ARE YOU READY FOR CHANGE?

A C-suite guide to building organisational change capability
For many CEOs there is a substantial discrepancy between the need for change and the ability of their organisation to deliver it.
Introduction

Socially, politically and economically, businesses are facing profound shifts in the way they operate and engage with their stakeholders and employees. Business leaders are well aware that they need to adapt to these changing dynamics if they are to achieve continued organisational success. A 2014 global survey of CEOs by PwC identified that in most areas of business, at least three quarters of CEOs acknowledge the need for change or are making changes, in response to global forces such as technological advances, demographic changes and shifts in economic power. However, only a minority of CEOs surveyed felt that their organisations are well-prepared for transformative change. Accenture’s 2010 High-Performance Workforce Study reported similar findings, with 48 per cent of the 674 executives polled globally admitting that they lacked confidence in their company’s ability to adapt quickly to service new markets and new or different customers.

As these global forces continue to shift and shape the business landscape, the demand on organisations and their leaders to ‘adapt or perish’ will exponentially increase. A changing landscape brings new and greater opportunities, but only those organisations which are agile and can execute change effectively and efficiently will thrive.
Introduction

In Australia, the pressure appears greater, with Australian CEOs reporting the strongest belief in their peer group that technology will be the biggest transforming trend for their business (91 per cent, versus 81 per cent for global CEOs). Yet, only half (45 per cent) are currently completing or have completed a technology investment change program.

This constantly shifting business landscape has led leaders to redefine what is meant by the term ‘change management’.

As change is now a constant phenomenon, organisations must become increasingly agile and be able to adapt at speed if they wish to flourish and succeed. It is therefore imperative and urgent that change capabilities become part of an organisation’s DNA. In Australia, this has become an obvious priority when we consider that the average CEO tenure in this country has declined to 4.4 years.

In a world of constant change, a concern for many executives we meet is ‘does my organisation have the capabilities to deliver all of this change while running our day-to-day business?’ These executives see a substantial discrepancy between the need for change in the organisation and the ability of their organisation to deliver it successfully.
Introduction

If we agree that the pace of change is likely to continue and increase it will mean that the time available to capture, interpret and act on information will get shorter and shorter. As a result, the case for improving the change capabilities of teams and empowering them to meet the demands of constant change is a strong one – in some cases the very survival of a business may depend upon it.

Charles Darwin observed that it is not the strongest of the species that survives, nor the most intelligent, but the one that is the most adaptable to change. In business as in nature, an organisation’s ability to constantly adapt to almost perpetual change has become essential to its success. Arguably, the ‘survival of the fittest’ theory will become even more relevant for Australian businesses in 2016 and beyond as the economy continues to strengthen.

To help your organisation operate effectively within the constantly shifting landscape of Australia’s business environment, this white paper provides a guide to embedding vital internal Organisational Change Management (OCM) capabilities, providing staff with career critical skills and equipping the organisation with the tools to deliver successful and sustainable change.

Ian Roughsedge
Managing Director,
Change Synergy
The discrepancy between the need for change and the capability to deliver it means that many change initiatives fail to meet the business case and the Return on Investment (ROI) envisaged.

At Change Synergy, we regularly see signs that organisations are struggling to cope with the sheer volume and complexity of change. This scenario frequently manifests itself at all levels of the organisation. Our observations are that:

- **Executives** often appear to have little time to track and reinforce initiatives once the strategy is announced and spend minimal or no time on reviewing, coaching and leading staff accountable for implementation planning. Having insufficient time, they delegate the execution of key initiatives to mid-level programme managers and other staff support groups. This in turn means that leadership for the change initiative is diluted or absent. Inevitably the change initiative loses urgency, momentum and credibility for those touched by the change.

- **Managers** can feel overwhelmed with the number of initiatives impacting them. They often need to grapple with executing the change in their function or business unit whilst at the same time dealing with the personal impact of the change on themselves and their teams. In our experience, Managers are frequently unskilled in leading change and lack role models who can provide them with assistance and support. They can feel deeply ‘out of control’.
• **Front-line** employees see numerous initiatives required from them. These appear to be ‘mandated from the top’. In addition to the description above about the impact of change for an organisation’s Manager community, front line staff feel a similar and real sense that they are not in control. For this group it appears that the change is being ‘done to them’. A negative side-effect of this scenario is that front line staff consistently report low levels of employee engagement to the frequent surprise of Executives.

Our experience is that change is often characterised in terms of success or failure, with few descriptors in between. The reality is infinitely more granular and complex.

In real life, change is rarely totally unsuccessful. It is far more likely that change projects will be at least partially delivered. There are very often “shades of grey” that are not acknowledged in the success-versus-failure equation.

What we see is that many changes are ‘installed’. This means that the new process, technology or structure has been put in place, usually on time, to scope and budget. However, the benefits of the project have not been realised nor the ROI achieved. Our investigations about this shortfall reveal a pattern – some support is given to the project for basic technical training, one-way communications with impacted employees and there are usually some penalties for non-compliance.
The missing link is attention and planning around how to ensure that the people impacted by the change have been engaged to the point where they have the necessary commitment and display the appropriate behaviours for the change to be successful.

In our experience, people can sometimes accept that changes are necessary because they feel that they have little choice in the matter or they may perceive that the new change will be better than the status quo. However, because so little attention has been put into building commitment, creating behaviour change or teaching new skills, successful implementation becomes difficult to achieve. The definition of implementation is that the initiative is in place, a critical mass of people are committed, are willing to change and will sustain their new behaviour to align with the needs of the change.

If a project does not achieve implementation it is unlikely to achieve the business case or the ROI that was initially predicted or anticipated. The shortfall will create a value gap between installation and implementation.

If we multiply the value gap by multiple initiatives that the organisation is working on, the impact to shareholders, customers and employees can be enormous.
There is a ‘value gap’ created by inadequate OCM capabilities.

The *value gap* shown in the Figure below, is the most compelling argument for developing an organisation’s OCM capabilities. Without an OCM process that helps people to adopt new behaviours and accept and take ownership of the change initiative, it will be very difficult to consistently achieve the organisation’s change goals.

Effective OCM capability is the critical bridge required to close the value gap between installation and implementation.
The most effective way to ensure your organisation can successfully implement change is to build your own internal OCM capabilities. This premise was substantiated in a recent survey conducted by Changefirst with over 2000 individuals. An overwhelming 84 per cent of respondents said that from their business experience, engaging and empowering internal teams within an organisation, function or business unit was the best and most cost effective way to successfully implement major change.

This finding is reinforced by the 2013 IBM Global CEO Survey, which canvassed the opinions of over 1700 CEOs from 64 countries (including Australia). IBM’s results reveal that CEOs have enhanced their definition of “work” in today’s enterprises. An additional component is a “powerful dose of openness, transparency and employee empowerment to the command-and-control ethos that has traditionally characterised the corporate structure.” In other words, benefits realisation for change initiatives will have optimum success if the organisation engages and empowers individuals within the entity to deliver the outcomes.

The Business Case

“Intelligence is the ability to adapt to change”

- Stephen Hawking

The Business Case
In our experience there are six main benefits to building internal OCM capabilities. Together these form the business case for investing in developing these capabilities within your organisation.

1. **Create a competitive advantage** – A change ready organisation is agile and able to execute critical organisational strategies quickly, efficiently and effectively.

2. **Improve employee engagement** – Building internal OCM capabilities places execution of initiatives with leaders at all levels of the organisation. It creates energised momentum to engage and empower employees.

3. **Deliver more successful change** – An agile organisation achieves higher ROI and success rates by closing the value gap between installation and implementation.

4. **Increase change capacity** – The more efficient and effective the organisation becomes at executing change successfully, the greater will be its capacity to manage increased change demand now and in the future.

5. **Maximise financial investment** – An organisation will save money by planning and executing change itself rather than using external consulting support which exits the enterprise upon completion of the change program. A recent Changefirst study found that for every $1 spent on change management in large scale projects, it can return up to $6.50 in benefits.

6. **Leverage business and career critical skills** – As change is the number one constant in today’s world, the initial investment in building internal OCM capabilities can be realised many times over. Skilled staff exponentially enhance and build their expertise in future years, which in turn benefits the individuals concerned as well as maintaining the organisation’s competitive edge.
Giving your employees the process, skills and tools to deliver effective organisational change
Organisations which have purposefully and strategically developed internal change management capability demonstrate specific characteristics that support organisational agility, enabling them to quickly embark on - and more successfully implement - change. Such organisations typically THINK differently - they focus and have an organisational mindset and behaviours that are more conducive to change - and INVEST differently - they embed processes and develop capabilities so their people are equipped to act. Change Synergy’s approach follows four key steps, taking into account the unique characteristics of each organisation:

1. **Structure and alignment** - Define the level of change management capability required, where the capability will reside, how it will be governed and importantly how it will align with other organisational systems, processes and infrastructure.

2. **Change management methodology** - Agree one framework and a common set of processes, tools and measures.

3. **Build skills** - Identify role-specific training that is required for leaders at all levels of the organisation. Educate change professionals, program and project managers in the methodology and how to apply it.

4. **Resilient employees** - Provide support and awareness for every employee, irrespective of their level in the organisation, to be able to manage themselves and support others during times of change.
Conclusion

The case for building strong internal OCM capabilities is an organisational imperative for business success.

Taking measures now to build internal OCM capabilities could potentially be the decisive factor in ensuring your organisation is not left behind in the wake of a rapidly changing and technologically advanced business world. It could even build the skills and create the competitive advantage to propel your business to the forefront of your industry.

We hope that this paper has reinforced to you the rationale for building internal OCM capabilities to ensure the success of your organisation. Additionally, we trust that it has stimulated your thinking and provided some useful direction on how to go about starting the process.

To learn more about how Change Synergy can support your organisation in building Organisational Change Management Capability please contact us via details on the back of this white paper.
References

1. Accenture (2010), The High Performance Workforce Study 2010, Accenture, USA.
About Us

We are passionate about helping you build a change capable organisation

Change Synergy (formerly Changefirst Australia) is a change management consulting and training firm that helps clients build the necessary change capability and capacity to realise the expected benefits from business critical change initiatives. We are a single resource for equipping organisations to not only survive but thrive in an environment of incessant change.

In Australia & New Zealand, Change Synergy works with some of the region’s most progressive companies including AGL Energy, Asahi Beverages, Allianz Insurance, Australian Unity and World Vision to name a few.

We believe in creating synergy - truly ‘change capable’ organisations have specific characteristics that support organisational agility, enabling them to quickly embark on - and more successfully implement - change. Such organisations typically THINK differently - they focus and have an organisational mind-set & behaviours that are more conducive to change - and INVEST differently - they embed processes and develop capabilities so their people are equipped to act. Creating this synergy is at the very core of what we do.

The team at Change Synergy has a passion for transferring skills, tools and processes to enable organisations to build a sustainable capability to manage change. We are professional consultants, designers and facilitators with a global reach and extensive market experience and we are surrounded and supported by a world-class team of exclusive partners such as Changefirst (People-Centred Implementation (PCI®) methodology and e-change® platform), Deakin University (Research) & Digital Playlab (Technology Solutions).

Change Synergy is a proud partner to the Change Management Institute (CMI) of Australia and New Zealand, and is the exclusive partner for Changefirst in Australia and New Zealand.