

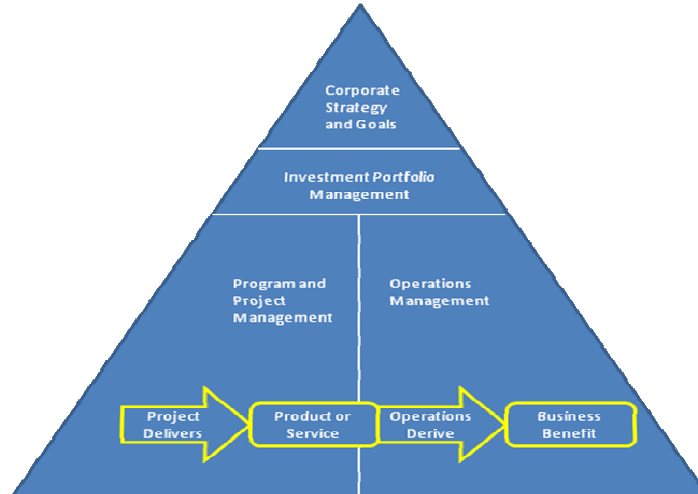
Ensuring the Benefits of Change - Maybe We have Got it Wrong?

According to KPMG in 2003 “People are resistant to change (rated as the number 1 reason for not realising project benefits)” and “More projects fail for people-related reasons than for any other reason (only 14% fail for technical reasons alone)”.

“Change projects fail more often from lack of effective change management than any other single reason”. Source: Best Practices in Change Management Benchmarking report, 2003, Prosci.

Have you ever watched an organisation execute a major change initiative that failed to deliver the planned business benefit? Maybe the failure was because it seemed that no-one, or very few and possibly only senior management really wanted the change to happen. Maybe people disagreed with or were scared of the change. Maybe they just did not understand what the benefits were to the organisation or how they applied to them. It is highly likely that you have witnessed these sorts of failure time and again and probably very recently.

So why, with so many pundits spruiking the reasons for program and project failure and so much written on the subject do so many continue to fail? You have probably seen the following diagram in various forms. It is a depiction of well-known fact, project management creates a capability, it is then up to operations management to optimise the benefits derived from that capability.



Putting a project in place and delivering a capability will not automatically ensure that those who are to use the new capability know or believe in its reason for being, or how that applies to them in their workday world. Also, just because a business desires a benefit will not automatically ensure that it is gained. So surely there are things missing from the diagram.

For instance, there is no component that controls the process end-to-end. How can an organisation ensure that the process of identifying the desired business benefits while developing the corporate strategy and goals and then actioning their acquisition through portfolio, program, project and operations management are irrevocably linked? How is it possible to ensure the same processes are committed to maximising the derived benefits in line with corporate strategy?

We believe the answers already exist but have been diminished in priority by management process. We would submit to you that historically business leaders tend to “chunk” a problem, concentrating on “the low hanging fruit” or those things that are relatively easy to achieve and in this context the priorities might then be operational management first, then project management and then program management.

To see why we think we may have it wrong let's look at the problem in a few ways:

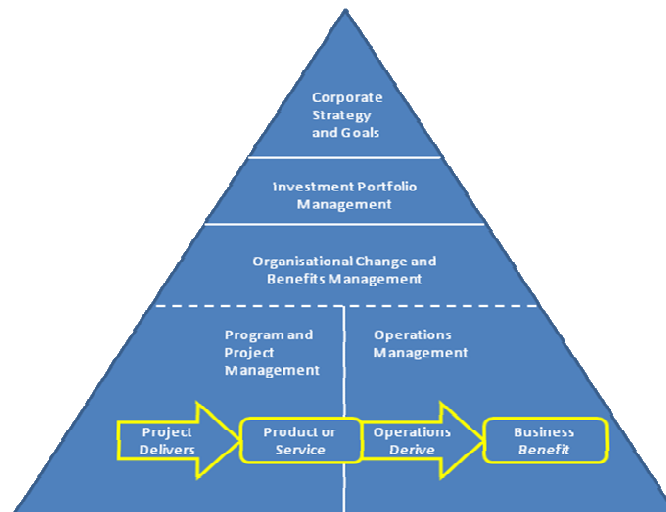
1. While some programs of work produce discrete benefits that is not always the case, especially when we view benefits at the level of executive management. So invariably, business change programs most often produce transitional states, particularly when we view the high rate of failure to achieve all planned benefits even when derived from changed business conditions or legislation that now must be accommodated.
2. If we look at an organisational change journey we could view it as moving from identification of a potential benefit to realisation of that benefit (or not). If that were so then would it be valuable to have a clearly defined role with accountability for driving the journey, end-to-end?
3. If we were to focus on the contributors to achievement of planned benefits we would likely view willing and committed participation at all levels of personnel to be among the strongest and an extremely compelling reason for seeing organisational change and benefits management as the key components that need to be considered as primary in applying change. In our view, that reality makes organisational change and benefits realisation inextricably linked.

Thus, we assert that we should “Invert the Hierarchy” and thus align the importance of organisational change and benefits management with the business' requirement by assigning it a focus before program and project management?

“The projects appeared to be dominated by technology, but benefits analysis pointed to the opposite conclusion: almost 80 percent of the work was not IT related.” (Fujitsu Consulting, 2007)

For all the above reasons and since benefits are inextricably linked to the effectiveness of organisational change management why do we persist in separating the two? Why not have a single person or organisational function that manages both?

Our revised diagram might then look something like this:



But wouldn't even greater value be gained from making organisational change and benefits management the same level of science and rigour as program and project management, to unite all four seamlessly into a single change execution methodology and to apply the same levels of focus and expertise to each component?

To many this would mean developing a sustainable capacity that does not currently exist and many of us know the practical difficulties of implementing a project management methodology alone but then again, how many organisations have you witnessed apply rigorous organisational change and benefits management methodologies when doing so? We would submit to you that there are very few.

So how can we begin the journey to science and rigour and provide an elevated priority to organisational change and benefits management? It might surprise you to learn that this is not the black science it once was. Organisations like Cranfield University and Prosci have laid the foundations while a new breed of practitioners like Pandis' Patricia Brennan have progressed to pragmatic application and integration of program, project, organisational change and benefits realisation at strategic, tactical and operational levels. In other words, the expertise exists, you just have to find it and bring it within your organisation.

If you would like further information on how to structure your change portfolio and the relationships between organisational change, business benefit, program and project management for optimal performance and maximal advantage just contact ken Garrard from Pandis on 0407 703 676.