

# Case for Change

lamarsh and associates, inc.  
consulting services for changing organizations



## Tips & Tools for Managing Change and Maximizing Success

Lessons Learned

What Leaders Should Know About Change

### Building a Change Management Core Competency

As the accelerated pace of business mandates complex change, senior leaders often feel the pain of project failures, missed budgets and employee dissatisfaction. In a Standish Group study<sup>1</sup> of 13,522 IT projects, 66% were labeled as failed or challenged. A McKinsey study<sup>2</sup> reviewed major change programs at 40 organizations and found that 58% of the companies failed to meet their targets and 20% captured only a third or less of the value expected!

McKinsey looked at 12 factors for successful change and found "...a strong correlation between 'percent of a project's value captured' and the 'level of change management effectiveness.'"

It is no surprise that so many senior leaders are looking to build a change management competency – not just for a single project but as a core competency for their organization. The common questions we at LaMarsh & Associates hear are, "How do we get started?" and, "What should the building process look like?" >

### Building a Change Management Core Competency

We have developed "five pillars" upon which any organization can build their change management core competency. We call it the **Institutionalization of Managed Change™**.

#### A common change management model and methodology

A common change management platform, tool set and language are required. Some organizations will bring in "experts" with various change management backgrounds, causing confusion in language and making resource changes a challenge. While the model and methodology can and should be adapted to an organization's existing processes (e.g., Six Sigma), it needs to be consistent enterprise-wide.

#### Internal organizational change agents, consultants, facilitators

Some organizations establish a Shared Service approach where resources are centralized. Some create a "center of expertise" with resources residing in functions or business units and supported with a limited corporate staff. Whichever approach is chosen, it is critical to develop and support the change agents, consultants and facilitators. For companies committed to institutionalization, these are becoming full-time roles and career paths.

#### A well-positioned, functional and visible CMO/PMO infrastructure

In our last newsletter we focused on the importance of effective governance. The change management office (CMO)/project management office (PMO) is the foundation of the governance model. The CMO/PMO provides the mechanism to manage the challenge of multiple changes that occur simultaneously, assuring that various projects fit together from a timing, sequencing and scope perspective.

#### Skilled and capable management as sponsors and leaders of change

In the McKinsey study referenced above, 6 of 12 factors for successful change were associated with senior managers. It is not enough to be committed to change management. Leaders have to be able to give evidence of this commitment through their actions and communications. Few leaders advance to their levels by being great change agents. For many, the sponsorship skill set may be something new.

#### Change management is an established discipline and is part of every change project

Institutionalization of change management requires a cultural shift. And the cultural shift requires that the discipline is part of every project every time. It becomes part of the way business is done. It doesn't happen by declaring it, but assuring that the discipline is practiced and learned so that it eventually becomes second nature. >



Strategic Use of Change Management

<sup>1</sup>Standish Group "Chaos Chronicles"  
<sup>2</sup>"Helping employees embrace change," by Jennifer LaClair and Ravi Rao, McKinsey Quarterly, 2002, Number 4

**Q: Should organizations build, buy or adapt a change management model?**

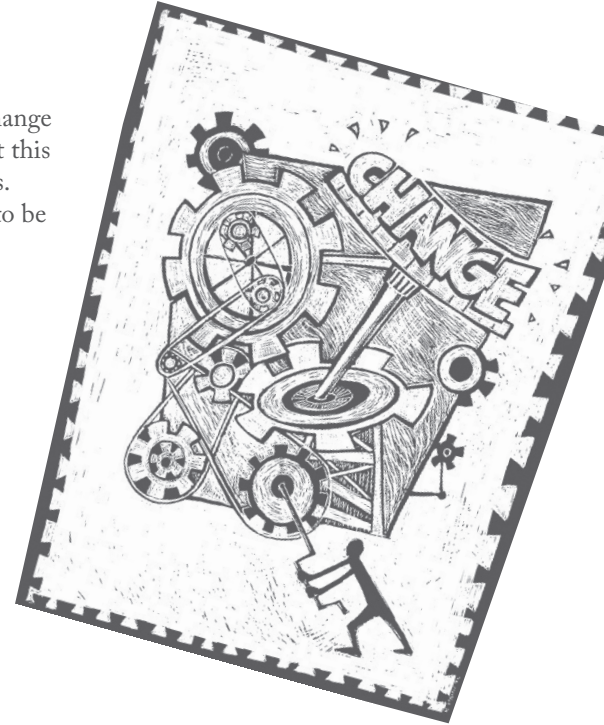
**A:** We (obviously) have a bias for buying or adapting a model. While developing the change management core competency will give a company a strategic advantage, the full value is gained through the commitment and successful execution much more than a proprietary approach to the issue. We wonder why any organization would invest time and resources when models like Managed Change™ can be adapted economically and quickly.

**Q: Isn't the CMO/PMO just another form of bureaucracy?**

**A:** Every organization we work with acknowledges they have more change projects underway at any point in time than they can handle. At worst this situation will overwhelm the enterprise and oftentimes cause paralysis. The CMO/PMO is a necessity if the multitude of projects are going to be reduced to a manageable level and then successfully implemented.

**Q: Is there a recommended order to introducing the pillars?**

**A:** Institutionalization itself is a change project! While all situations are different, we recommend that an organization first agree on a common change management model and methodology and begin the development of its change agents and consultants. We then recommend leadership learn about the possibilities of strong change management sponsorship. The last stage is the creation of the governance structure in concert with the change management cultural shift. ▶



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**In the past few years, we at LaMarsh & Associates have noticed a powerful trend in which our clients are committing to making change management an integral part of the organization:**

One client in the healthcare industry has embedded change management as part of a newly-created group that includes Six Sigma and Project Management. The three-pronged, integrated methodology is offering itself through the business unit within which it is housed and is getting attention from other business units. The seeds are planted for long-term success throughout the organization.

Two other clients, one in the service industry and one in manufacturing, have incorporated experts in Managed Change™ into their corporate-wide PMOs and integrated project management and change management. These organizations offer this integrated resource to enterprise-wide projects and also track and monitor those projects to ensure efficiency and effectiveness.

Several clients have created a change management “center of expertise” within the Human Resource Department and several more specifically within their Organizational Development group.

Wherever it resides, the creation of a formal infrastructure to house the experts in change management is a powerful start to institutionalization. Whether it is a stand alone resource or combined with project management or other disciplines such as the Capability Maturity Model or Six Sigma, change management will have a strong impact throughout the organization...an impact that is lasting. ▶