A Better Way for Change:
Delivering Results that Matter

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Whether it is banking, healthcare, or manufacturing, industries are undergoing dramatic shifts. Success will result from a deep understanding of new business imperatives and the ability to effectively navigate and sustain change.

Based on research from academics and large consulting firms (McKinsey, 2005), nearly 70% of business and technology change initiatives fail to deliver intended results. The most significant root causes are lack of effective change management and communication. In examining successful case studies, it appears a better way for change exists – one that delivers superior business results, enables a desired future state, and engages an organization's leaders and associates.

Leaders have choices about how to address required business change. They can either be reactive or proactive. They can either wait for something to happen, or plan for a desired future state. They can either inflict change and fight resistance, or communicate a compelling vision and engage key stakeholders for desired results.

With so much at stake in today's competitive landscape, it pays to follow the proven adage, "*Ready, Aim, Fire*", and not "*Ready, Fire, Aim*", the all too common

approach with unintended consequences. A bias for action is great; running faster down the same road and missing key opportunities is not the preferred way to achieve high-velocity execution. The benefit of "*planned*" change is a positive impact on brand, the ability to attract and retain top talent, and an organization's capability to execute strategy and gain a competitive advantage.

Outlined below is a powerful five-step planned change methodology to affect positive organizational change. It has been successfully used on numerous major change initiatives and works whether the change is a new business process, a new technology, or an associate-focused initiative. Organizations using this methodology produce faster, smoother transitions with improved outcomes including on-time, on-budget, risk-managed change initiatives.

The 5-C's of Planned Change

Organizations and human nature share an interesting dynamic when it comes to change. Simply stated, "*Change happens when we are dissatisfied with the way things are, have a sense something better can exist, and are willing to stomach the risk and disruption associated with the change.*" (Beckhard, 1992). In other words, does the organization have the need, the motivation, the buy-in, and the plan to successfully execute a desired change.

Implementing the following sequenced steps has proven effective in driving positive change and delivering intended results: 1) clarify the need for change, 2) determine the organization's capability, 3) make choices and manage risk, 4) create an action plan, and 5) ensure continuity of the change.

Figure 1. 5-C Planned Change Methodology [©]
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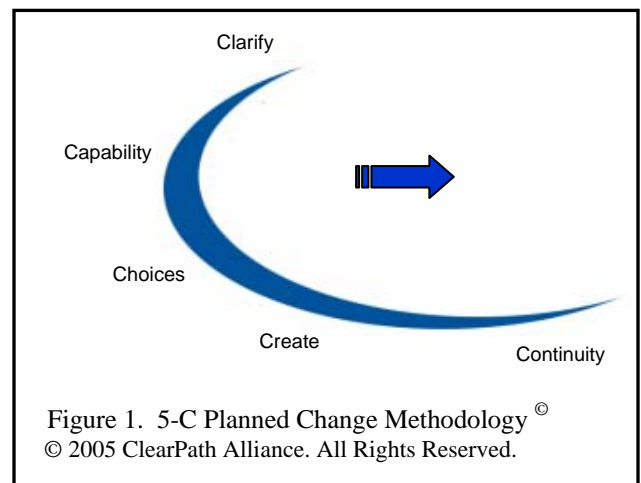
Clarify the Need

Embarking on any change effort, whether it is redesigning a core process to streamline back-office operations or upgrading a technology platform will inevitably affect the productivity of the organization. To ensure the right focus, at the right time, on the right opportunity answer the following questions:

- What are the specific issues and opportunities prompting the change?
- How is the change linked to the strategy and objectives of the organization?
- How will the change add value and/or improve the organization?
- Who are the drivers or champions of the change?

Clarity commits an organization's leaders to action. They will believe in the change if it makes sense, furthers the organization's goals, and adds value. Everything from regulatory compliance, technological advantage, and cycle time can be improved with a clear sense of direction, focus, and accountability.

An operations executive was faced with a huge challenge: "*hit the numbers*", prepare for significant industry shifts, and deliver new capabilities. They determined a radical business transformation was required. Regulatory changes, coupled with business partner cost allocation requirements, and the strategic intent to keep pace with competitors served as the rationale for change. There was alignment with the CEO and enterprise-level customer, associate, and shareholder goals.

The executive knew the change would result in significant cost savings over time, improved productivity, and enable incremental revenue opportunities. Pro-forma financials supported an acceptable payback timeframe based on opportunity cost and cash flow. The result was full and visible support from all levels of management to execute the change.

Capability of the Organization

A superior business strategy or initiative are merely great ideas unless they can be effectively rolled-out. Successful implement-tation requires the capability of people, process, and technology. However, capability also includes an organization's culture, resources, and systems. For example, learning what worked, and what didn't, on prior change efforts is invaluable to avoid repeating past mistakes

while utilizing key success factors for superior results. Each organization has a unique formula for successful change – the challenge is to surface and use it. To ensure the right fit, right resources, enabled by the right systems answer the following questions:

- Does the organization have the necessary values and culture to facilitate the change?
- Does the organization have dedicated assets to support the change?
- Does the organization have the required technology and/or processes to facilitate the change?
- Does the organization have the required leadership and associates to support the change?

Conducting After-Action-Reviews (AAR) of significant projects, such as installing image cameras, can yield rich data in surfacing the winning formula for change. It is important to withhold judgment while attempting to discover why things happened and the resulting outcomes.

For example, an AAR conducted by a leadership council uncovered their formula for successful change initiatives: engage opinion leaders across the organization, manage expectations, form a team with strong technical expertise, use a solid project management approach, engage knowledgeable business partners, and foster a culture of taking healthy risks based on facts and 70%-80% confidence levels. With this vital knowledge, they implemented an e-payment strategy resulting in improved margins and cycle time reductions in record time.

Choices and Managing Risk

Business imperatives that will impact organization performance require leaders and their associates to interpret data, make informed decisions, and take action. Often, even with agreement on "*the why*", there can be several

scenarios to consider regarding "*the what*". For this reason, it is essential to clearly define a desired future state with clear outcomes and deliverables based on stakeholder requirements, validated assumptions, and rigorous analysis. The challenge for leaders is to embrace uncertainty and make a deliberate choice based upon the "*best*" imperfect answer. To ensure the right agreements, based on the right trade-offs, with the right risk mitigation plans, answer the following questions:

- What will key stakeholders expect to be accomplished?
- What are the alternatives to be evaluated for the change?
- What might go wrong and the likelihood and impact?
- What has been decided?

The transaction processing division of a leading bank was faced with transformation due to new regulations. The needs and actions of customers, business partners, and competitors were assessed. A detailed future state was defined via a review of likely industry scenarios and market data. The organization's culture was assessed, along with key stakeholder requirements and associate skills. Industry position, operational risk, write-off expenses, and other key criteria were considered.

The leadership team then made choices and agreed on direction, timing, exposure, and risk mitigation. The result was a credible three-year business plan representing well over $100 Million in operating costs and initiative funding. The leadership team was focused, accountable, and inspired.

Create an Action Plan

Ultimately, it is the ability to translate strategy into action, "*the how*", that leads to success. High-velocity execution has three dimensions: 1) smart planning without wasting time, 2) getting results without wasting resources, and 3) improving while moving (aka, running the business day-to-day while changing). To execute on the right priorities, with the right blueprint, using the right oversight, answer the following questions:

- What is the ultimate desired future state and transition (midpoint) state?
- What needs to get done to implement the change?

- What progress is being made toward achieving the change?
- Who will hold authority and accountability for the change?

A product management team wanted to introduce a new system to centralize transactional data and customer information. The team defined what success would look like, including must-have functionality based on critical requirements and top priorities. They then built a phased timeline with milestones, critical deadlines, project sequencing and dependencies. The team secured required budget, internal Subject Matter Experts, and IT resources.

Key stakeholders were engaged early to secure visible commitment and support. Clients were informed which products would be phased out and why along with new solutions. Sales force education, commission plans, and other key people factors were addressed. Actionable metrics, business controls, and a project review process were established to provide timely feedback, oversight, and accountability. Their rigorous project plan was executed nearly flawlessly and they accelerated their go-to-market strategy launch by several fiscal quarters resulting in customer delight and revenue opportunities.

Continuity Counts

It is people who drive, design, and execute organizational change. As such, acknowledging the *psychological* processes (e.g., denial, resistance, adaptation, involvement) that individuals and teams go through when faced with significant organizational change is critically important. To ensure the right feedback for action, based on the right behaviors and goals, with the right communication, answer the following questions:

- How can we engage the head, heart, and hands (*I understand, I care, I act*) of our leaders and associates?
- What are the critical roles associated with sustaining the change?
- How will we align behavior and goals?
- How will we ensure positive momentum?

Successful change efforts anticipate and proactively plan for the dynamic reactions of diverse stakeholders. Organizational change happens one person at a time. To achieve positive momentum successful leaders build trust, gain support, and directly address associate impacts.

In the product management team example above, prior project execution success factors included: frontline leader feedback, stretch goals to challenge and motivate managers, continually testing for timing and direction, and delivering on promises as well as the numbers.

The team worked with experts to design a manager communication toolkit that helped tell the story. They also developed training curriculum and job aids, a relevant reward and recognition program, and celebration events. All these actions were designed to help associates migrate to the new desired future state with confidence, excitement, and purpose. Revenue targets were achieved, and internal business partners noted the buzz, excitement, and fun associates were having bringing the new platform to market.

A better way for change does exist to navigate new business imperatives. Organizations using the 5-C Managed Change Methodology produce faster, smoother transitions with improved outcomes and results that matter.

How compelling and executable is your change plan?

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