Building a Change Capable Organization: Breaking Ground
(PART 2 OF 2)
SIX PHASES TO ESTABLISHING ORGANIZATIONAL CHANGE CAPABILITY

Building a change capable organization must be approached like any other transformation project. The organizations that are most successful focus on: defining a clear and measurable Future State Vision, developing employees who are skilled and competent in making change and empowering them to be partners in the change processes, adopting business policies, practices and structures that are flexible and enable change to happen easily, and establishing a culture in which people managers are held accountable for leading change through their organization. In these organizations managing change efficiently and effectively is a shared value imprinted on employees and reinforced by leaders.

Establishing transformational change capability is an evolution for most organizations. It requires longer view strategy and organizational stamina to remain focused and appreciate the evolving incremental accomplishments and successes. The evolution is a Six Step Strategy:

1. **Ready the Organization** – The organization must evaluate its readiness to launch and implement the transformation project and prepare itself to manage challenges and leverage opportunities.
2. **Establish Executive Commitment** – Leaders at all levels must be held accountable to support the transformation and guarantee the allocation of the resources required to be successful.
3. **Define Future State Vision** – Executive leaders must identify, communicate and socialize the Future State Vision and hold the organization accountable to achieve the success metrics.
4. **Develop Change Proficiency and Operationalize with Agility** – Business processes, practices, philosophy and culture must be focused on results and be “change ready” to enable swift and fluent adjustments.
5. **Implement Change Strategy, Tactics and Plans with Discipline** – A solid proven change management methodology must be the foundation of the organizational change capability.
6. **Leverage Incremental Change Capabilities** – Each change project provides the opportunity for the organization to leverage what has been learned, validate the commitment to building change capability, celebrate successes and continuously improve and refine the approach.

Building a change capable organization is hard work that requires constant focus and leadership vigilance. For most organizations, the evolution to becoming a fully functioning, change capable organization is a three to five-year journey. And like any other transformation project there will be internal and external pressures and changing priorities that will constantly test leadership’s commitment and willingness to resource and fund the effort. Leadership must also manage the added complexity -- within the transformation (building a change capable organization) that the organization will be simultaneously managing many business-specific change projects. The organization must consider each business-specific change project as an opportunity to validate executive commitment and the definition of the Future State Vision and refine and improve change proficiencies and implementation strategies, tactics and plans.

THE CHANGE CAPABLE ORGANIZATION

PHASE 1: READY THE ORGANIZATION
PLANNING AND LAUNCHING THE EFFORT

Successful implementation of the Six Steps to Establishing Change Management Capability requires a solid strategy and supporting project plan. At this stage of the effort executive leadership is driving the completion of tasks required to initiate the project. She/he will likely have an individual or small team of trusted advisors helping to guide the early planning and doing the work needed to formally establish the project. Although they are impatient to move forward, successful leaders understand the value of thorough planning. The individual destined to be the leader of the change management function should be among this group.

The following tasks must be completed to prepare the organization for a successful launch:

Eight Steps to Planning and Launching the OCM Capability Transformation

1. Validate Executive Leadership Commitment
2. Resource the Project
3. Assign the Design Team
4. Align the Project to Business Strategy
5. Define Success Metrics
6. Establish Governance
7. Prepare a Project Management Plan
8. Communicate
Step 1: Validate Executive Leadership Commitment

All executives will agree that being a change capable organization is desirable. What they won’t all agree on is whether they are willing to make the commitment and allocate the resources to make it happen. Building this capability is especially hard work for executive leaders. They must not only constantly demonstrate their own commitment, they must live it. They must also be prepared to hold their peers, subordinates and even superiors accountable for leading the change even when it is counter intuitive to the culture of the organization. Validating executive commitment can be risky. The objective is to confirm that their words and actions align and that they are willing to enforce accountability.

**Ask these questions to validate readiness:**
- Have executives allocated the required resources to the change?
- Do the words and actions of executives demonstrate/reinforce their commitment?
- Do executives hold other leaders accountable for leading the transformation?

Step 2: Resource the Project

The resources required (budget, people, infrastructure, etc.) will vary based on the size and complexity of the organization, the timeline/urgency for implementation, the experience and expertise of the Design Team and the current level of change management competency and experience across the organization. The most important factor in resourcing the Design Team is to have a qualified Team Leader supported by change and project management experts. The greatest risk is that the effort is underbudgeted. The exact $$ required is difficult to predict. However, experience installing change capability within other organizations suggests an average annual budget of $250k to $400k for three to five years should be anticipated.

**Ask these questions to validate readiness:**
- Is the budget established to support the transformation appropriate?
- Is the timeline for implementation realistic?
- Does the organization have sufficient previous experience managing change?
- Is the Design Team qualified and sufficiently experienced to be successful?

Step 3: Staff the Design Team

Staffing the change capability project is critical. Like any other project, recruiting and assigning the right people, with the right skills, competency and experience to do the job well is the difference between early success and a slow painful demise. The Design Team must be staffed with both project management and change management professionals. The “committed executive” will identify a qualified senior leader to serve as Sponsor. Together they must assign a Team Leader to manage the project, appoint change experts to the team, and assemble other qualified team members representing all functions across the organization. The executive must stay personally involved to nurture, guide and coach the Design Team to success.

**Ask these questions to validate readiness:**
- Has the executive leader been actively involved in staffing the Design Team?
- Are the project management team members experienced and qualified?
- Are the change management team members experienced and qualified?
- Is the assigned Sponsor willing and able to successfully lead the change?

Step 4: Align the Project to Business Strategy

The projects that get the greatest priority and attention are those that align to the business strategy, goals and objectives and contribute to bottom line financial performance. Building a change capable organization must be part of the business strategy. When the capability exists, it will be a predictable enabler of the successful implementation of all changes. The risk is that building capability is a cost and thrifting it can be easily justified as cost savings. If building change capability is aligned to the business strategy, it will be evident and a required element of every change project the organization initiates. Leaders will understand that achieving the results they are expecting is dependent on the application of change management discipline.

**Ask these questions to validate readiness:**
- Do leaders understand the value of building change capability?
- Is Building Change Capability a priority on the list of business goals and objectives?
- Do change projects require application of change management discipline?

Step 5: Define Success Metrics

Metrics must be clearly defined, easily understood and measurable. Executive leaders have the responsibility to define what the organization will look like and how it will perform when change capability exists. They must be clear, concise and attainable. The metrics, like the desired future state definition, will be different for each organization and will be greatly dependent on the culture of the organization, the commitment of leadership and the perceived value of being a change capable organization. Leaders must communicate the metrics and hold others accountable for their implementation and achievement.

**Ask these questions to validate readiness:**
- Are the success metrics aligned to organizational performance?
- Are the metrics clear, concise and well understood?
- Are the metrics realistic and attainable?
- Have the metrics been effectively communicated throughout the organization?
Step 6: Establish Governance

Successful implementation of the strategy and plan will depend greatly on the organization’s ability to establish and operationalize project governance. A well-defined project charter is at the core of solid governance. It will clearly specify the goals, objectives, Design Team structure, roles and responsibilities as well as project timing and resources. It will state and reinforce the desired Future State Vision, metrics and alignment to business strategy. Governance also establishes a representative team of senior leaders to provide oversight, guidance and decision-making to the Sponsor and Design team as required.

Ask these questions to validate readiness:
- Does the project charter provide the level of detail necessary to govern the effort?
- Are roles and responsibilities of governance team members clearly defined?
- Are governance team members experienced and qualified to serve in their roles?
- Do leaders appreciate the value of establishing governance for this project?

Step 7: Prepare a Project Management Plan

Many transformation projects fail because the project management discipline applied is insufficient. A project of this size, scope and importance requires a formally developed and implemented project management plan. The plan must be thorough and complete and leverage a standardized software tool that is easy to use by both team members and leaders. The Design Team leader and Sponsor must have the capability to be quickly and confidently informed of the project’s performance to plan.

Ask these questions to validate readiness:
- Is the project management plan well developed and robust?
- Are the team members developing/maintaining the plan skilled and qualified?
- Is a standardized software tool being used to develop/maintain the plan?
- Are executives and Sponsors receiving timely and accurate information on request?

Step 8: Communicate

A lack of understanding of why a change is happening, what it will look like when it is implemented, who is impacted, when, and in what way is often at the core of employee resistance to change. The moment leaders begin talking about change, communication must begin and leaders/Sponsors must be visible and participating. Even before the team has the answers to questions they know employees will ask, official communication must be released. To be most effective, a communication strategy and plan is necessary. It is important to remember that when the lack of accurate information creates a void, employees will fill the space with their own thoughts and ideas about the change and they will likely speak poorly of the change and those leading it.

BUILDING CHANGE CAPABILITY

LAUNCH READINESS ASSESSMENT

Preparing the organization for a successful launch of the building change capability project is important, but it must not paralyze the effort. The starting point is the establish solid leadership commitment and a detailed vision of the future desired state. With these two key elements in place, the remaining tasks can be developed and inserted into the project plan. The key is to decide how ready the organization needs to be to support a successful launch. There is no standard formula to launch readiness. However, the Launch Readiness Assessment can provide executive leadership and the Design Team some guidance.
PHASE 2: ESTABLISH EXECUTIVE COMMITMENT

The organizations that are most successful building change capability have a senior level executive initiating and championing the transformation project. The Executive Sponsor has a strategic vision for the future where effective change management transforms the way in which the organization operates and employees perform. The executive understands the strategic value of being able to quickly and efficiently adopt change across the organization. They appreciate change capability as a core competency and market differentiator among their competitors. They recognize the scope and complexity of the decision to build change capability, the resources that will be required and the timeline for implementation. They may not know exactly how the implementation will impact employees and business operations, however they do understand there will be an impact on individual and organizational performance as the change is implemented and they are committed to ensuring it is managed. Their words and actions confirm executive commitment has been established.

When the executive leader who formulated and nurtured the idea assumes the role of Executive Sponsor, the executive commitment is obvious and the implementation is typically less risky and more successful. The leader is appropriately positioned to: 1) formally authorize the change and give it priority, 2) hold all leaders within the organization accountable for implementing the change, and 3) resource and fund the change. When the vision is conceived by a leader lower in the organization or from within a less valued and/or respected function, pushing the idea upward and ‘finding’ a committed executive may present significant challenges and risk to a successful implementation. A key responsibility of the Executive Sponsor is to partner with peers and convince them of the value of building a change capable organization and agreeing to hold themselves and the people managers reporting to them accountable for leading the change.

The Change Lead must assume responsibility for determining the level of executive commitment on two levels: 1) does the executive leadership team support the change? and 2) does the designated Executive Sponsor have the skill and will to successfully implement the change? When the level of commitment is insufficient, the Change Lead must develop and implement an executive leadership commitment development strategy that identifies the challenges and risks and a plan for resolution. The Executive Leadership Commitment Checklist can help determine the level of commitment and identify the possible attributes of a development strategy.

Executive Leadership Commitment Checklist

- The Executive Sponsor regularly communicates with peers about the change keeping them informed of progress and opportunities for their engagement.
- The Executive Sponsor meets regularly with the Design Team and is actively involved in planning, decision making and problem solving.
- The Executive Sponsor regularly partners with peers to explore opportunities to leverage current and future change capability across the enterprise.
- Regular communications from the CEO and other executives discuss and reinforce the importance and priority of the Building Change Capability project.
- The Building Change Capability project is resourced appropriately with the necessary budget and the most experienced and capable team members.
- Building Change Capability project status updates are a recurring item on the Executive Committee meeting agenda.
- Executives regularly discuss opportunities to leverage change capability to improve the performance of their function.
- Executives are responsive and positive toward training and coaching focused on improving their performance and skill as a Sponsor of the change.
- Executives responsible for business and people processes are implementing change management discipline.
- All executives are communicating the value, priority and importance of the change to their functional direct reports.
- Executives are modeling leadership and Sponsor behavior and holding people managers in their organization accountable for implementing the change.
- Executives are formally recognizing the emerging desired behaviors and reinforcing the behavior through their words and interactions with employees.
PHASE 3: DEFINE FUTURE STATE VISION
A detailed Future State Vision provides the road map for Sponsor, Design Team and employee actions. The more detailed the vision the more robust the project management plan will be and the greater the likelihood the implementation will achieve the desired results within the time and resource levels identified. The process of defining and documenting the Future State Vision for Building a Change Capable Organization is the same as any other change or transformation project. It is imperative the leadership, the Design Team and employees know exactly what the change will look like when implemented and how it will impact their roles and responsibilities. This level of detail will make it easier for them to understand and accept the strategy and tactics that need to be implemented.

The definition of the Future State Vision should be organized as Structure, Process, People and Culture attributes with defined measures and metrics that will enable progress to be monitored and the validation of full implementation. This four-attribute profile must be defined at multiple levels within the organization. At the highest level, the profile will define more of a strategic definition of the future vision. At the division or business unit level the profile will be more functional and specific to the operations of that segment of the business. At the department level, the profile will be very tactical and define the direct impact on individual business processes and employee performance objectives.

The diagram below presents a generic definition of a change capable organization. The data points within each of the Structure, Process, People and Culture quadrants can serve as a starting point for customizing the strategic-level view of the Future State Vision of a change capable organization.

THE STAGES OF CHANGE

PHASE 4: DEVELOP CHANGE PROFICIENCY AND OPERATIONALIZE WITH AGILITY
The Executive Sponsor, senior leadership and the Design Team will lead and implement the change strategy and plans required to build a change capable organization. The success will be greatly dependent on their commitment, experience and competency, coupled with how well and to what degree the organization has developed agile change proficiency. These factors will determine the speed and quality of the transformation and ultimately the level of leadership and employee acceptance and adoption. Agile proficiency will enable the organization to react quickly. Leaders, team members and employees will have learned to efficiently adapt and customize the change approach and their reactions to meet the unique requirements of any situation.

The individual strength of each proficiency pillar in the parthenon model will collectively define the probability of the organization’s ability to implement the change strategy and ultimately establish change capability. An organization that has change management capability will have successfully installed and operationalized the following proficiencies:

Ten Organizational Proficiencies Required to Build and Sustain Change Capability

Employee Accountability – Employees at all levels within the organization are held accountable by their manager, their peers and their subordinates for understanding their role in the change process, fulfilling their responsibilities and adapting to change efficiently.

Enabling Culture – Leaders at all levels value change management discipline, demand application of the methodology, and recognize and reinforce desired change behaviors in all employees regardless of role.

OCM Governance – A team of senior leaders representing all functions of the organization are assembled and chartered to guide the evolution of change management, resource and support the function, and drive the required culture change.

OCM Structure – A Center of Excellence (or similar function) is established and continues to deliver change management competency, oversee the implementation of Managed Change™ Methodology, direct the allocation of resources and steward the integrity of the methodology, process and tools.

Change Management Methodology – A standard methodology and tool set is adopted, socialized, tested, validated and ultimately integrated into the organization and related business processes.

OCM Skill and Competency – Change management is formally recognized as a core competency. Job descriptions and performance objectives reflect the decision. A curriculum of training, certification and experiential programs are operationalized to establish and continue OCM skill and competency development.

Project Management – Sponsors, Change Agents and project team members value project management. The organization has established project management competency and it is consistently leveraged to provide the necessary structure, control and discipline.
Leadership Competency – People managers have the skill, ability, aptitude and know-how to effectively communicate, motivate, inspire and lead employees through the complexity and challenges of change.

Resource Capacity – A triage process is applied to validate scope and complexity of newly initiated changes and to determine the level and type of change management resource required. The appropriate number of qualified resources are available and assigned to adequately meet the demand.

OCM Aligned Policies, Procedures and Processes – Business process across the organization have adopted and integrated OCM philosophy and methodology into existing and all new business processes, policies and procedures.

PHASE 5: IMPLEMENT CHANGE STRATEGY, TACTICS AND PLANS WITH DISCIPLINE

Establishing and operationalizing the ten organizational proficiencies in support of a clearly defined Future State Vision is in essence the Change Strategy for Building a Change Capable Organization. The challenge is to have a clear vision of what will be required to achieve each of these proficiencies recognizing the individual and collective interconnectivity and dependencies. Identifying the tactics that will create the opportunity for the organization to effectively implement the Change Strategy is the work of the change management experts on the team. With the appropriate tactics identified, the change practitioners can partner with project management experts to develop a project plan that becomes the roadmap for implementation. This Phase highlights the critical intersection between change management and project management. Change experts define what tactics need to be implemented and project management experts build the implementation plan specifying how it will be accomplished. As one of the proficiencies is Project Management, in a change capable organization change management and project management would be integrated into a single discipline for planning, monitoring and reporting performance and progress to plan.

PHASE 6: LEVERAGE INCREMENTAL CHANGE CAPABILITIES

Standardized application of the change management methodology will reinforce organizational competency and proficiency leading to increased change capability. However, because each change project presents unique challenges and opportunities, it is equally important to recognize, document and share how the methodology was adapted and or customized. An important element of building change capability is for the organization to discipline itself to capture, evaluate and socialize the strategies and tactics applied to each change and leverage what was learned as future changes are installed. Each of these incremental learnings enables the methodology to be strengthened and builds increased proficiency within the organization. When they are reviewed collectively the learnings and outcomes reinforce the value of continuous improvement and the discipline behind the change management methodology. As the steward for the change management methodology, the Center of Excellence (CoE) is responsible for administering, tracking and reporting progress on the portfolio of change projects and the integration of lessons learned into the core change management methodology.

NO SILVER BULLETS

Improvement strategies, methodologies and tools are constantly introduced to leaders as the newest idea for achieving operational excellence. Six Sigma, TQE, Kaizen, Agile, and Lean are among a long list of solid, sound and potentially successful approaches to improving business processes and bottom-line performance. Why are they less successful in some organizations than others? It isn’t because they’re necessarily flawed or bad. They fail because leaders are impatient and unwilling to invest the required resources, or they shortcut the implementation, or refuse to hold employees accountable for changing their behavior. Building change capability is susceptible to the same fate.

This blueprint for building a change capable organization is a winning formula. Organizations experiencing success understand it is a journey that will take multiple years. Leaders do what is required to drive and model new behaviors and they are willing and capable of holding peers, subordinates and supervisors accountable for living the change management philosophy and effectively implementing the methodology. They strive to increase change proficiencies and deliberately integrate lessons learned into future change implementations. Successful organizations recognize there is no silver bullet. Leadership accepts the responsibility and accountability for doing what is necessary to build a change capable organization.

FOR MORE INFORMATION

Visit www.lamarsh.com Call 312.464.1349 Email change@lamarsh.com