

# The Executive JOURNAL™



THE CORPORATE L.I.F.E. CENTRE INTERNATIONAL INC.

## Making Change Work

**For its survival, the enterprise of the future must prepare itself as the pace, variety and pervasiveness of change continue to increase.**

A recent IBM Global Making Change Work Study explored differences in how change was implemented by over 1,500 practitioners worldwide, starting with the awareness that very few organizations do it well. The study focused on how to close the change gap.

IBM conducted surveys and face-to-face interviews with project leaders, sponsors, project managers and change managers from many of the world's leading organizations.

The study investigated the real-world experiences of these project leaders responsible for a wide range of projects, including small and large-scale efforts intended to execute strategic, organizational, operational and technology based change.

The study examined how organizations can manage change and identified strategies for improving outcomes.

Most CEO's consider themselves and their organizations to be executing change poorly, but some practitioners have begun to learn how to improve their outcomes.

According to the practitioners, on average, 41 percent of projects were considered successful in meeting project objectives within planned time, budget and quality constraints, compared to the remaining 59 percent of projects which missed at least one objective or failed entirely.

The study found that achieving project success does not hinge primarily on technology - instead, success depends largely on people. But what is more illuminating is the discovery that four common factors helped these practitioners address their greatest project challenges.

When used in combination, these factors provided a synergistic benefit that was even greater than the sum of their individual impacts, resulting in higher rates of project success:

- **Real Insights, Real Actions.** Strive for a full, realistic awareness and understanding of the upcoming challenges and complexities; then follow with actions to address them.
- **Solid Methods, Solid Benefits.** Use a systematic approach to change that is focused on outcomes and closely aligned with formal project management methodology.
- **Better Skills, Better Change.** Leverage resources appropriately to demonstrate top management sponsorship, assign dedicated change managers and empower employees to enact change.

- **Right Investment, Right Impact.** Allocate the right amount for change management by understanding which types of investments can offer the best returns, in terms of greater project success.

These four change-related focus areas are represented graphically as four facets of what is called the Change Diamond. Neglecting even one area can inhibit change excellence.



It is vital that organizations define the change management strategy and develop plans to smoothly implement it. Some ideas to effectively manage organizational change are:

- Optimize organizational response to market opportunities and threats
- Plan long-term broadly and focus on detail for establishing and measuring delivery of immediate actions for the short to medium term plans.
- Get the vision right and get the team to establish a simple vision and strategy and to focus on emotional and creative aspects necessary to drive service and efficiency.
- Build a guiding team to get the right people in place with the right emotional commitment, and the right mix of skills and levels.
- Ensure that responsibility for managing change is with management of the organisation - they must manage the change in a way that employees can cope with it.
- Establish objectives, new actions and processes for the team and ensure understanding, involvement, plans and measurable targets.
- Empower people throughout the organization to find their own solutions and responses, with facilitation and support from managers, and tolerance and compassion from the leaders and executives.
- Adjust recruitment, training and development to accelerate the development of people who contribute positively to a culture of empowered dynamism.
- Communicate the change strategy and agreed processes to ensure that everyone in the organization receives the right message at the right time and are aligned to the change.
- Link personal objectives and incentive compensation at all levels to the change strategy and desired goals and initiatives.
- Monitor, test and adapt the change strategy and related goals and objectives.

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## We Survived 2008 - What Next?



The New Year is approaching, traditionally a time for taking stock of the year that was and making predictions about the years to come.

Last year at this time, some may have foreseen a tough year economically, some foretold of a recession, but few foresaw the devastation we actually experienced in 2008. Looking back though, there were some clear warnings:

The Economist magazine had been publishing dire warnings of a housing price collapse for about three years, and Warren Buffet had famously described collateralized debt securities as "weapons of financial mass destruction". Obviously, many people left such warnings unheeded, until it was too late.

Yet many other predictions proved unfounded. Professional economic prognosticators tend to err on the side of caution, at least in public. Highly paid stock-pickers continue to lose out to random selections made with a dartboard.

As business executives, we are faced with the difficult challenge of making assumptions about the evolving business landscape. Clearly, 2008 was a year of great upheavals, and the business environment will be very different in the years ahead as a result. Here are five not-so-bold predictions about what some of these changes may be.

**1. Confidence will be restored slowly.** The collapse of the world's stock market in 2008 demonstrated once again an age-old axiom about human behaviour: Markets are built on trust and driven by greed and fear; the trust and greed gather slowly, accelerating over time, like a snowball. Fear spreads with lightning speed. The bank runs, market panic and credit freeze were symptoms of a loss of trust followed by fear. The loss of trust resulted from an excess of sophistication, irresponsible deregulation and a loss of transparency. That trust will take time to be rebuilt.

**2. There will be more taxes, and more regulation.** Our headlines are dominated by news of government bail-outs. First, these were to systemically important institutions like banks and insurance companies, then later to industrial giants politically deemed 'too big to fail'. These handouts will come at a price. Some of this price will be paid by us all, in the form of higher taxes. Taxes have been declining steadily for years, but this trend is now likely to head the other way.

Increased regulation is often seen as another form of tax. Some of these some new regulations, especially in the financial sector, are clearly needed to restore trust to the system. Whether these regulations are truly effective or simply a public relations salve remains to be seen. In any case, increased regulation is probably unavoidable.

**3. Young people will change their career choices.** For many years, the huge salaries offered by the financial sector have attracted a disproportionate percentage of our best and brightest young people. Now, it is likely more of them will choose to become engineers and teachers instead. This is probably a good thing.

**4. Older people will work longer.** For some time labour shortages have been apparent, especially in certain professions (accounting and medicine are two examples) as a result of changing demographics. These shortages have been made worse by a trend for people to retire at an ever-younger age. The loss of retirement savings in this year's market debacle will likely reverse this trend, at least in part, since many people will be forced to delay their retirements in order to restore their savings.

**5. More people will be self-employed.** Labour markets have become more flexible over the past two decades. Professionals increasingly work from project to project, not position to position. Their loyalties tend to be toward their own body of knowledge, and the peers who understand and respect that knowledge, rather than to the managers and employers they report to. This is especially true in information technology, but the trend is evident in many other professions as well.

This trend is already statistically significant: the number of Canadians reporting at least some self-employed income on their tax returns has increased by about 7% per year through the last decade. This trend will likely accelerate in a recession as older workers are laid off and then, unable to afford retirement because of their diminished savings, take on more part-time and occasional assignments.



The Nobel prize-winning physicist Neils Bohr once said "Prediction is very difficult, especially about the future". It doesn't take a genius to notice that the world is changing at an ever-faster pace. It is likely that 2009 will see many unpredictable events. In a later edition, we will discuss some risk-management techniques intended to help you map out and address the risks that can be foreseen.

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