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Making change work: closing the change gap

Mark Buckingham and Jason Seng

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Companies around the world are currently going through periods of great change, some are becoming increasingly global and many are wondering how the changing economy will impact on their business. These changes are determining what the enterprise of the future will look like and calling for organizations of all sizes to demonstrate agility and create an infrastructure that responds to an ever changing business environment.

In 2008 IBM launched a Global CEO survey which questioned over 1,000 CEOs and found that 83 percent of respondents said they were expecting substantial change over the next three years, climbing from 65 percent in 2006 (IBM Corporation, 2008a).

Although one-third of CEOs were expecting more change, the most significant factor was that only 61 percent of the same group said their organization had coped well with change in the past, a small 4 percent increase from 2006. This disparity between expected change and the perceived ability to manage it is called the "Change gap". At the global level, the change gap was 22 percent, however, in the UK the change gap was even higher at 30 percent with UK CEOs having similar expectations of change but citing less evidence of past change success.

The big question is why do business leaders feel they are struggling to keep up with change? Businesses are now more global and therefore more complicated than they have ever been. There are more areas of the organization to improve and more ways to improve them. Companies are now facing new challenges to their success and must develop smarter ways to overcome them.

Making change work

To investigate how companies can keep up with the changing business environment, IBM Corporation (2008b) launched a Making Change Work study which surveyed over 1,500 change practitioners, project managers and project leaders across the world asking them how they actually "make change work".

Respondents were from a mix of organization size and industry. In the UK there were over 200 survey participants, 40 percent from the public sector which has been characterized by an ambitious transformation agenda across many agencies in recent years.

Fifty-nine percent of projects fail or are troubled

The study found that successfully executing projects is a major issue for companies with only an average of 41 percent of projects considered successful in meeting project objectives



“Despite overall awareness of the issues, in practice we tend to find change difficult. We ‘characterize’ change, we don’t understand it!”

within planned time, budget and quality constraints, compared to the remaining 59 percent of projects which missed at least one objective or failed entirely. This is even more acute in the UK, where there were only 31 percent of successful projects.

Interestingly, the detailed analysis found that achieving project success does not hinge primarily on technology – instead, success depends largely on people. This set the base of the study findings which focused on finding the key, targeted interventions required for successful change.

Key findings

The study identified four important focus areas that were highly correlated with project success and help to close the change gap:

1. real insights, real actions;
2. solid methods, solid benefits;
3. better skills, better change; and
4. right investment, right impact.

These four change-related focus areas are represented graphically as four facets of a Change Diamond. When collective action is taken on all facets of the diamond, the change gap will close (see Figure 1).

The change masters – achieve project success by applying the change diamond

Globally, the top 20 percent of respondents – “Change Masters” – achieve success in 80 percent of their projects by focusing on all four facets of the diamond. They have double the success rate of the average organization (see Figure 2).

Figure 1

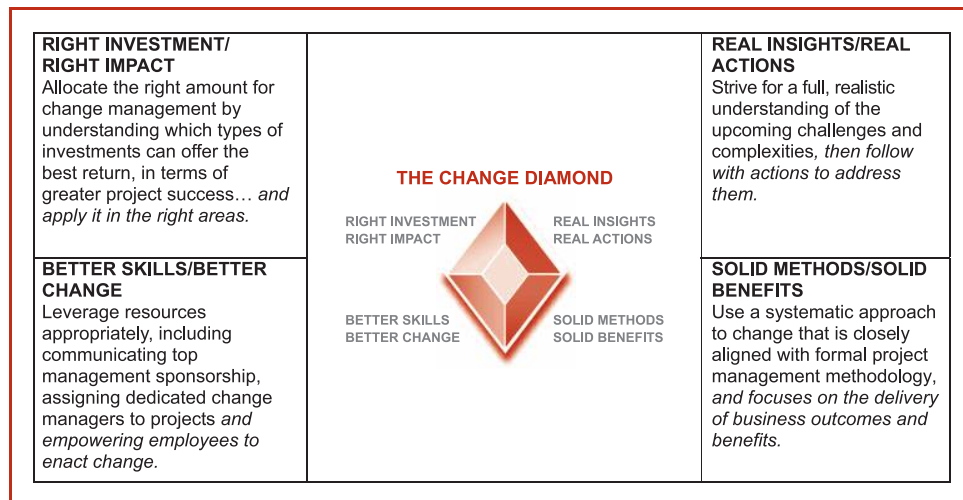
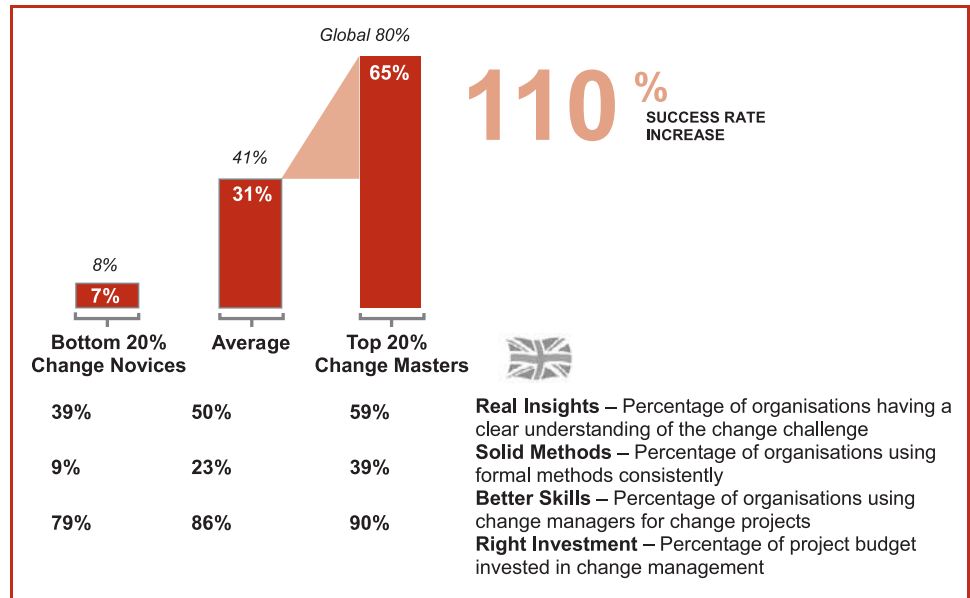


Figure 2 The focus of the change masters pays dividends



In the UK, although Change Masters do not spend more than the average on change, by focusing on three of the four facets of the diamond – insights, methods and skills – they do achieve project success rates of more than twice the UK average. In contrast the Change Novices consistently under-utilize all four facets and their low success rates speak for themselves. So the UK Change Masters do not necessarily spend more, but they do carefully apportion their spend across the other three facets and utilize these to great effect (see Figure 3).

The change diamond – greater than the sum of its parts

Change Masters cite greater levels of project success than the average when they focus on the individual facets. But when they combined the facets, UK Change Masters attained a 65 percent project success rate, an additional 30 percent increase due to synergy. This suggests that in the UK, the impact of focusing on all facets in concert – is more keenly felt than at the global level (19 percent).

Conclusions

The change gap is acute in the UK. This can no longer be addressed by the unstructured and *ad hoc* approaches to change management that have typified the past;

- In the UK change practitioners are more successful when focusing on and combining the four facets of the Change Diamond;
- In the UK, Change Masters target their spend carefully and they achieve project success rates of more than twice the average. For them, the impact of added insight, structured method and improved change skills is keenly felt in the UK, just as it is globally;

“We need much more attention to specific change management activities ... there is still more to be done.”

Figure 3 The collective effect of the four facets

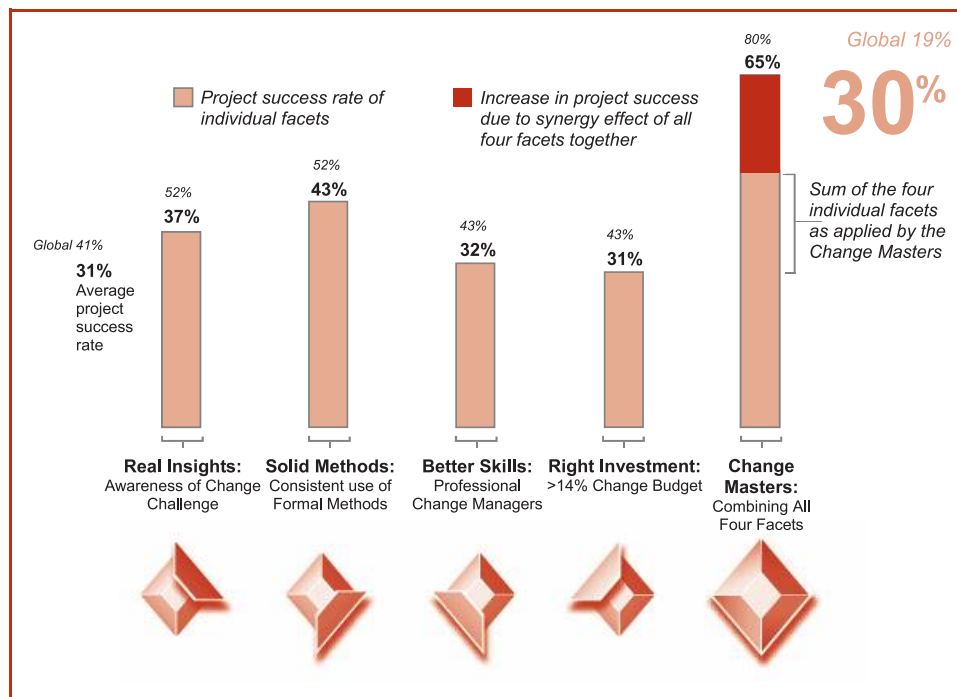


Figure 4

Change Novice	Change Master
REAL INSIGHTS, REAL ACTIONS	
<ul style="list-style-type: none"> No reflection or understanding of the reasons past projects have failed or succeeded No focus or emphasis placed on the people or cultural aspects of change Change is viewed as a succession of individual separate projects 	<ul style="list-style-type: none"> Good anecdotal understanding of why projects have failed or succeeded in the past Ad hoc attention is given to the people & cultural aspects of change with a strong focus on the process and technology There is some alignment between the objectives of change projects underway
SOLID METHODS, SOLID BENEFITS	
<ul style="list-style-type: none"> No change method is available or used on projects No approved business case or identification of project benefits No formal change management workstreams are established on significant projects 	<ul style="list-style-type: none"> Consistent, tried & accepted change method that is sometimes applied Approved business case and ad hoc measurement of benefits Formal change management workstream established on some significant projects
BETTER SKILLS, BETTER CHANGE	
<ul style="list-style-type: none"> Don't believe there's a need to invest in developing change management skills within the org. for use across projects Passive, hands-off and invisible Top Management leadership of projects There is little to no involvement or feedback sought from people affected by the change 	<ul style="list-style-type: none"> Skills are developed on individual projects on an ad hoc basis and are not necessarily used on future projects Some evidence of Top Management leadership of project Formal mechanisms (i.e. processes & technologies) are used on an ad hoc basis to facilitate employee involvement & feedback
RIGHT INVESTMENT, RIGHT IMPACT	
<ul style="list-style-type: none"> There is no investment in well trained Change Managers Change management expenditure is seen as a cost and is not separately budgeted for in projects 	<ul style="list-style-type: none"> Change Management responsibility is usually assigned to a project role Change mgmt budgets are often set as a % of the total project budget, rather than relative to project complexity & risk, and are sometimes viewed as insufficient
<ul style="list-style-type: none"> Money spent on Change Management is viewed as an investment Well trained Change Managers are utilised on projects Change mgmt budgets are set relative to a project's complexity & risk and are therefore sufficient 	

Keywords:

Change management,
Human resource
management,
Management strategy,
Organizational change

- The study provides fresh data points from a new source: over 200 project managers and change managers in the UK – those who confront project realities everyday;
- Much can be learnt from the small number of Change Masters who have achieved significantly greater success by “working the diamond”;

In the UK, although we invest more on change management than at a global level, it is not this that makes the difference. Instead, it is experienced change managers applying the facets of the diamond together in a comprehensive set of planned interventions that has the most significant impact.

To discover how to prepare your business for change, benchmark your organization against our maturity model (see Figure 4) and find out if you are a Change Novice or a Master?

Take the necessary steps towards becoming an effective Change Master. Utilize all facets of the Change Diamond in combination to make change work.

References

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