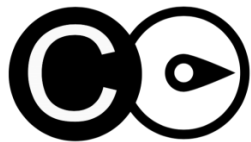


THE
CHANGE
COMPASS



OCTOBER 2018



ORGANIZING TO LEAD CHANGE ACROSS THE GLOBE: CHANGE PRACTICE BENCHMARKING STUDY

A first of its kind benchmarking study looks at change practices amongst a small selection of organizations across the globe, focused on how these change practices manage their portfolio of changes.

The current world of escalating developments in technology, competitive pressures, evolving industries and changing consumer demands continue to ramp up changes faced by organizations. In the past, it was sufficient to plan for the next three to five years with some certainty. However, now organizations need to constantly evolve and adapt their plans to stay competitive and relevant. To do this, organizations are driving an increasing number of changes. For some, this is about staying abreast of industry developments. For others, this is about staying alive as a business.

To support this constant change, demand for change professionals increased. As a result, the change management profession has flourished and blossomed into a fast-growing profession. In 2009 Australia even declared Change Management a formal vocation with national competency standards and academic programs from diplomas to masters established (according to Wikipedia). However, change management is a young profession and organizations are still coming to grips with what works in managing change at an organizational level.

This study surveyed a sample of 20 organizations of various industries and sizes to better understand how organizations approach managing change at an organizational level. The organizations surveyed were quite diverse change practices. The organizations surveyed also spanned the globe, from North America, Asia to Australia.

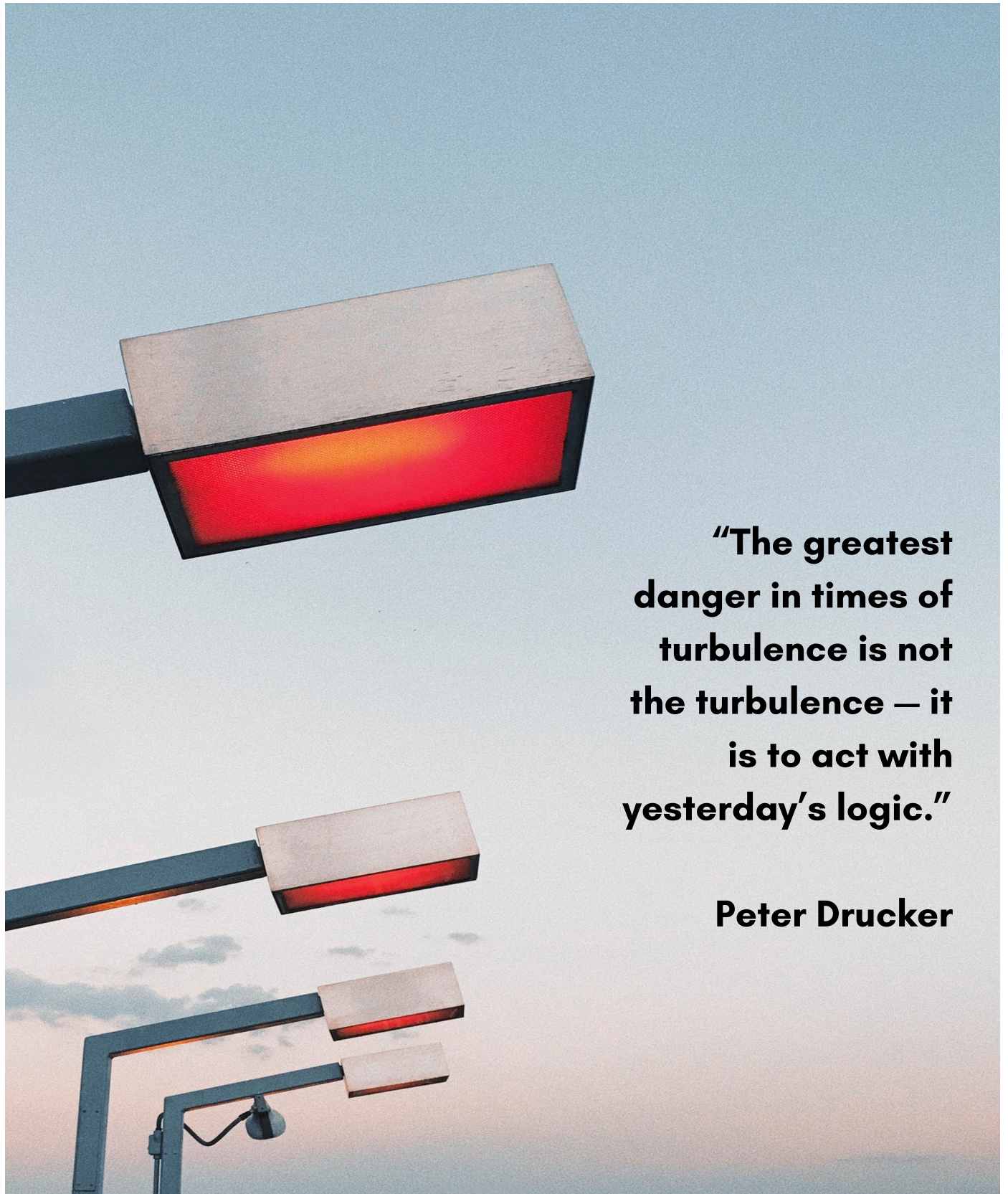
In terms of industries, there was a wide range of different types. However, the most common industries were:

- Financial Services
- Public Sector
- Engineering

We were particularly interested in how organizations managed a multitude of changes across the organization. Questions were devised within 4 particular categories to measure the change maturity of organizational practices:

1. Business change capability – How organizations go about building and developing change capability
2. Change portfolio management – How organizations manage a set of change initiatives
3. Project delivery – How organizations support project delivery from a change management perspective
4. Change analytics – How organizations use change data to support their change work

In this study we analysed the practices of various organization. We also ask organizations to indicate their key challenges in managing a portfolio of initiatives. We later provide insights and suggestions of how organizations might better approach and manage their change initiatives across the board.



"The greatest danger in times of turbulence is not the turbulence — it is to act with yesterday's logic."

Peter Drucker

Observations

Low ratio of change practitioner vs. employee size

The majority of respondents indicated that they had 25 or less change practitioners in the whole organization. Given that the average size of employees in the surveyed organizations is around 30,000 the ratios of change practitioner per employee seems quite low, i.e. 1 change practitioner per 12,000 employees.

Having more change practitioners in the organization means improved change maturity scores .. to an extent

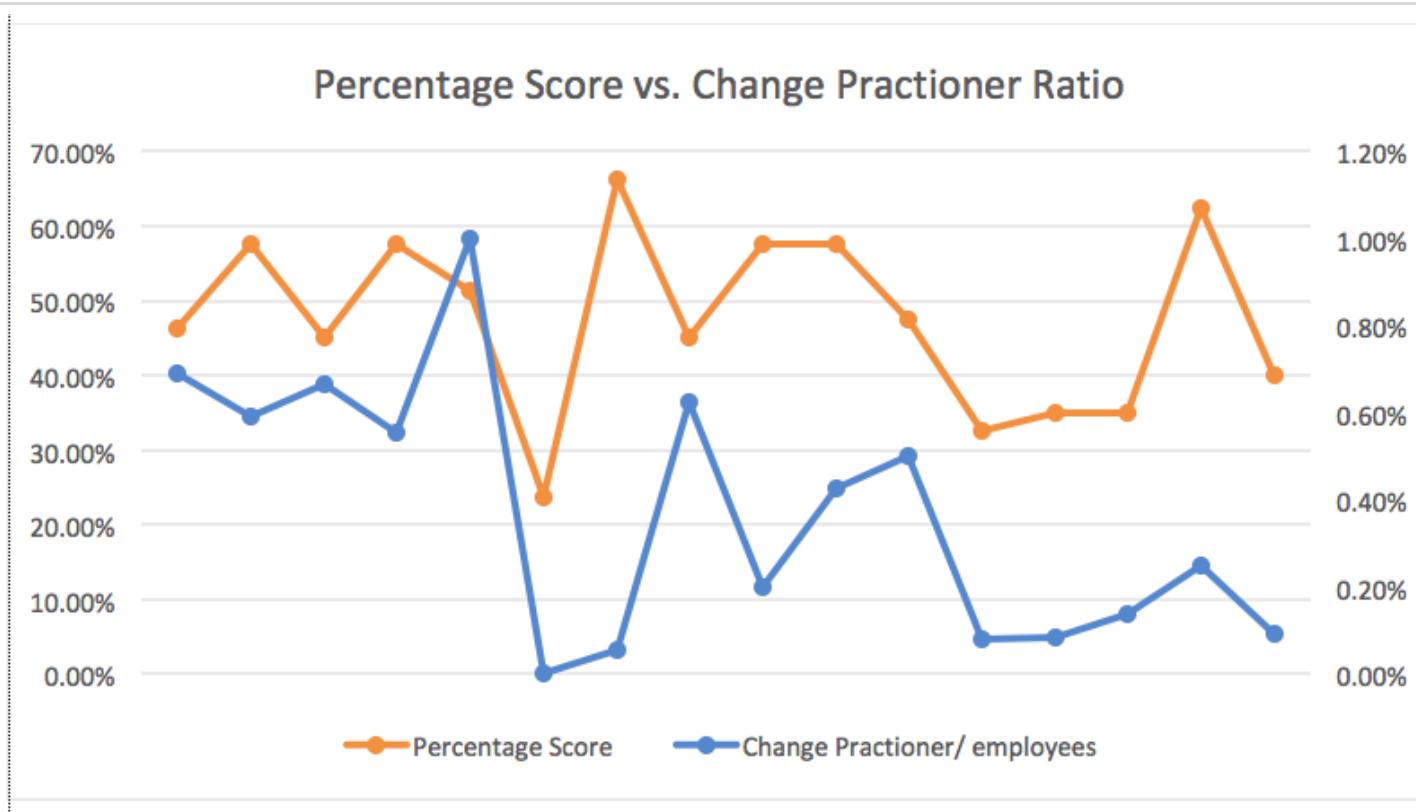
We looked at the overall change maturity scores for the change practices surveyed across the four categories and linked this with number of change

practitioners and found that there was a stark correlation. Having more change practitioners in the organization meant that the overall maturity scores for the organization was rated higher.

Given, the ratio of change practitioner per employee population is quite low, it is not surprising that having some change support from specialists equated to better change maturity outcomes.

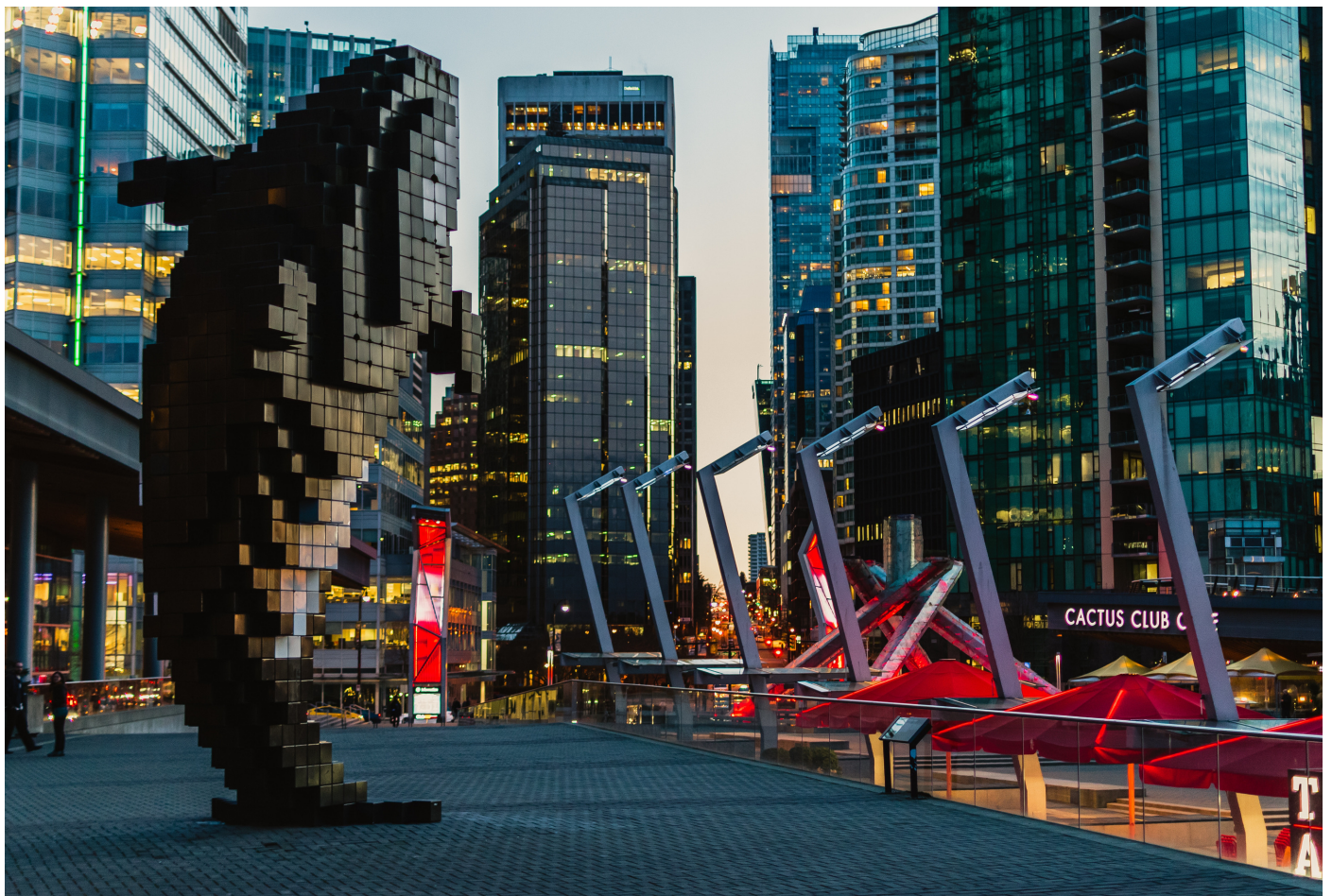
However, those organizations with the highest ratio of change practitioner per employee size did not have higher change maturity practices scores.

Given our sample size is small this may not be a conclusive finding. This could be that the surveyed organizations in particular did not have more mature practices, for various reasons.



Industry trends

- *Public Sector organizations had the highest proportion of change practitioners while Financial Services had the highest percentage score*
- *Public Sector organizations on an average had twice the proportion of change managers as Financial Services but still had a lower change practice maturity score*
- *Engineering companies had the lowest proportion of change practitioners as well as the lowest scores*
- *Engineering companies had a similar proportion of change practitioners as compared to Financial Services but had much lower scores*
- *In terms of change maturity Financial Services companies have scored higher than other industries*
- *Compared to Financial Services, there is opportunity for change practice maturity improvements among the Public Sector as well as Engineering organizations*



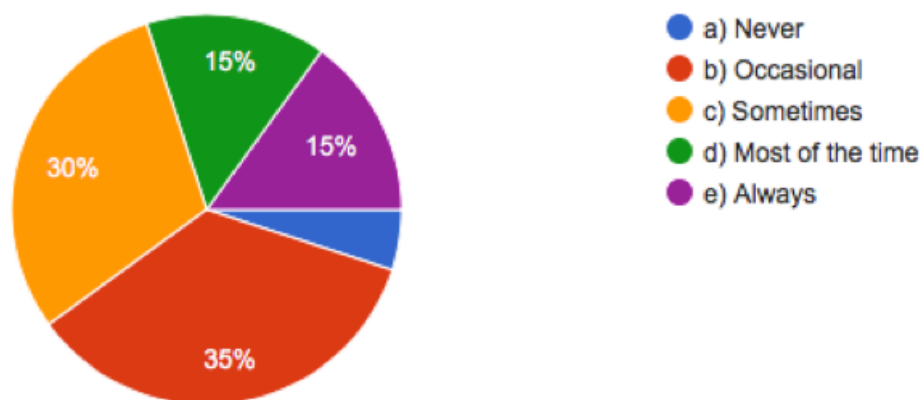
Key Themes

In this survey we've found some significant trends in the change practices of organizations.

1. Further opportunity to focus on change data

Measuring the impact of change is one of the core issues faced by companies. It was found that organizations struggle with quantifying and using change impact data in a tangible way. Out of the organizations surveyed only 15% reported to use change readiness data for all major initiatives. Moreover, 40% of respondents stated that change readiness data was occasionally or never collected. Most project functions rely heavily on data and tracking. For example, project managers are held to project time and budget. Testers are held to their quantitative progress and numbers of defects identified. Developers are tracked in terms of feature progress and time spent. Yet, for some organizations data is not used to help stakeholders understand the work progress.

Exhibit 1: Change readiness data is collected for major initiatives



In A good change heatmap can be one of the most visually impactful reports on change. It is not only a great data visualisation tool, but also helps to inform key stakeholders the level of change impact across different parts of the organization. This may be considered taking into account the capacity for change within each parts of the business. It allows stakeholders to identify whether there could be too much change, and highlight opportunities to better sequence and prioritise changes.

However, the majority (65%) of the respondents revealed that the heatmap was not developed using the change impact data.

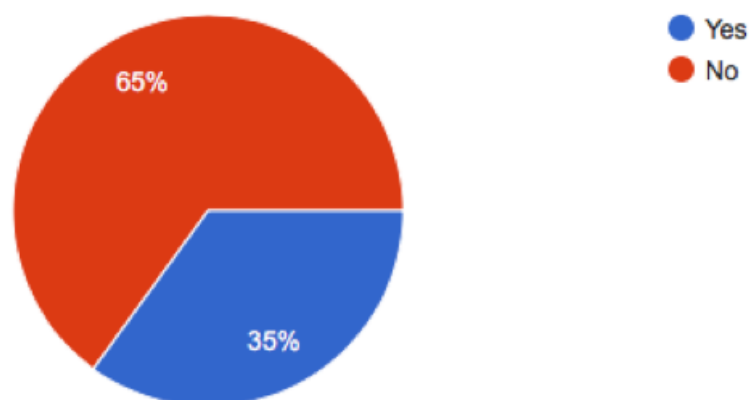
Likely, heatmaps were developed using personal judgments versus actual quantitative data. The danger with this approach is that stakeholders may not trust the data and therefore this may not lead to effective decision-making.

A typical scenario that Change practitioners often complain about is that they are in a

typical project meeting where everyone is consumed with technical defects, testing data, project and delivery resource requirements. However, the change manager is often at the table without quantitative data to help stakeholders visualise the overall progress. This is in synch with survey findings that less than half of the organisations reported to have linked change data with business performance. Moreover, only 10% of organisations link change data across multiple business units or at enterprise levels.

It is clear that there is significant opportunity for organization to better leverage change data. In this way, change management can also be positioned as much more rigorous, data-driven, and scientific, versus fluffy, undefined or worse, unimportant.

Exhibit 2: Change heat map data is devised and calculated using initiative change impact data



2. Opportunity to supplement our agile practices

As expected most organizations are implementing an agile environment. In fact 85% of the organizations surveyed indicated adopting change delivery practices to support agile projects. Other project functions use various digital tools to help their ways of working within an agile environment. This includes tools such as Jira, Confluence, LeanKit, Trello, Redmine, Slack, etc.

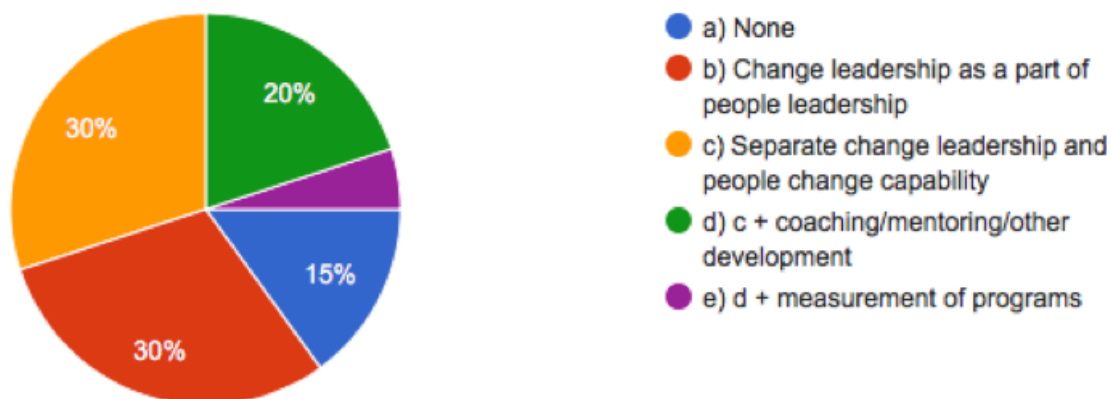
However, change practices have indicated that they don't leverage digital change tools to support their agile practices. 80% of respondents indicated that their organizations either do not use any digital change tools or only to a very small extent. Digital tools such as The Change Compass help to support agile environments where there are lots of moving pieces, as is the nature of agile change, and helps to create data visualisation to help stakeholders understand what is changing.

3. Companies tend to invest more in change capability development more than developing a data-based value proposition

One particularly interesting finding was that companies tend to invest more in change capability skills development more than developing a data-based value proposition.

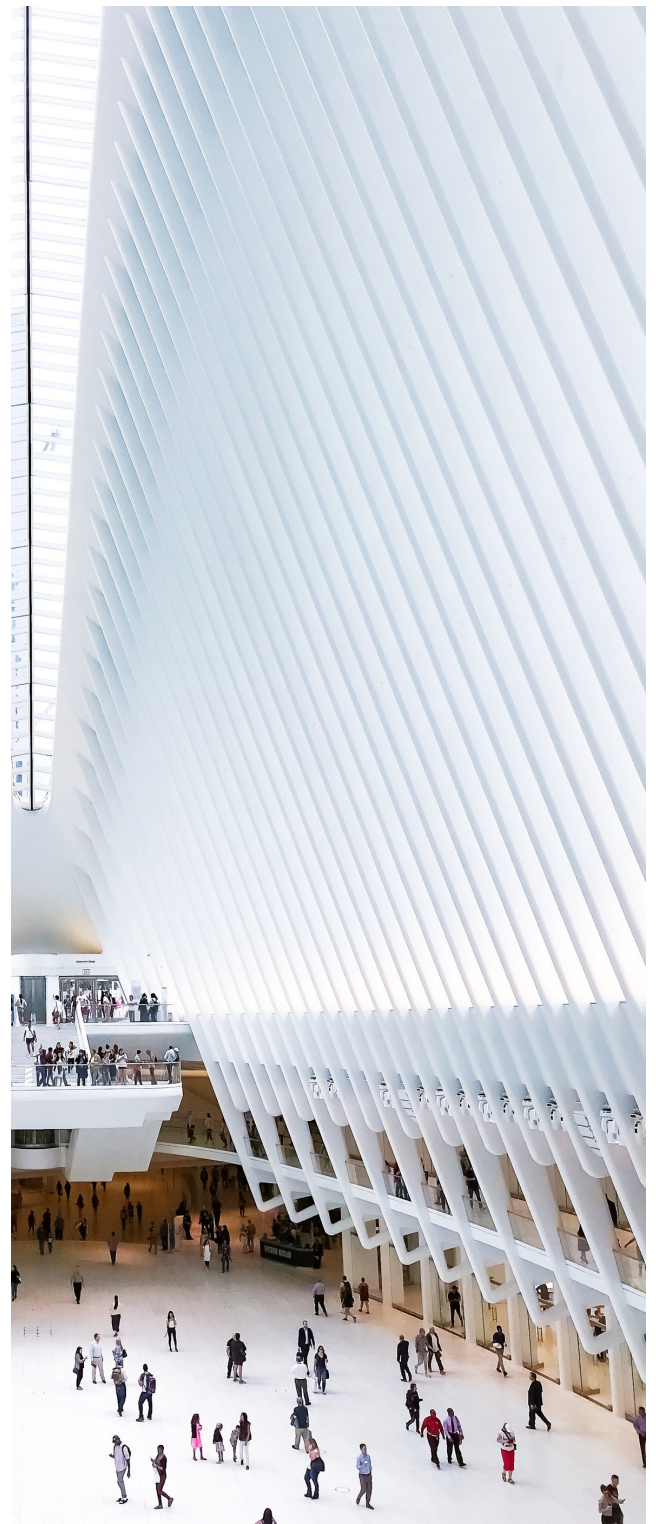
Most organizations (85%) indicated that they had formalized people change capability offering. However, most surveyed organizations have not invested in establishing the right change analytic set up. Most (70%) of respondents either do not, or only sometimes collect change readiness data for major initiatives. Basic change heatmaps were either not used or only sometimes for certain projects. As noted in the previous theme, most do not leverage digital change tools.

Exhibit 3: There is formalized people change capability offering



Why are organizations more invested in developing change capability skills than foundational change analytics? Within the change management discipline, there are a lot of practitioners that come from the Human Resources, Organizational Development or Training disciplines and in fact change management often reports into the Human Resources function. This may explain why there is a historically strong focus on skills development. On the other hand, change analytics is an emergent area and is still relatively new. The usage of heatmaps, and change tools, and the measurement of change are just starting to develop, and being used to demonstrate value to the business.

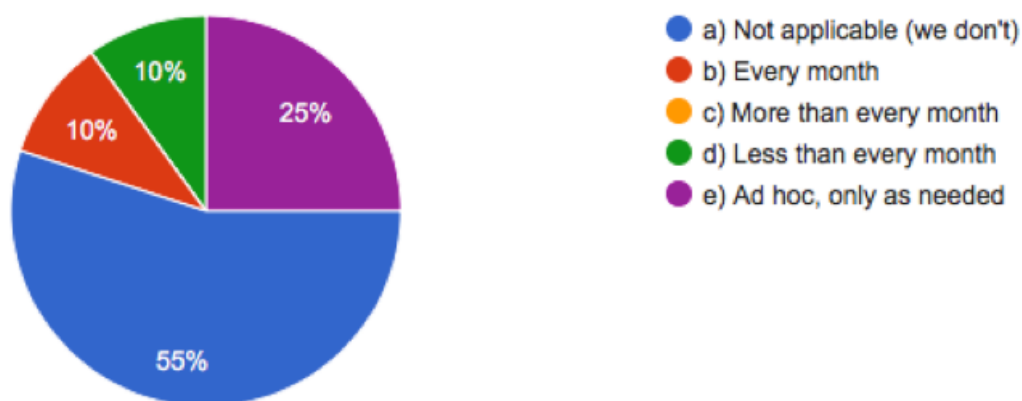
*There is also opportunity to develop a change proposition that is focused on embedding change management analytics within different parts of the business. For example, change approaches such as business readiness data, heatmaps, change impact on resourcing, and change portfolio planning, may be utilised to add value within an operations department, or even a risk department. A Project Management Office or Strategy function may also leverage change data in this way. To find out more about how to utilise this approach to proliferate change analytics and change approaches to add value to other departments read our article on *A New Guide for Improving Change Management Maturity*.*



4. Change portfolio management practices are foundational

Most surveyed organizations tend to focus on supporting project implementation. In managing a portfolio of changes within the organisation, half of those surveyed only carry out change portfolio planning tasks at a project level only, whilst another 25% don't even carry out any change portfolio planning tasks. In addition, of those who carry out change portfolio planning reviews, most do this at an ad hoc basis, with only 20% of those surveyed who carry out regular change portfolio planning exercises. There is also opportunity to better link change portfolio planning reviews with key stakeholders. Most include business stakeholders in this review. However, there is opportunity to ensure the right stakeholders are involved. For example, for those involved in carrying out change portfolio planning, only 16% involve both business representatives and PMO or project portfolio managers. Having key stakeholders involved ensure that there is greater shared understanding and collaboration in landing change effectively.

Exhibit 4: We conduct change portfolio planning review exercises



A change portfolio review is critical so that we can better identify any business risks before the changes hit. A simple review would typically involve business stakeholders to look at the picture of what the change impacts are, what are the changes, and subsequently identify any business readiness and impact issues worth calling out.

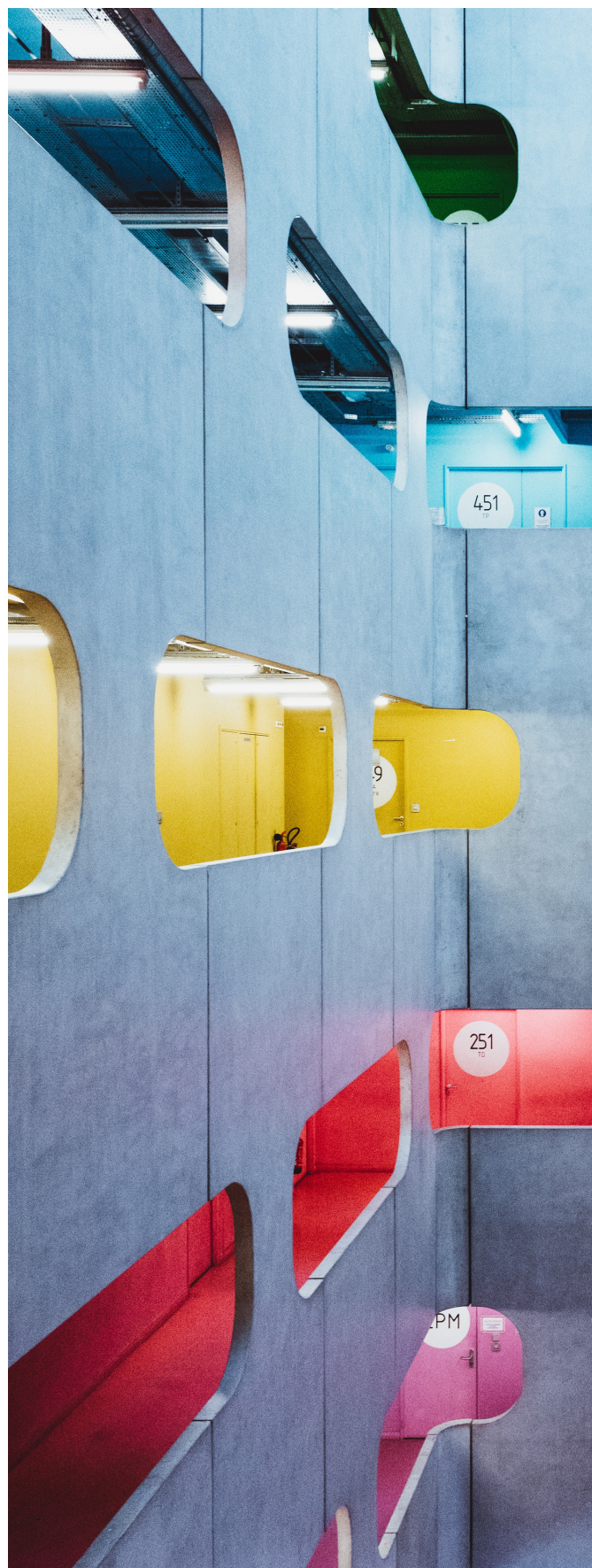
5. Opportunity to establish better business-led change governance

Most surveyed organizations only set up change governance forums or bodies at a project level.

55% of those surveyed either only have project level governance, or have no change governance bodies at all. Having an effective change governance means that there is a clear decision making process to ensure that the business takes accountability, key decisions are surfaced and swiftly addressed, and there is insight into the key issues, risks and opportunities in implementing changes into the business.

6. Opportunity to improve business readiness system

Another key finding from this study is that surveyed organizations tend to focus and setup their business readiness processes project by project, versus across projects at a portfolio level. For example, just over half of surveyed respondents (55%) indicated that they have project-based change champion networks established to support change. However, only 15% indicated that they have division-based change champions in place that are able to support across initiatives that impact that part of the business. The risk with having project based change champions is that within an environment of multiple changes, the business may be asked to produce multiple change champion members, producing negative resourcing pressures. Establishing business-based change champions that are able to support initiatives across the board makes more business sense.



Formalized embedment channels such as structured training channels and processes and engagement/communication channels are rated as 'basic' for half of the organizations. Only 25% rated their organizations as having established standardized communication and training processes for particular divisions. Moreover, only 20% measure the activities of these embedment channels. It is clear that there is significant opportunity to better design and establish the right embedment processes within the business so that various changes may take place. Otherwise, each project will need to keep establishing different types of embedment processes, creating additional work, additional business impact, and does not allow the embedment processes to mature and develop.

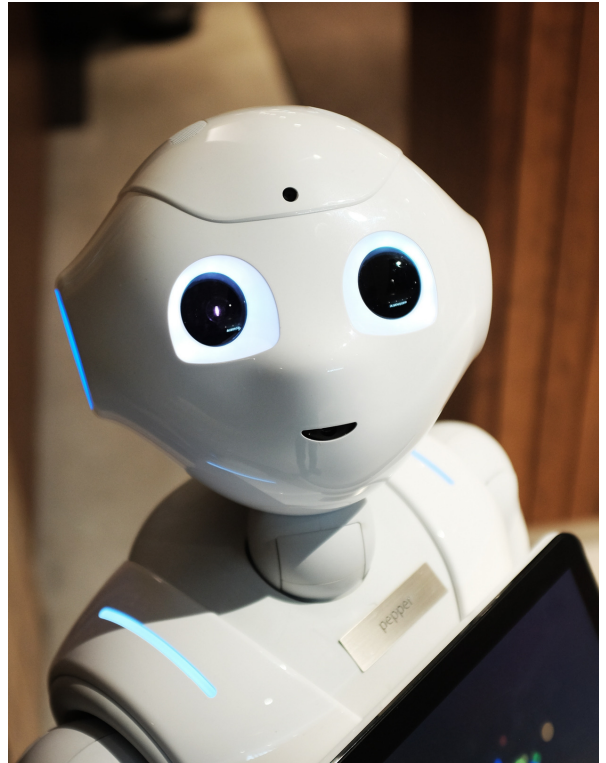
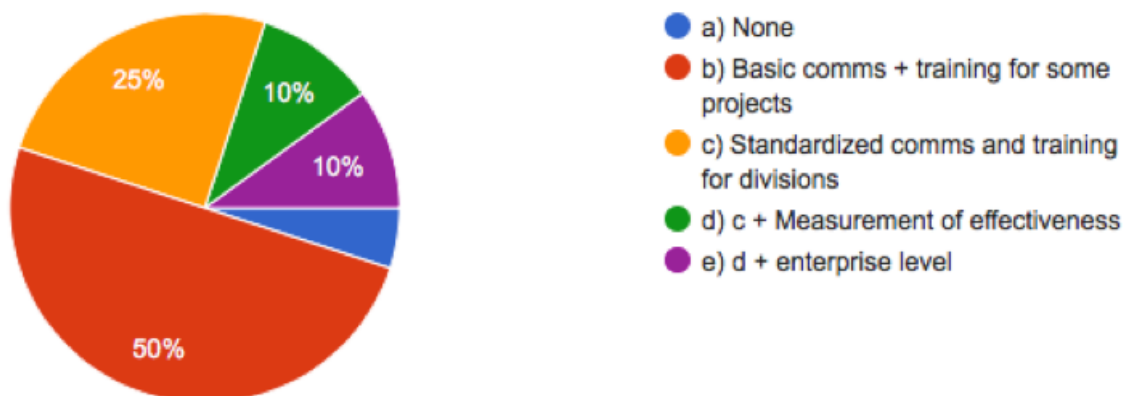


Exhibit 5: Formalized embedment channels (such as training processes or engagement channels) are in place to support continuous change



Key challenges faced by change practices in managing a portfolio of changes

Respondents posted a range of challenges when asked about their biggest challenges in managing a portfolio of change initiatives. We put together the below wordcloud to summarise what they have called out. Some of the key call outs include how to influence leadership teams to understand and support changes, engaging people across geographies, resourcing for the change practice, and developing change maturity. With a diverse group of surveyed organizations, it is understandable that the challenges of the change practices are also quite different. Overall, it is clear to see that a lot of change practices are focused on establishing and stabilising the function.



Key focus areas for change practices in the change maturity journey

Change practices in organizations are starting to prove the value of change management and mature in how they demonstrate this value. However, there are key opportunities to further mature change practices as has been identified in this study.

Data is king

The first stage of maturing the change practice is to leverage the key findings and opportunities from this study. A key part of demonstrating value is through data. Change management needs to adapt to the new digital world where data is king, and leadership expectation is that decision making is done through data.

Through having the right change analytics (with both quantitative and qualitative data) the change practitioner is much better equipped to lead effective business decision making conversations and be able to influence senior leaders accordingly. It is through data that meaning conversations can be had that encourages the focus on risks, actions required, business readiness and the role of stakeholders in driving change.

The change practice also needs to assist the organisation to see and understand the picture of what is changing. Without understanding what the change initiatives are across the board, it is difficult to manage change effectively. Using data visualisation (for example, graphic reports), stakeholders can see

and understanding what the change landscape looks like. This is not just about too much or too little change (change volume), but also the speed in which change may be planned and implemented (change velocity). From the data, it is also possible to derive the impact on business resourcing, and ultimately how change impacts influence core business indicators such as customer satisfaction or service availability – the ultimate in proving the worth of change management.

Be on the front-foot of changing in an agile and digital environment

Most companies are well on the agile journey. As a result the change practice needs to not only support projects that are implemented using agile, but also support the business to be able to undergo changes in an agile manner.

*This doesn't mean learning agile project methodology, but it does mean learning how to leverage key agile ways of changing within the business. To read more about agile and change management read *The Ultimate Guide to Agile for Change Managers*.*

A key phenomenon of agile is that there will likely be a series of consecutive changes amongst different initiatives. As these initiatives keep iterating and modifying the changes they are making, this creates greater uncertainty for the business to be able to see the totality of what is changing. The change practice is well positioned to provide value by providing the data and crafting the related stories of what is changing and what this means to the business. Leveraging agile change tools to visualise this (such as The Change Compass) can help immensely.

System-focused approach to build change capability in the organization

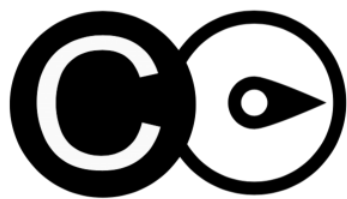
To truly build change capability within the organisation it is not sufficient to simply conduct a series of training programs.

Building individual change skills can be valuable, but not sufficient. The change practice also needs to design the right change governance, meetings/routines within the operating rhythm of the organization so that key stakeholders have the right focus is discussing and understanding change. Just by having the agenda to discuss what is changing can produce dramatic results in stakeholder engagement and readiness for change.

Effective conversations should also be supplemented by change data to make it more meaningful and specific. Business decision making can also be better facilitated with the right change governance process.

The change practice should also not limit their work to focus on project delivery. To truly drive systemic change in an organization's capability change professionals need to work on setting up the businesses' capabilities in understanding, planning for, and embedding changes within their own areas. Again, this is not just about individual skills, but about having the right routines, governance, access to data, engagement channels, and roles and responsibilities. Helping the business to own and drive change means that they are much more capable of managing a range of multiple changes.





**The
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Compass**

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