Perspectives & Insights

Blueprint for Building an Internal Change Management Capability

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THE BUSINESS IMPERATIVE

Everyone has heard the statistic. Two-thirds of all change initiatives fail to achieve their expected business benefits – a statistic that has stayed constant from the 1970s to the present. This failure rate represents billions of dollars in lost productivity, wasted resources, opportunity costs and rework—not to mention the negative impact on organizational morale and workforce engagement.

One might conclude that everything we know about change management is wrong and that we need to go back to the drawing board. Instead, we believe that the discipline of change management is reasonably correct, but **the capacity to implement change effectively hasn't been fully developed in organizations**.

Organizations that invest in an internal change management capability set themselves apart from their peers. They are able to adapt to the constantly changing business environment more easily, adopt solutions more quickly, and realize project ROI sooner. Ultimately, it gives those organizations a competitive advantage.

So, who needs an internal change management capability? Organizations over a certain size that continuously manage a portfolio of multiple, overlapping change initiatives are candidates for an internal change management capability.

The organizations that benefit most from an internal change management capability typically display a number of symptoms: a proliferation of change management methodologies and tools; change expertise fragmented across functional areas; under-resourced strategic initiatives; and multiple projects that lack a coordinated effort. These symptoms result in the ineffective application of change management and redundant activities, such as multiple communications and potentially confusing engagement initiatives with overlapping stakeholders.

THE CAPABILITY DESIGN PROCESS

Most often the change management capability is created within IT, HR, or a project management organization. The right design will vary depending on the needs of your organization. We recommend using a contextual-driven design where a number of factors are considered in determining the optimal capability operating model:

- *Organization size* – the number of people in your extended organization (including employees, contractors, customers, external partners)

- *Geographic distribution* – the location of your people (centralized or spread across multiple places, national versus international, remote workers)

- *Project Pipeline* – the number and scope of strategic initiatives undertaken by the organization in a given period of time

- *Domain complexity* – the inherent sophistication and complexity of your business operations (engineering, manufacturing, store operations, professional services)

- *Structure* – the current organization and management structure (flat versus hierarchical, collaborative versus command and control, matrix)

- *Culture* – the organization's values, visions, social norms, working language, systems (current ability to handle and absorb change)

With a clear understanding of these factors, the design of the change capability can be tailored specifically for the organization's unique characteristics. Emergent's change capability blueprint focuses on four building blocks: *Structure & Governance*, *Methodology*, *Tools*, and *Resources & Competency*.

Structure & Governance

This critical foundational step focuses on setting the overall operating model. It defines the structure, where it will reside within the organization, and who will be accountable for it. During this activity, we address the following questions: Does the capability serve the entire enterprise or does it focus on a particular business unit? In some cases, companies may find it helpful to distribute change expertise across multiple business units. In other cases, a global and centralized change management "center of excellence" may be better. The step includes designing the roles and team structure required to support the capability. Ultimately, the overall effectiveness depends on choosing an operating model that is the best fit for the organization.

Change Methodology

This activity defines the change management process that will be used. This may be an off-the-shelf methodology such as Kotter's Eight Steps or Prosci's ADKAR model, or even a homegrown approach. Often, organizations opt for a hybrid or customized methodology since it can be highly tailored to fit the unique characteristics of the organization. The methodology should address the "intake process" – how to assess change

Initiative Assessment & Prioritization

opportunities and resource them appropriately, as well as the "engagement model" – how to work with project teams, executive sponsors, and partners in other functional areas (e.g., HR, OD/Learning & Development, Communications, etc.). Most importantly, this activity should define the set of service offerings that the change management capability has to offer its business customers.

Change Tools

This step focuses on developing a common set of change management tools that map to the change methodology phases. Key decisions here include: Which tools to deploy? How many tools should we have? What format should they be in? The tools should have a common look and feel reflective of the organization's brand. Ideally, they'll be stored in an online repository that can be easily-accessed by team members. Tools can be homegrown or you can leverage

Change Management Toolkit

an off-the-shelf toolkit, such as **Change Accelerator** (www.ChangeAccelerator.com), which can be deployed to your company's network (see the last page for more info).

Resources & Competency

This step addresses *who* will fill the change practitioner roles that were designed previously. Do the requisite knowledge, skills, and abilities reside internally or do you need to hire externally? To what extent you plan to supplement with external consultants?

This activity also involves educating your change practitioners, partners, and business customers about the change management operating model, services, and methodology. We recommend segmenting your organization's key stakeholders based on the level of change management competency required.

Change Competency Ladder

For example, senior leaders and middle managers should be aware of the change methodology and their roles as sponsors and change agents, respectively. The organization's program and project managers should receive a deeper dive into the methodology with an emphasis on partnering with the change management practitioners. The change management practitioners themselves should receive in-depth training, focused on how to use the methodology, deploy the tools, and effectively partner with the projects teams and sponsors.

Implementation

The final step is implementation, which is focused primarily on training and awareness-building. In terms of overall timing, it typically takes a few months to work through the design and implementation process. Once implemented, it requires many months or sometimes years for the capability to fully mature.
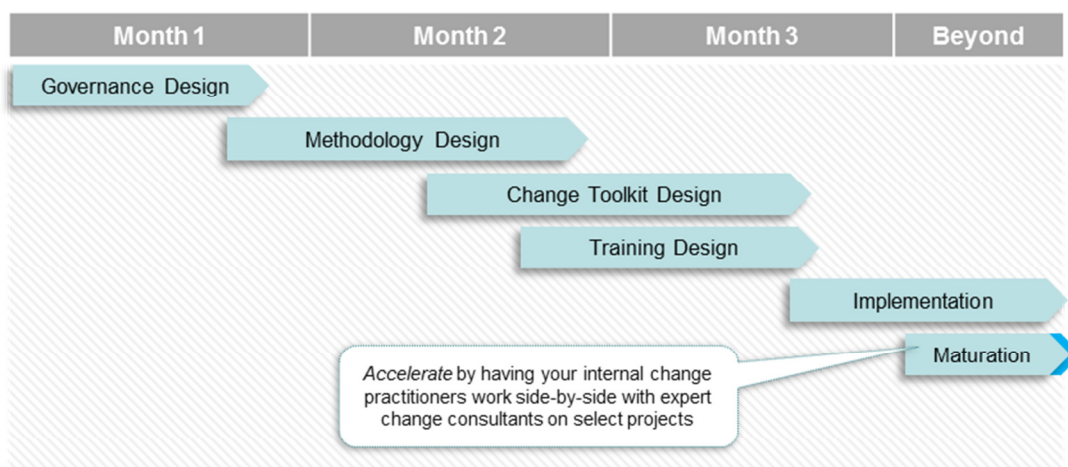
Representative Design & Implementation Timeline

CAPABILITY MATURITY

Once the change management capability has been designed and implemented, it will take time to mature. Below are some key characteristics, along with what the organization would expect to see as the capability develops. One proven method for accelerating the maturation process is to **have your internal change practitioners work side-by-side with expert change consultants** on select projects.

	Less Mature	More Mature
Demand	Practitioners must seek out project opportunities	Practitioners are sought after by project managers and sponsors
Engagement	Engaged late in an initiative's lifecycle	Engaged early in an initiative's lifecycle
Composition	More external consultants than employee practitioners	More employee practitioners than external consultants
Methods	Inconsistent approaches, processes, and tools	Unified methodology with tools that are integrated
Governance	Shadow change management teams across the organization	Centralized team of change experts who plug into projects
Knowledge	Practitioners need to educate business customers about change service offerings	Business customers understand the value of change management
Deployment	Support projects indiscriminately	Support only the most strategic projects that meet defined criteria
Integration	Change management is an afterthought, bolt-on solution	Change management is tightly integrated with the project plan

Maturity Characteristics of a Change Management Capability

ABOUT EMERGENT

Headquartered in Denver and serving clients across North America, Emergent provides business transformation solutions to help clients implement complex, high-stakes business initiatives. Our specialty is supporting large-scale strategic change efforts for Fortune 500 and middle market companies. We serve as advisors, strategists, and "doers" for our clients. For more information, visit **www.EmergentConsultants.com**

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www.ChangeAccelerator.com

Change Accelerator – Enterprise License

Support all of your organization's change management needs, now and in the future!

Change Accelerator–Enterprise License is ideal for organizations that wish to build their own internal change capability. It enables you to purchase Change Accelerator once, own it forever, host it on your organization's network, and customize it to your liking.

This solution affords all of the benefits of Change Accelerator:

- 60+ change management tools mapped to the Accelerating Change & Transformation (ACT)^{TM} model
- Instructions and facilitation tips for using each tool
- Ability to edit and customize tools to your unique needs
- Implementation checklists to guide your change activities
- Dashboard for monitoring the progress of your change effort

Plus, additional Enterprise License benefits:

- ✓ Own the solution **forever** with **no recurring fees**
- ✓ Use it internally **without restriction**
- ✓ Change the name, logo, look and feel to **match your organization's branding**
- ✓ **Customize content and tools** that come with Change Accelerator
- ✓ **Introduce your own** content and tools
- ✓ Give access to an **unlimited # of users** through username/password accounts that you administer
- ✓ Even create **multiple versions** (e.g., one for change agents, one for project managers)

Implementation
After a contract is signed, Emergent's technical team will assist with installation of Change Accelerator on your organization's network, help with initial configuration/customization, and train your designated toolkit administrator(s). Implementation can take anywhere from a few days to a few weeks, depending on the level of support that your organization is able to provide and the complexity of your environment.

Pricing
Pricing is based on the number of potential users as well as the overall size of your organization. Pricing includes implementation support and a period of technical support.

For more information, visit www.ChangeAccelerator.com or contact:

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