

KEEPING CHANGE REAL

Is your change team living in the Real World, or have they been seduced by 'Project World' thinking that bears little resemblance to the reality of Operations?

The
Limitations
of Project
World
Thinking

*CMdelta*Consulting

Committed to making a difference
in leading sustainable change

Keeping Change Real: The Limitations of Project World Thinking

Introduction

The business case for change has been carefully documented and approved; assumptions, dependencies and risks identified and project roles and responsibilities allocated. What is more, the project management office has already formulated an approach to project change control, benefits management and progress reporting. There's even a stakeholder map and the budget has been approved. The project approach is straight out of the PRINCE 2 manual.

This project can't fail; the future of your business depends on it. Thankfully it has been well conceived; it has steering group support and is going to be well managed. Everything is in place, right?

Gaining entry

Wrong!

A recent study by no less than McKinsey, the global consulting giant, revealed that on average, for large IT programmes, 45% were over budget, 7% were behind schedule and 56% delivered less than originally planned. Furthermore, in 50% of cases it took nearly four times the investment (\$59m) to return one times the benefit (\$15m).

What's more, a study by KPMG in 2010 showed 70% of organisations had at least one project failure in the previous 12 months and 50% of projects *consistently* fail to achieve what they set out to achieve [emphasis added].

So when the CEO asked what the project team was doing to ensure the organisation would be ready to take on the change you have proposed, "Nothing" didn't seem like a reasonable answer.

Opening the door to sustainable change management

And yet "nothing" was effectively the answer Jeremy heard when he accepted contracts to manage the people side of two recent business transformations.

Case study: scenario 1

Client	Private sector; financial services outsourcing
Scope	Business process reengineering
Project budget	Circa £15m
Benefits	Reduction in processing errors; increase in customer satisfaction
Change management objectives	<ul style="list-style-type: none">• Sustainable change through investing in people• Revised operational roles and responsibilities• Bring corporate values to life and embed in performance management routines

Case study: scenario 2

Client	Public sector; leisure and tourism service provider
Scope	Business transformation including new business model, premises relocation, new IT infrastructure and revised workforce roles and responsibilities
Project budget	Circa £200m
Benefits	Organisational modernisation, increased visitor numbers, city centre regeneration
Change management objectives	<ul style="list-style-type: none">• Sustainable transformation• Leadership development• Building capability for change management

Both client scenarios required a change in culture and yet the projects had not adequately addressed the people side of change. Both had adopted PRINCE 2 as their project management approach, and had followed the methodology closely, adapting it appropriately to their projects. This means the approaches had a lot going for them, because PRINCE 2 is a perfectly reasonable approach to managing a project in certain conditions.

However, it has several limitations:

- It was originally developed for purely software development in a 'controlled' environment
- It downplays goals and outcomes by overplaying planning, risk management and process compliance
- The people implications are not considered at all.

In short, it requires and creates an over-rationalised, controlled and controllable environment that bears little resemblance to the operational reality of organisational life. It's applicability to organisational change programmes in the real world is questionable unless change management disciplines are enacted in addition to project management disciplines.

Key Project Management Tools	Key Change Management Tools
Business Case Cost/benefits plan	Organisational assessment Benefits realisation schedule
Budget and resource allocation Scheduling	Stakeholder engagement activity Communications and coaching plan
Project status reporting Risks, issues and dependencies log	Organisational readiness tracking Action plan to remove blockers

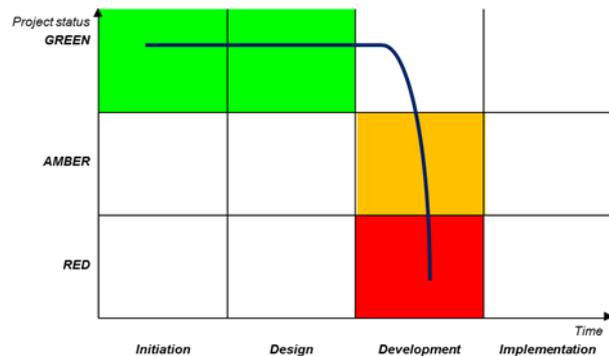
What these projects had includes:

- Excellent control within the project management office
- Qualified and experienced project managers
- Some engagement from the business: in both cases a number of great managers had been given long-term secondments onto the projects.

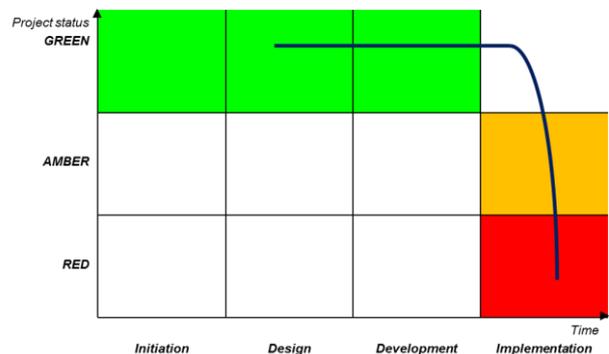
Unfortunately, these clients had set up a 'project world' separate from the 'real world' of operations, and thereby created a feeling of 'us and them'. In both cases the project teams demanded more staff time from operations, and in both cases operations resisted, citing customer demands and business as usual priorities.

Example: the limitations of traditional project status reporting

It is not uncommon for a traffic light, or RAG, status to be applied to project progress reporting. Project managers come under a lot of pressure to report a "green" status, which can lead to denial of the true status of the project's progress. When the status finally changes to amber, it usually descends very quickly to a red status.



There is a risk that the actions taken to get the project back on track at this point involve de-scoping certain elements, or pushing out timelines, so that ultimately the project delivers less and costs more.



What these projects needed, but did not have, includes:

- A way to engage the workforce and allow them to influence the change
- An understanding of what is important to operational managers that might inhibit the change if not addressed
- A benefits realisation approach that goes beyond the 'in the laboratory' calculations the project teams had performed and the consequent top slicing of budgets undertaken by the CFOs.

In other words, what these projects needed was an appreciation of the needs of the real people operating at the sharp end, and what the proposed changes would really mean to them and their customers. And the projects needed to do this whilst ensuring the benefits were actually realisable.

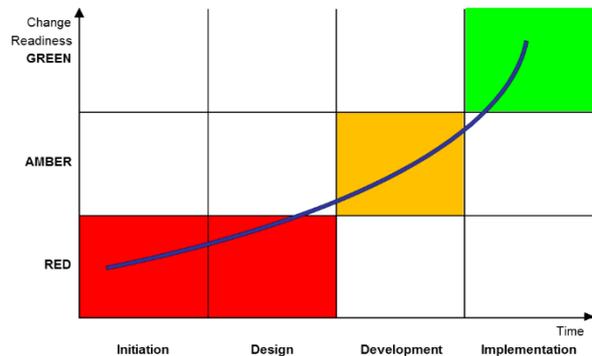
A new understanding of change management

It is possible to build engagement with operational managers and their teams, whilst generating a realistic and achievable plan to track actual benefits.

The crux of the required approach is to create the conditions for change, and this means defining and continually assessing **organisational readiness** for change. An effective change manager can do this only if they have not been seduced by project world thinking.

Example: organisational readiness tracking flips the RAG discussion on its head

When tracking organisational readiness, our change manager assumed the operational teams affected by the change are *not* ready, and only increases the assessment through amber to green when the operational stakeholders are satisfied the project is delivering what they need to take responsibility for the change to be launched effectively.



This puts accountability for change in operations; the role of the project manager is to remove issues that are blocking the launch.

An approach to assessing organisational readiness

In one of the case studies above the change manager worked jointly with the business to diagnose the limitations in the project approach and began a process of engaging operational managers in each of 30 departments.

The engagement included:

- An assessment of the factors that would inhibit change from each manager's point of view

- A staff planning exercise. This mapped out each department's priorities, overlaid the resourcing requirements for the project and considered the impact on business as usual. This generated each department's change roadmap
- Regular readiness assessments owned by the operational managers, facilitated by the change manager and with the project team in the role of 'road block remover'.

The change manager also introduced simple, effective facilitation and communications tools and processes and coached both the operational managers and the project managers in how to use them.

The outcome was a reprioritisation of business as usual activity and the release of an additional 4% of operational staff time to work on the project. This does not sound like much; however, it meant the difference between project failure and its ultimate success.

Whilst we would advocate it is better to engage a change manager at the outset of a large change initiative, as we can see from this case study it is also possible to build in the approach after a project starts to go awry... so all is not lost.

Benefits of focusing on organisational readiness

Having a change manager who has the ability and experience to understand the limitations in project world thinking, who deeply understands the processes of change and how to remain focused on the human side of change has several advantages:

- It brings the people side of change into established project management approaches
- It bridges the gap between project world and real world thinking
- It introduces and embeds simple tools that benefit project managers and operational managers
- It is repeatable by the client after the project completes and the change manager departs
- It does not require additional IT investment
- It improves operational engagement in the project's objectives
- It ensures accountability for implementing and sustaining the change required remains with operational managers, with the project team being there to help them get ready to receive the changes being proposed.

In short, it creates the conditions for change, builds change capability and embeds change so that benefits are actually realised and then sustained.

Where next?

Does your team have the required skills and experience to make this happen? Or have your project managers been seduced by controlled project disciplines

that have limitations in the messy, real world of operations? How are you making sure operations is ready to receive the change?

And if you are not focusing on getting operations ready to receive the change, then you might just miss the opportunity to change at all.

CM*delta*Consulting is committed to making a difference to embedding real world sustainable change.

Contact Jeremy Lewis (jeremylewis@consultant.com) for more information on keeping change real.

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