How to run a successful change project:
Strategic change management explained

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Why do most change programs fail to achieve their desired results? And of those that succeed why don't the accomplished changes last? Michael Carman examines some of the reasons.

Making certain that desired outcomes are achieved and maintained involves ensuring that:

- the changes link to fundamental issues confronting the organisation
- top management gives visible and ongoing commitment to the change program
- key stakeholders are recruited and engaged in the change process
- clear communication is maintained throughout the process
- the changes are embedded in the organisation's processes and functioning.

Strategic Change Management (SCM) is a process I have developed that 'bakes' these all-important factors into a change program, stacking the deck in favour of sustained improvements in performance and results, and turning the much-vaunted 'learning organisation' into a reality. SCM also makes extensive use of visual methods of problem solving and communication. It is flexible enough to be used for wide-ranging organisational transformations as well as project-specific initiatives.

The SCM process will be outlined here, using the example of an organisation running a change program to introduce and embed Enterprise Risk Management (ERM) across all its branches and divisions. ERM is an approach for identifying, assessing and managing risks—individual and system-wide—at all levels of an organisation.

SCM process

SCM is based on a collaborative approach to solving messy and often open-ended problems that require the contribution and support of many stakeholders, and have enough impact to be deemed strategic. Introducing an across-the-board initiative such as ERM offers the ideal opportunity to apply SCM.

SCM is shown diagrammatically in Figure 1.

1 Top management commitment & cohesion

Starting from the bottom of the graph, item 1 encapsulates the most fundamental and critical aspect of any change process, that of management commitment. The lack of senior management commitment has been repeatedly identified as the single most important factor explaining the failure of organisational change initiatives.

While it's always tempting to dive straight into the use of techniques and methodologies, these will have temporary impact at best if top management does not give visible and ongoing commitment to the change process and outcomes. The organisation as a whole must be recruited to the change effort if it is to have credibility and traction.

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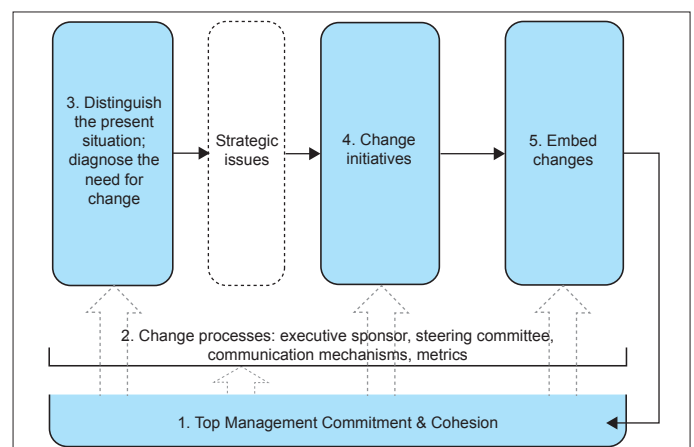

Figure 1: The Strategic Change Management Framework. © Michael Carman 2011

Diagram boxes: 3. Distinguish the present situation; diagnose the need for change → Strategic issues → 4. Change initiatives → 5. Embed changes. 2. Change processes: executive sponsor, steering committee, communication mechanisms, metrics. 1. Top Management Commitment & Cohesion

This step encompasses the intangible ('soft') aspects of organisational life such as culture and values—they are the soil into which the seeds of change will be sown.

The fact that item 1 is at the bottom of the SCM diagram is not a reflection of lesser priority. Quite the contrary, top management

commitment and organisational culture have primary status as the foundations of change–they provide the context in which individual initiatives and projects occur and are the bedrock of success for any change effort. Any organisational change is encompassed by management commitment and the intangible factors that make up an organisation's cultural DNA.

These aspects would be apparent in an ERM-style change initiative by assessing:

- the profile given to the announcement of the effort. For example, was the announcement delivered via a dedicated email bulletin sent from the CEO or was a muted executive decision filtered down through the ranks of line management?
- whether the ERM actions were incorporated into business plans and performance agreements with clear rewards and sanctions for participation or non-participation respectively, or was participation regarded as voluntary?
- whether ERM implementation actions were clearly articulated and followed up with regular updates provided through the organisation, or were they left to fend for themselves? Was there a programmed and monitored effort, or a loose set of tasks with a mad scramble at the end? Was it a tokenistic 'project of the month'?
- whether accountabilities were streamlined and specifications set early in the change process, or were there shifting sign-offs from multiple parties thereby inviting delays, obstruction and changing specs?

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While it's arguable that these tangible mechanisms are captured elsewhere in the SCM approach (such as in the change processes in item 2 or embedding changes in item 5) I contend that they are expressions of an underlying culture and commitment that is discrete and separate from those processes (but evident through them). The 'dashed' arrows show the supporting role that management commitment and cohesion plays to the other elements of the process.

2 Change processes

No change effort can achieve results without taking form in structures such as steering committees, or without accountability and performance mechanisms in place such as action plans, performance agreements and regular reports. Metrics will be agreed upon and reported against. Typically, a steering committee or similar will have carriage of the process. There will also be an Executive sponsor who is the principal organisational 'face' and flag-bearer for the effort.

Communication mechanisms–preferably facilitating two-way communication–should also be identified early on and utilised throughout the process. Communication mechanisms are easy to set up and monitor, and include intranet sites, regular email updates, newsletters, and an email post box for staff questions.

For ERM implementation the Executive sponsor might be a key member of the Executive Audit and Risk Committee. A message introducing the initiative, the major players and the timeframes, and calling for support for its implementation could be sent out via the regular staff newsletter. A segment on ERM might be included in an externally focused newsletter distributed to key stakeholders, or a presentation given at an industry conference.

3 Diagnose the need for change

The first step in solving a problem is to properly define it. This can be trickier than it seems; problems often interconnect with each other, and solutions can be symptoms of other problems.

Nailing down the 'as is' situation is a powerful and often overlooked first step in solving problems and bringing about change. Jointly defining a problem can also be a key means of building support for its solution.

Furthermore, linking these issues to the fundamental and overarching goals of the organisation ensures the change program is relevant–this is the strategic dimension of SCM.

In the ERM example, the organisation may simply see the need to adopt an ERM scheme as the issue at hand. But what drives the need to implement ERM? A run of recent incidents that impacted the organisation's reputation? Pressure from credit rating agencies or funding bodies to be seen to manage risks? Poor operating and financial results that require remediation? Some or all of these may be at play.

Causal mapping as advocated by John Bryson and his co-authors in their book *Visible Thinking* is a highly effective methodology for visually plotting the issues confronting an organisation (however defined and bounded) and mapping the links between them. A map of issues is compiled, typically on wall-mounted flip chart sheets, using Post-it notes or similar drawn from participant contributions in a workshop setting. The issues are ordered from bottom to top so that consequences and outcomes are toward the top of the map and drivers or causal factors at the bottom. Group discussion informs where (vertically or horizontally) on the map a given issue should be placed and what other issues it links to, either as a cause or an effect. Linkages are drawn in pencil between relevant issues.

Another powerful technique to use in this part of the change program is the power-interest matrix. This is a 2x2 grid with power and influence (regarding the issue or change at hand) rated low to high on one axis and interest or stake in the change issue on the other axis (also low to high). This creates a four-quadrant grid with varying combinations of power and interest:

- Low interest and low power: the Crowd
- High interest and low power: the Subjects
- Low interest and high power: the Context Setters
- High interest and high power: the Players.

The working group can, in a workshop setting, plot stakeholders one-by-one in the respective quadrant in which they are at present, and also where they need to be. It's useful to know early on in a change program who the supporters are likely to be, who are the detractors and who are the neutral parties. Power-interest matrices detail this, but more importantly provide a 'first pass' guide to who needs to be influenced in which direction. This sets the scene for what changes the overall program needs to include.

A hypothetical power-interest matrix for an organisation's introduction of ERM is shown in Figure 2, with the current and desired states shown on the one graph, colour-coded to show respective parties' degree of cooperation or buy-in (the green cells with graded shading signify moving a party from indifference or opposition to support). In this case the change effort will centre on winning over the Chief Operating Officer (COO) and Branch General Managers, which will in turn bring along Level 4 managers. Frontline staff will also be a key focus of the initiative.

Other tools and techniques used to diagnose the need for change and shed light on the existing situation include basic stakeholder analysis and SWOT analysis (strengths, weaknesses, opportunities, threats). Staff surveys and questionnaires (such as the Learning Organisation Profile, the Motivated Organisation Survey, and Team Effectiveness questionnaires) and focus groups can also provide valuable means to distinguish facets of the present situation.
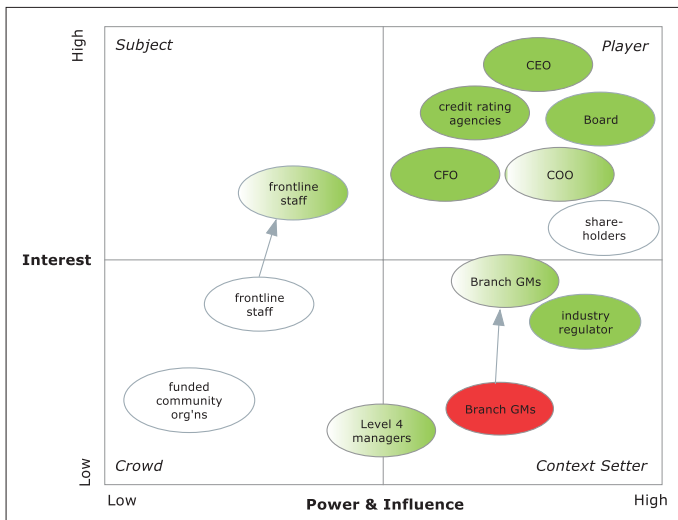

Figure 2: Power-interest matrix for an organisation's implementation of ERM. © Michael Carman 2011

A core set of strategic issues that the change effort needs to tackle will emerge from this stage. It is these that the specific change initiatives in step 4 must address.

In our case study the strategic issues on which the ERM implementation turns might be:

- Refining and formalising the practice and understanding of risk across the organisation in line with the relevant standard (ISO 31000).
- Developing risk registers and linking their use with existing work priorities.

- How best to tie greater appreciation of risk management with the organisation's day-to-day operational concerns.

4 Change initiatives

This is the part of the process that most people associate with change management. In SCM, however, it is only one element embedded in an overall process.

Change initiatives address the strategic issues that emerged in the previous step, and could encompass any of the following:

- goal clarification and analysis (possibly extending the causal mapping used in the previous step)
- targeted learning and development
- job enrichment
- piloting and example-setting
- staffing changes
- the establishment of new forums for exchange or communication (over and above those used for the change initiative itself).

The steering committee or working group would pull together a specific menu of initiatives, gain sponsor and executive endorsement, and then oversight their implementation, monitoring and reporting on progress along the way.

One tool which is particularly useful is the force field analysis, in which the forces pushing for or against a given trend or project are identified, scored and plotted diagrammatically.

Figure 3 shows a force field analysis for our ERM implementation example, highlighting that the forces pushing for ERM implementation (identified at a total score of +17) outweigh those acting against it (scored by the working group at minus 10). It highlights that the CEO's support and the basic understanding of risk across the organisation are key forces supporting the change to ERM, while existing workload pressures and inertia are the principal forces acting against it.

Accordingly, the working group decides that the organisation's operational planning process, which has high credibility and traction, provides a key vehicle for ERM training and implementation, as well as winning the support of the Chief Operating Officer and bringing the operationally minded Branch GMs on board (refer the power-interest graph in Figure 2).
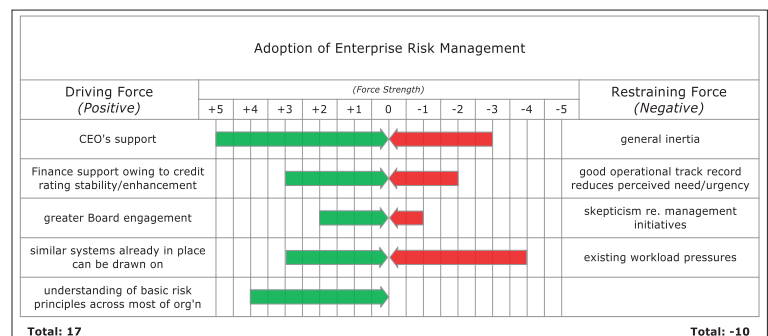

Figure 3: Force field analysis for an organisation's implementation of ERM. © Michael Carman 2011

5 Embed change

As any dieter who has successfully lost weight only to put it back on again can attest, there is nothing more frustrating than accomplishing changes only to have them wither or fade.

Step 5 represents the crucial element in the change process where the changes that have been achieved are entrenched in the organisation. The means to successfully embed change could include:

- restructuring divisions or the organisation as a whole
- capturing new and changed accountabilities in business plans and performance agreements and cascading them through the organisation
- altering remuneration and incentive schemes
- amending policies and procedures
- changing logos and livery.

In the ERM case a new position or division may be created which provides process-assistance to line managers to address enhanced risk management in their business and operational plans, with regular reports to the Executive Audit and Risk Committee, along with a new risk-based Key Performance Indicator included in dashboard reporting to the Board.

There is one more crucial element of the SCM process: the connection linking the achieved embedded changes into top management's commitment and cohesion (ie item 1 in Figure 1). The latter is, as we've seen, the ground that nurtures change. In Figure 1 the arrow feeding the embedded changes into management commitment closes the loop in the cycle of change and development, thus bringing the learning organisation to life, and making it a reality. ◼

References: John M. Bryson, Fran Ackermann, Colin Eden and Charles B. Finn, *Visible Thinking: Unlocking Causal Mapping for Practical Business Results*, John Wiley & Sons, 2004.

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