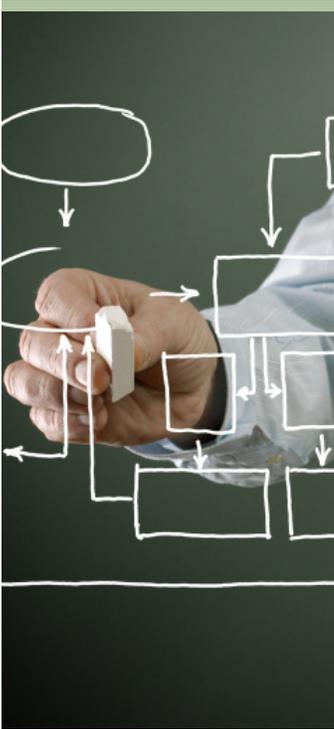




## WHITE PAPER

# EFFECTIVE CHANGE MANAGEMENT

Skills to make change management a culture that delivers project benefits and a return on investment.



## INTRODUCTION

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Many C-level executives approach Change Management as a line item in a project budget. There are many studies and articles on why the investment in change management results in improved project return on investment (ROI), reduced costs, mitigated risks, insurance of benefits realization and improved probability of meeting objectives. Doubtless the project team has provided these statistics in their business case, to justify their Change Management costs.

So, the executive signs off on the budget and lets his or her project management team oversee the changes that impact the organization as the project is implemented. At some point the executive may even send emails to a selected audience (employees, customers, vendors, depending on the nature of the change) and consider that a fulfillment of “communicating” change.

At Sierra, our experience has shown that executives cannot pass off Change Management so lightly and expect to achieve the benefits promised in the business case for the project. And increasingly, those who do are held accountable when large-scale projects fall behind schedule, or fail to deliver promised benefits and ROI.

Sierra has defined five key attributes of effective change management leadership— critical factors that leaders must master to ensure return on investment, not only for the project at hand, but also for future initiatives requiring organizational change.

These attributes are:

- Shared vision;
- Creation of a benefits realization model;
- Change leadership;
- Two way communication; and
- Development of change competency.



## EFFECTIVE LEADERSHIP

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### Shared Vision

Having the skill to share the vision, and to make sure all members of the organization are aligned with that vision, is perhaps the single most important contribution leaders can make.

Do not allow yourself and your team be caught in the old story of the blind men describing an elephant. Each member of the management team may have a vision. But the inability to articulate that vision in a way that connects with other people, teams or the broad organization will almost guarantee your project will fail.

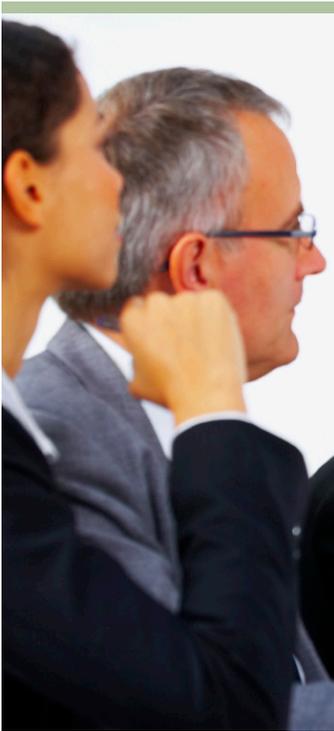
The very act of creating a shared vision for a project has many benefits. It ensures that the leaders are on the same page and agree on the expected outcomes. It creates goals that the project team can see and work towards. And it provides the rest of the organization with an understanding of the reason for change, linking the reason to important, strategic business objectives. Having the ability to envision the outcome of a project is certainly important. But generating a shared vision is key to project success and realization of ROI.

### Benefits Realization

A laser focus on benefits is a skill that must rise above the tactical issues addressed by the project team. Typically, internal project teams and their third-party counterparts tend to be subjective or equivocal in their description of project issues.

A benefits realization model clearly identifies what benefits need to be achieved, and provides a structure to work toward those specific, measurable and sustainable goals. Project team issues can then be evaluated by their alignment with benefits realization. The benefits realization model should also be designed so the benefits continue to be monitored long after the original project has been considered complete. For example, a project identifies a training plan to ensure users know how to use new processes.

But benefits will not be seen or ROI achieved until the users actually use and are comfortable with the new processes. The only way to know the benefit has truly been achieved is to develop relevant metrics and a mechanism to monitor the performance as part of the organization's operational activity. Achieving the benefits and ROI envisioned when the project was initiated (the Vision) requires clear ownership and proactive change management. For the executive team, that means staying focused on the goal, and not being distracted by issues that don't support the benefits.



## Change Leadership

Just who is in charge? For most initiatives, project management is supervised at the tactical or functional level. But this does not imply that leaders should simply delegate responsibility for change to others. Leaders need to be champions. They need to walk the talk and demonstrate the behaviors they are trying to encourage. They need to communicate the Vision and the benefits change will deliver. They need to look for opportunities to endorse and nurture change at every level. This is a cultural necessity and a business imperative. Tying the success of the change to their compensation and benefits is an excellent way to ensure success and to achieve the desired ROI. When individuals are held accountable for their leadership skills, there is a strong motivation to lead.

## Two-way Communications

It is essential that leaders develop the skills to engage with people frequently in a give and take manner. Their communication style needs to seek and encourage input and involvement, so they can truly understand stakeholder needs and concerns – their WIIFM (what’s in it for me).

Too often change communications is perceived by the executive team as simply writing the obligatory email. The need for effective two-way communications is thought of as a “fuzzy” concept with little measurable impact on project success. This is demonstrably wrong. Towers Watson’s 2011/2012 study on Capitalizing on Effective Communication found that effective employee communication is a leading indicator of financial performance.

Companies that are highly effective at both communication and change management are 2.5 times as likely to be high performing than companies that are not highly effective at either. The continuous flow of communication throughout the organization helps achieve ROI by building change programs that are targeted to address employee needs. When employees feel they have been understood, they become active participants in a change culture that is agile, flexible and effective in implementing projects that result in business success.

## Change Competency

As the speed of change continues to increase, change management is becoming a fundamental competency. Your organization’s power of resilience doesn’t just happen – it is a skill that is learned over time. The change program that is in place for your current project helps build your organization’s resilience and speed to ROI for future projects. But organizations can easily become “change fatigued,” as they are hit by change from multiple projects.

Organizational resilience comes from an organization’s change management culture, which needs to come from the leaders of the organization. That’s why change needs to be considered at an enterprise level, not just a project level. By viewing change at an enterprise level, leaders are able to see the overall impact. They develop a more realistic picture of the changes that are possible within a time frame. And, they are better able to be engaged in effective change management practices, which promote a culture of openness and transparency, and support a high level of employee involvement. These behaviors need to be encouraged, measured, rewarded and sustained.



## CONCLUSION

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The role of leaders in an organization is to create and change culture, not manage projects. Effective change management means investment by an organization's leadership in proactively addressing and managing the human aspects of change. It is this investment in the development of change management skills that is rewarded with a faster ROI, reduced initial loss of productivity during change and a shortened recovery period.

### Learn More

Sierra Systems has successfully assisted numerous organizations in both the public and private sector across many industries with their business transformation change strategies. Drawing on years of experience in large scale business transformation projects, Sierra's change management professionals utilize best practices and tools with various types of transformation including strategy-driven, business-process driven, and technology-driven organizational change.

For more information on best practices in change management culture or more details on the topics discussed here please contact us:

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