Support for questions around system design and business process alignment (September / October)
• Alignment of business process flows with UAT test scenarios and Training Plans (Q1/Q2)
• Validation of business process flows during User Acceptance Testing (UAT) (May /June)

How will detailed business process definition (flows) be used?
• Used to define core business processes and responsible parties
• Supports planning around system testing, UAT, and Training
• Used as a change management framework to highlight areas of business change and degree of change from current as-is processes
• Used as a framework during UAT and Training, to ensure coverage and validation in all affected business processes
• Supports on-boarding of new employees, helping to improve the learning curve
Business Process Definition Aligns to Everything!

- High Level Business Requirements
- Current ISell Process
- FOCUS TPM process
- US TPM Process (High level)
- US TPM Requirements

- Story Board (set of 160+ slides)
- Application Design, including
  - User Interface
  - Business Rules
  - Workflows
  - Calculations

- Test Plan / Test Case ID
- UAT Test Plan / Test Case ID

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Technical Design / Coding / Unit Testing

- System Test Plan / Test Cases
- UAT Test Plan / Test Cases

- Training Plan

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Detailed Business Process Definition

- Functional Design

- System Requirements
  - Interface Requirements
  - Bolt-On App Requirements
  - Process Flows
  - Application / Interface Design

- Functional Spec / Design

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Business Process Mapping Traceability Reference (RTM)
Takeaway From Case Study # 1

Targeted Questions used to coach the business thru the OCM impacts within business process definition, re-engineering, and improvement efforts:

• When preparing business process diagrams, what questions do you want to ask?
  • What are the primary steps executed in this activity?
  • What optional or parallel steps may be executed?
  • What key decision steps are part of this process?
  • What key approval steps are part of this process?
  • Who executes these steps?
  • What “extended” business processes are needed to support any of these steps? (Either as predecessors, during execution, or as successors?). And who executes these steps?
  • What are the inputs into these processes, and what user/system actions are required to produce these inputs?
  • What are the outputs of these processes, who will use them, and how will they use them?

• Using Business process flows as a Change Management tool, the following questions should be asked:
  • Which processes/steps are different from the current as-is process, and what is the degree of change – LOW, MED, HIGH?)
  • What groups or persons will be impacted by these changes, and what can be done to minimize the effect of the change?
  • What additional training and/or testing can be done to minimize impact of MED and HIGH changes?
  • What standards/guidelines need to be implemented as part of the processes defined above?
  • Who needs to signoff and/or approve the process changes, as well as the standards definition?
Case Study # 1 – TPM Conversion and Implementation

Comprehensive awareness and ownership within the business were critical to success.

Comprehensive training program before, during and after project launch, which included:

- Newsletters,
- Pre-Training Web Casts (National and Team specific),
- Pre-Training Tool Simulations,
- Hands on Training at the National Sales Meeting by peers,
- And focused follow-up training by team

BA Leads were present at all sessions to speak to business value.
Case Study # 1 – TPM Conversion and Implementation

Other “proactive” OCM Concepts were applied (which also serve as Early Alert Mechanisms):

Core System Implementation and Interfaces
• Key business owners and leads involved early in all phases of the requirements and design process.
• Business Process flows were validated against DESIGN specifications, and also reviewed with key business users.
• Monthly quality checkpoints occurred with Vendor to inspect the coding progress (thru system demos)
• Key business and BA leads from client, third party implementation consultant, and Business were granted early access into development system to test pilot portions of the app.
• Early validation of data files and early interface testing conducted PRIOR TO the project’s system test phase to find and resolve any major issues.

Reporting
• Key business owners and leads (R&A, Sales Finance, etc) involved early in all phases of the requirements and design process.
• Business Owners and BA Leads led the efforts for the simplification and reduction of reports and provided final signoff on final report design.
• Business Process flows will be validated against REPORT specifications, and also reviewed with key business users.
Case Study # 2 – WMS Suite Implementation

Challenge -- A leading, global pharmaceutical and consumer package goods company needed to strategically upgrade and transform its supply chain execution (SCE) capability in its network of Regional Distribution Centers (RDCs) in order to responsively and cost-effectively meet increasing customer demands, improve operational capabilities, and respond to industry competition. The company’s distribution network was supported by a 25-year-old inventory management and order fulfillment system, DCS/Logistics. While the legacy system had supported the business well over a long period of time, it was batch-oriented, missing key functionality and features, and based on older IBM mainframe technologies.

Solution -- The scope of this strategic initiative included:
- Implementing all three core modules of RedPrairie’s new WMS suite of products – Warehouse Management (WMS), Transportation Management (TMS), and Workforce Management (WFM);
- Fully integrating TMS, WMS, and WFM – a complex, and unprecedented full-suite integration;
- Transformation of the business processes and organization from a de-centralized approach to a centralized and standardized approach that included the creation of a new Transportation Operations Center of Excellence (TOC) to more cost-effectively manage all distribution center network shipping and carriers;
- Extensive new system validation testing and documentation to meet the highest FDA standards;
- A rapid rollout of the new system across the TOC and the three distribution centers over a five-month period.
Case Study # 2 – WMS Suite Implementation

Lessons Learned

• New WMS business requirements around the Transportation Operations Center (TOC) were not well-defined prior to the start of the project as this new organization and business process were still in a pilot evaluation phase during the early stages of the implementation.

• A detailed assessment of what business processes needed to be included in the validation testing was not performed early enough in the project, leading to more processes going through more detailed and time-consuming testing than required for validated system compliance.

• The attempted merger of the Client and software vendor system implementation work plans did not go well. A single project work plan, resource plan, and schedule should have been settled prior to the kick-off of the implementation effort.
Case Study # 2 – WMS Suite Implementation

Lessons confirmed

• Business Analyst Lead, Business Lead, and Change Management Roles defined that served to align key areas of business involvement (Requirements, Process Design, Training, UAT, Mock Go live, etc.)

• A well thought out approach and template for leveraging test case/scenario development to support system test, UAT, SOP, and training needs, reduced project resource requirements.

• The heavy utilization of Business lead / BA lead partnership in as many project tasks as possible, coupled with a dedicated user training system, created the enthusiasm and new system knowledge required to drive a very effective change management program.
Review of Objectives

- Leverage a practical OCM framework and understand the key integration points into both the governance process, and project and business analysis lifecycles.

- Understand the characteristics between a proactive and a reactive change manager, and its impact on organizational change management.

- Understand and be able to apply key lessons learned from two case studies where OCM concepts played a large role in the successful delivery of those projects.
For other key takeaways, including:

- Pitfalls that will impact your ability to implement change successfully
- Common causes for resistance to change
- Common reasons people will support change
- The importance of “quick wins”
- More information on Newton Consulting and our services

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