Organizational Change Management in Information Technology and Business Transformation Projects

White Paper

Helen A. Sims
M. Glenn Newkirk
Michele Lynch

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InfoSENTRY Services, Inc.
www.infosentry.com
919.838.8570

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Organizational Change Projects

A standalone project to bring about a wholesale change in the culture of a large organization rarely occurs. It is unusual for a Chairman of the Board, Chief Executive Officer, Chief Operating Officer, Chief Information Officer, the head of a nation's military, or the head of a governmental department to wake up one morning and say, "Our organizational culture is all wrong. We need to start a project to change it over the next five years."

It does occur. Most typically, a new head of a single department, such as finance, sales, or enterprise technology might come into their position to find a dispirited, demoralized, or under-performing organization. They start immediate steps to improve communications and re-build fractured trust. Small steps frequently produce short-term, positive results. Broader, lasting changes in these organizations usually take several years to take hold, even in small organizations of 40 or 50 people. (On the other hand, new, untested organization executives and managers can wreck a smoothly operating organizational unit in months, or even weeks. It does occur.)

Actual projects to bring about and manage organizational change typically occur within the context of larger projects. Organizational change management projects more often occur in conjunction with another organizational event or decision.

Examples of "events" are generational turnover at the top of the organization, the choice of a new C-level executive, the election of a new governor, or a natural disaster. In the past few decades, such change events have occurred observably because of a sudden, disruptive technological change that occurs in an industry.

Examples of "decisions" that generate a mandate for organizational change include a need to change an organization's technology to serve existing customers better, replace end-of-lifecycle software, lower operational costs, or expand into a new market. These decisions sometimes occur simply to ensure the organization's survival. Other times, they occur as part of the organization's drive to entrepreneurial growth, desire to serve underserved populations, intent to right a previous wrong, or commitment to improve stewardship of public funds.

Another decision that brings about major organizational change occurs when a C-level executive simply decides to "modernize" the enterprise's business operations or information technology. The decision occurs sometimes at a dinner or golf outing with an acquaintance in a technology company. It occurs sometimes out of embarrassment at business meetings with peers. It occurs sometimes because of foresighted planning for an organization's future.

Any one or combination of such events or decisions can stimulate a realization that an organization needs to undertake core cultural and structural changes in order to undertake a new mission, chart a new course, follow a vision, or meet a goal.

Regardless of the motivating event or decision, the result is a need to expand or replace existing business processes and the information technology infrastructure that supports and sometimes drives these processes.

A project is born. The Project Management Institute's **A Guide to the Project Management Body of Knowledge** ("**Guide")** definition of a project is "a temporary endeavor undertaken to create a unique product, service, or result." A project sponsor and governing board appear. The organization appoints or hires a project manager. The inevitable coterie of project team members, consultants, and contractors join the effort. There is an almost immediate focus on technology: software, servers, printers, laptops, tablets, smartphones, custom data entry/display devices, calibrators, manufacturing control devices, and inventory monitors…the list goes on.

A close look at most project plans, work breakdown structures, and workplans/schedules reveals an immediate focus on software development and software procurement, equipment acquisition and deployment, network buildouts, and data conversions.

However, the project frequently overlooks its most important component: a comprehensive strategy covering the people and the organizational structures through which the project will design, implement, control, and use all this new technology. The project's governing groups and project manager belatedly and often grudgingly pay attention to a broader treatment of the "people side of change" or the "soft side of change."

Occasionally, project executives and managers refer to these change processes in almost patronizing or dismissive tones. ("I attended a course or a consultant told me we need to deal with this people side of change while we work on the more important business processes and technology issues.") A common assumption among many organizations' C-level executives and IT project managers is that "We will plan it, we will tell 'them' the plans, train 'them' on the new systems, and 'they' will do it."

However, there is an increasing realization and body of research indicating that this top-down, command-and-control approach to project management is not a sign of good executive management. It is a key risk indicator for large IT/business transformation projects that often threatens their success.

Project managers with freshly minted certifications in project management often become so driven by the project's core areas of scope, schedule, budget, quality, and risk management that they overlook that what they are doing will change their organization. They often overlook the critical fact that they and the organization's C-level officers **must** change the entire organization, including themselves and the project management team, in order to succeed—if the project is worth doing at all. Even if they realize this basic fact of project management life, they are often clueless about how to "embrace the change"

and mold it to work for them, the success of the project, and the attainment of the project's vision.

Project sponsors, executives, and managers often overlook the critical fact that they must change the entire organization, including themselves and the project management team, in order to succeed.

Project quality and performance auditors also fall into the same organizational change management trap. Auditors conduct their project quality assurance reviews and performance reviews according to published guidelines, such as PMBOK® or PRINCE 2®, often giving solid marks on the main topics in those guides, only to see the project crash and burn because the project team overlooked, ignored, or possibly even resisted important organizational change management elements in the project.

The project seemed to be on scope, on schedule, on budget, and up to quality standards for quite a while. However, poor change management planning, implementation, and monitoring crushed the project's quality and stakeholder adoption.

Here are some key organizational change management indicators of a coming project failure.

- Project sponsors failed to provide effective executive leadership or commit sufficient, visible time to the effort.
- The project manager(s) effectively treated the sponsors like mushrooms: generally in the dark and occasionally spread with a thick layer of deceptively positive, high-level performance indicators—until presenting the sponsors or governance board with issues requiring difficult, "no other choice" decisions.
- Senior project managers created a hierarchical "command and control" communication structure that established communication silos and obstructed staff members' creative capabilities and motivation.
- Project team members did not have sufficient skills or commitment to the project.
- Key managers in the project and various stakeholder groups offered silent-but-deadly resistance to change.
- Other stakeholder groups actively created a resistance drag for the project.
- "Castle politics" in the C-suite or at the senior executive level wasted valuable time, led to ineffective resource allocations, and resulted in team member burnout and turnover.
- Inadequate up-front training resulted in delayed and ineffective adoption of new business processes and technologies.

(A sign by a cash register in a Norwegian coffee shop that applies its double meaning all too often in business transformation projects.)

The project's structures and core processes were visible according to the high-level project management guidelines. However, the underlying organizational change management tasks, activities, resources, deliverables, and milestones were missing or existed in name only in the project. The roots of the project's failure were in the broader failure of the project team's organization itself to change with the project. The change management failure translated into a project failure or into a "challenged" project…and no one could figure out what happened. The high-level project performance measurements were all "positive." The project newsletters pointed to success and contained pictures of happy stakeholders.

Then, the baseline schedule for key deliverables or project components slipped. The project scope crept upward, reduced downward, or became blurry. The budget started to go up in order to compensate for project delays, unforeseen stakeholder requirements, and increased product functional shortcomings.

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However, that is enough of dwelling on the "sad tale" histories of the majority of IT/Business Transformation projects. Many readers of this white paper might have already had the disquieting thought that we are beginning a forensic narrative about projects on which they have worked or are working.

The simple issue addressed in this white paper is that dedicated, competent, comprehensive management of organizational change management in projects is necessary, regardless of the technical and operational sophistication of the project manager and team. Planning, implementing, and monitoring organizational change management are imperatives for project sponsors and project managers. Without professional, personal attention to the necessities of change management, the project's hardware and software might still "Go Live." However, then the project underperforms significantly in attaining its quality expectations, meeting stakeholder requirements, keeping original scope commitments, and delivering the promised business value to stakeholders.

Many inside organizations and projects view change management as an outward-facing process. "How will we have to change ***others*** in order have a successful project?" They often relegate change management to the status of a set of occasional public relations

events, newsletters, and news releases directed to a relatively narrow audience with a purpose of convincing some stakeholders that everything is going fine. However, the real question of change management in IT/Business Transformation projects is "How will we have to change ***ourselves*** along with other project stakeholders in order to have a successful project?"

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Organizational Change Management's Key Elements

Fortunately, organizational behavioral theorists and project management practitioners have developed an increasing body of research and experience to provide useful organizational change management guidelines for IT/Business Transformation projects. A distillation of published literature[1], interviews with leading figures in organizational leadership and behavior, and experience in many large enterprise-wide IT/Business Transformation projects highlight the following dozen key elements for integrating successful organizational change management (OCM) into those projects.

[1] **A Guide to the Project Management Body of Knowledge** (Fifth Edition), Project Management Institute, 2013; **Government Extension to the PMBOK® Guide** (Third Edition), Project Management Institute; **Managing Change in Organizations: A Practice Guide**, Project Management Institute, 2013; **Best Practices in Change Management**, Prosci, 2012; **Change Management Maturity Model Audit**, Prosci, 2014; **A Sense of Urgency**, John P. Kotter, 1999; **The Fifth Discipline: The Art and Practice of the Learning Organization**, Peter M. Senge, 1990; **Visionary Leadership: Creating a Compelling Sense of Direction for Your Organization**, Warren G. Bennis, 1992; **Management: Tasks, Responsibilities, Practices**, Peter F. Drucker, 1985; **Leading Change**, John P. Kotter, 1996.

1. ***VISIBLE EXECUTIVE SPONSOR COMMITMENT.*** Resources responsible for change management work with the project's executive manager(s) to assure active, visible, supportive, constant, and demanding executive sponsorship throughout the project.
2. ***SHARED MISSION AND VISION.*** The change management team plans, initiates, implements, and monitors activities to sustain a shared mission and inspirational vision among all stakeholder groups.
3. ***SENSE OF URGENCY.*** The resources responsible for change management create, maintain, and communicate an appropriate sense of urgency among all stakeholders for the project's value and business case.
4. ***ORGANIZATIONAL DESIGN.*** The experienced organizational change management team, working closely with the project's sponsor(s) and senior-most project manager, defines, evaluates, and improves the organization's design and structures to create an environment that reinforces the project's mission and vision.
5. ***TRUST.*** Persons responsible for change management create and maintain strong trust among internal and external stakeholders.
6. ***COMMUNICATIONS.*** The change management team uses integrated structures, processes, and appropriate media to achieve reliable and effective communications that ensure stakeholders have the information they need to be fully involved and continually motivated to contribute to the project's success.
7. ***TRAINING.*** Change management personnel, often working closely with the project manager and the organization's human resources group, develop and continuously monitor comprehensive training in new processes and technology among all the project's team members and stakeholder groups.
8. ***CHANGE AGENTS.*** The change management team identifies and involves advocates and change agents from all stakeholder groups to support the project.
9. ***ENVIRONMENTAL MONITORING.*** Change management personnel continually monitor the project environment for changes that will have positive or negative impact on the project and takes information about those changes to governance and management groups in an accurate and timely manner.
10. ***LESSONS LEARNED.*** Change managers assist project stakeholders to document, distribute, and use lessons learned from past and present project activities, creating a continuous learning environment throughout the stakeholder community.
11. ***RECOGNITION AND REWARDS.*** The change management groups work with the sponsor(s) and project management team to use recognitions and rewards for project stakeholders who act to reinforce the project's success.
12. ***BEHAVIORAL CHANGE.*** Change management team members document and reinforce positive enterprise-wide behavioral changes required of all stakeholders--and identify and address behaviors that implement project success and quality.

These key elements, if adopted in a project's charter and management plan, can form the basis of an **actionable** strategy for incorporating organizational change management into an IT/Business Transformation project. As such, that basis can lead to an **auditable** list of tasks, resource allocations, deliverables, and milestones that quality and performance auditors can use in their work. It will allow the manager of an IT/Business Transformation project and the manager for a project's change management component to adopt a specific approach, such Prosci's model, and use it actively inside a project management framework, such as PMBOK®. It will help assure that the person in charge of the project's change management components is accountable for delivering measureable and successful results to the sponsor(s), project manager, and the project's stakeholders.

Another feature of these change management key elements is what legislators and attorneys might refer to as "non-severability." The condition of non-severability means that project executives and managers cannot "cherry-pick" only several of the key elements for purposes of a large IT/Business Transformation project's implementation. They must activate all of organizational change management's key elements effectively in order to increase the likelihood of project success.

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A most common situation occurs when project executives and managers decide that they do not need to operationalize all of these elements. They decide to "customize" the list and avoid several of the elements, usually the ones that are most difficult. They often argue the need to tailor the change management activities so they will fit in with the culture of the organization and its approach to project management. Of course, such an approach ignores that the purpose of change management is to change the organization's people, processes, and culture. After all, the phrase is "change management"—not stasis management or status quo management.

By structuring the project's change management efforts within the framework of the dozen key elements listed above, it becomes possible to document a clear project management context for the change management activities of the overall project. A clear crosswalk between industry-standard guidelines provides project sponsors, managers, performance evaluators, and quality assurance auditors with a clear, documented foundation for evaluating the performance of the persons responsible for organizational change management.

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Wow! If only the authors and editors of the PMBOK® **Guide** had thought of these key elements!

Well, actually, they did. There is no single chapter in the PMBOK® **Guide** with an "organizational change management" or "change management" title. However, a great deal of the substance of organizational change management, if not perhaps the style and a readily evident "task checklist," is in the PMBOK® **Guide**. In addition, PMI itself released in 2013 a companion practice publication, **Best Practices in Change Management**, dealing with the role of organizational change in project management.

The grid in Figure 1 demonstrates a strategic approach for integrating PMI's change lifecycle framework from its **Best Practices in Change Management** and change management's 12 key elements outlined above.

Figure 1
Strategic Connection between PMI's Change Lifecycle Framework and Organizational Change Management's Key Elements

	Project Management Institute Change Lifecycle Framework				
Change Management Key Element	Formulate change	Plan change	Implement change	Manage change	Sustain change
Executive sponsor commitment					
Shared mission and vision					
Sense of urgency					
Organizational design					
Trust					
Communications					
Training					
Change agents					
Environmental monitoring					
Lessons learned					
Recognition and rewards					
Behavioral change					

The graph provides a strategic approach to planning, managing, measuring, and auditing change management in the context of an IT/Business Transformation project management lifecycle.

Thoroughly developing and understanding this strategic approach is necessary to the implementation of change management in an information technology/business

transformation project. However, the development and understanding of the change management approach alone is not sufficient. What is necessary is putting in place an organizational design, structure, and team to make the change management approach happen in the project's tactical reality.

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Moving ahead to the tactical level, InfoSENTRY has developed two tools to assist its clients in managing organizational change management efforts within their overall project management structure.

The first of these tools, OCMdbase™, is a database of crosswalks between change management's 12 key elements and change management activities listed in the PMBOK® **Guide** (Fifth Edition) and PMI's **Managing Change in Organizations: A Practice Guide**.

Table 1 provides samples of PMBOK® chapters and sections in the OCMdbase™ that speak to the 12 key organizational change management elements.

Table 1

Organizational Change Management Key Elements/PMBOK® Crosswalk Example

OCM KEY ELEMENT	PROJECT MANAGEMENT DOCUMENTATION SOURCE	SPECIFIC SECTION	TEXT NOTATIONS FROM PROJECT MANAGEMENT DOCUMENTATION
Executive Sponsors' Commitment	PMBOK5*	2.2.3	The sponsors' active and visible support of the change from initiation to completion is important to ensure a successful outcome.
	MCO**	3.5.4	Successful change management requires a large commitment from an organization's sponsors and involvement throughout the project.
Shared Mission and Vision	PMBOK5	5.3.1	Change Strategy depends on translating the vision and mission into a strategic plan.
	MCO	3.2.1	Organizational Strategy must encompass the organization's Vision, Mission, and Values.
Sense of Urgency	PMBOK5	2.2.2	There must be a comprehensive, consistent method of controlling the project and ensuring its success.
	MCO	4.3.1.1	The organization must assess the sense of urgency in the organization for change throughout the project.
Organizational Design	PMBOK5	2.2.2	Governance role is to provide the structure and framework for success of the project.
	MCO	5.3.1.2	The organization should not be arranged in independent subgroups, but must consist of clearly integrated structures and roles for all stakeholders.
Trust	PMBOK5	X3.9	Establishing trust across the project teams and stakeholders is critical to project success.
	MCO	2.5	Trust is particularly important to ensure support and participation in reaching project successful completion.
Communications	PMBOK5	10	Communications must ensure timely and appropriate planning, collection, creation, distribution, storage, retrieval, management, control, monitoring, and disposition of project information.
	MCO	2.3.1	Change models use communications in order to gain support for the change and encourage buy-in.
Training	PMBOK5	9.3.2.2	Activities and tasks must be designed to enhance the competencies of the team and scheduled in the project plan.
	MCO	5.3.1.3	Training for all roles in the organization must be created in order to build organizational knowledge.
Change Agents	PMBOK5	13.2	Effective engagement of stakeholder throughout the project lifecycle must be based on their interests, needs, and impact on the program.
	MCO	2.2.3	Change agents are active proponents and drivers of change and important to project success.
Environmental Monitoring	PMBOK5	4.4	Continuous monitoring must be maintained to gain insight into the health of the project and identify areas that require special attention.
	MCO	2.2.3	The organization must ensure change management activities are initiated, monitored, executed, and evaluated by specific functions and activities.
Lessons Learned	PMBOK5	2.4.1	It is important to incorporate lessons learned into a knowledge base and maintain lessons learned throughout the project.
	MCO	3.5.1.5	The organization needs to capture, share, and review lessons learned throughout the project.
Recognition and Rewards	PMBOK5	9.3.2.6	Recognize and reward desired behavior as part of the team development process.
	MCO	3.5.2	The organization must provide adequate rewards to those stakeholders who accomplish the change.
Behavioral Change	PMBOK5	9.3.2.4	The organization must set clear expectations for rules of acceptable behavior (code of conduct, communications, working together, meeting etiquette) and the shared responsibility for maintaining the rules.
	MCO	3.5.4	To make organizational change effective, leaders change first and set an example for the organization.

*PMBOK5 refers to "A guide to the Project Management Body of Knowledge (Fifth Edition)." Published by the Project Management Institute.

* MCO refers to "Managing Change in Organizations: A Practice Guide." Published by the Project Management Institute.

The second of these tools, OCMwbs™, is a template for including “nested” change management tasks in a project’s work breakdown structure and subsequent detailed schedule. Project schedules for large IT/business transformation efforts often reside in large software packages such as Microsoft’s® Project. InfoSENTRY’s template assists in placing nested, interdependent tasks into major project schedule software packages to facilitate managing organizational change management tasks, resource assignments,

deliverables, and milestones—and integrating them into a project's overall project management plan, workplan, and schedule.

Conclusion

IT/Business Transformation projects fail as often as they do in large part because they simply overlook the amount of "the people side of change" required for the effort. Project managers often overlook organizational change management's basics. They underappreciate change management's complexity. They fail to establish and use the structures, processes, and deliverables for organizational change management that are already in published project management guides.

However, projects do not need to fail largely because of missing or flawed change management components. Effective application of organizational change management principles in IT/Business Transformation projects does not need to be a daunting effort. In order to improve the likelihood of a project's success, change management methodology should be just as ingrained in your project management culture and structure for large IT/Business Transformation projects as are your financial, engineering, governmental, or scientific standards.

InfoSENTRY's Role in OCM for IT/Business Transformation Projects

InfoSENTRY has worked frequently in a variety of project management and quality assurance roles in large IT/Business Transformation projects. The firm's project management practitioners have managed organizational change management activities in IT/Business Transformation project implementations for private sector enterprises and public sector agencies in the US and Europe.

InfoSENTRY has conducted quality audits of OCM components of IT/Business Transformation projects with total implementation costs ranging from $5 million to $400 million. InfoSENTRY typically deploys on our project teams certified project managers, certified organizational change management professionals, and certified quality auditors who can audit projects against published industry guidelines or against an organization's own internal project management standards.

InfoSENTRY has developed an OCM/PMBOK® **Guide** crosswalk database (OCMdbase™) tool and a work breakdown structure and scheduling template (OCMwbs™) that we use to assist our clients in managing their OCM efforts in alignment with PMBOK® and other project management guidelines. It also assists us in auditing organizations' OCM efforts against the leading industry guidelines for project management and OCM efforts.

For more information on organizational change management projects or structuring OCM in your IT/business transformation projects, please contact Helen Sims at helen_sims@infosentry.com or call Helen at +1 919.810.6612.

Helen Sims is Vice President of InfoSENTRY. She is a Certified Quality Auditor (CQA), a Certified Connective Leadership Practitioner, and has completed the Prosci Change Management Certification.

M. Glenn Newkirk is President of InfoSENTRY. He is a Certified Business Continuity Professional, a Certified Business Resilience Auditor, and a Certified Software Project Management Professional.

Michele Lynch is a Business Analyst and Certified Quality Auditor (CQA) at InfoSENTRY.

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