Defining the Value of Change Management

- a Prosci® webinar delivered by proacteur
## Agenda

<table>
<thead>
<tr>
<th>Foundation of Change Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling Pink’s ABCs</td>
</tr>
<tr>
<td>Value Proposition</td>
</tr>
<tr>
<td>Context</td>
</tr>
<tr>
<td>Perspectives</td>
</tr>
<tr>
<td>CMROI</td>
</tr>
<tr>
<td>SUP</td>
</tr>
<tr>
<td>Costs/Risks</td>
</tr>
<tr>
<td>Language</td>
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<tr>
<td>Probability</td>
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Successful Change Requires Both the Technical and People Sides

- **Technical Side**
  - Design
  - Develop
  - Deliver

- **People Side**
  - Embrace
  - Adopt
  - Use

- **Current state**
- **Transition state**
- **Future state**

- **Results Outcomes Success**

- **Foundation**
  - Selling
  - Pink’s ABCs
  - Value Proposition
  - Context
  - Perspectives
  - CMROI
  - SUP
  - Costs/Risks
  - Language
  - Probability

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The achievements of an organization are the results of the combined effort of each individual.

Vince Lombardi
An organizational move to a future state

Requires individuals to reach their own future state
Failed individual change results in failed organizational change

“Swiss cheese”
Future State

- = Lower ROI
- = Less Benefit Realization
- = Unachieved Improvement
- = Not What We Expected/Hoped For
An email on Monday for training on Tuesday for launch on Wednesday is **NOT** the way to prepare and equip individuals to successfully change
Change management:

Preparing, equipping and supporting individuals through the change journeys they experience as part of your organization

Capturing people-dependent project ROI
You are selling change management

Why It Matters To You!

Leaders

Internal

External

Project Teams

Pink’s ABCs

Value Proposition

Context

Perspectives

CMROI

SUP

Costs/Risks

Language

Probability
What We ARE NOT Selling

- Communications
- Training
- Assessments
- Templates
- Stakeholder Analysis
- Manipulation and Spin
- Magic in a bottle

What We ARE Selling

- Pink’s ABCs
- Value Proposition
- Context
- Perspectives
- CMROI
- SUP
- Costs/Risks
- Language
- Probability
What Success Looks Like

- Buy-in
- Mindshare
- Approach
- Resources
Daniel Pink’s New Selling

old

ABC

Always

Be

Closing

ew

ABC

Attunement

Buoyancy

Clarity
A positioning statement that describes for whom you do what uniquely well

- Michael Skok

1. Target “buyer”
2. Their problem
3. Your solution
4. Better than the alternative

What keeps them up at night?
What gets them up in the morning?
How do they define personal success?
What is their experience with CM?
Objections to CM?
Priority is a function of context.

Stephen R. Covey
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People don’t buy a quarter-inch drill bit, they buy a quarter-inch hole. You’ve got to study the hole, not the drill. The drill is just the solution for it.

Theodore Levitt (Leo McGinneva)
CMROI: X% of expected project benefits are directly tied to employees adopting and using the change; change management’s value is delivering that portion of benefits.

SUP: The expected project benefits depend on how quickly (speed of adoption), how many (ultimate utilization) and how effectively (proficiency) employees do their jobs the new way.

Costs/Risks: The expected project benefits are diminished by avoidable costs (inefficiencies) and mitigatable risks resulting from ignoring the people side of change.

Language: All of the above... results, benefits, objectives, success, ROI

Probability: The expected project benefits are more likely to be achieved, on time and on budget, with effective change management according to industry data.
Directly connect CM impact to project results, benefits and objectives

No longer “resource for CM” – becomes “resource for X% of project results”
For your project, estimate the percent of overall results and outcomes that depends on employee adoption and usage:

How much are you investing (budget, people, energy) in driving and supporting employee adoption and usage:
Change management is how you capture people-dependent ROI

Gartner BPM Summit
Dec 12, 2014

Prosci Webinar
Feb 11, 2015
Now, think about a portfolio

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<th>Change Initiatives</th>
<th>Dependent on Adoption and Usage</th>
<th>Invested in Adoption and Usage</th>
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The Human Factors that Determine the Financial Return or ROI

Speed of Adoption
How quickly are people up and running on the new systems, processes and job roles?

Ultimate Utilization
How many employees (of the total population) are demonstrating “buy-in” and are using the new solution?

Proficiency
How well are individuals performing compared to the level expected in the design of the change?
SUP Impact – Expected vs. Poorly Managed

Proficiency contributes to the “height” of each benefit, including the ongoing benefit after implementation.

The height of the benefit after implementation is finished is based on ultimate utilization.

The slope and shape are determined by speed of adoption.
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<th>Assumed</th>
<th>With poor change management</th>
<th>With effective change management</th>
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<tr>
<td><strong>Speed of Adoption</strong></td>
<td>X%</td>
<td>↓</td>
<td>↑</td>
</tr>
<tr>
<td><strong>Ultimate Utilization</strong></td>
<td>Y%</td>
<td>↓</td>
<td>↑</td>
</tr>
<tr>
<td><strong>Proficiency</strong></td>
<td>Z%</td>
<td>↓</td>
<td>↑</td>
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<tr>
<td><strong>Resulting ROI</strong></td>
<td>f(X,Y,Z)</td>
<td>↓</td>
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Those who trust to chance must abide by the results of chance.

Calvin Coolidge
We apply change management to mitigate risks and reduce costs

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<th>Risks</th>
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<td>Individuals</td>
<td>![Icon]</td>
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<td>Project</td>
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<td>Organization</td>
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The RE costs:

- REwork
- REdo
- REtrain
- REDesign
- REScope
- RETreat
### Costs:

To the **project** if we do not manage the people side of change well
- Project delays
- Missed milestones
- Budget overruns
- Rework required
- Loss of work by project team

To the **organization** if we do not manage the people side of change well
- Productivity plunges (deep and sustained)
- Loss of valued employees
- Reduced quality of work

To the organization if this change **does not deliver the results** we expect
- Lost investment in the project
- Lost opportunity to have invested in other projects

### Risks:

- Resistance – active and passive
- Project put on hold
- Resources not made available
- Obstacles appear unexpectedly
- Project fails to deliver results
- Project is fully abandoned

- Impact on customers
- Impact on suppliers
- Morale declines
- Legacy of failed change
- Stress, confusion, fatigue
- Change saturation

- Expenses not reduced
- Efficiencies not gained
- Revenue not increased
- Market share not captured
- Waste not reduced
- Regulations not met
If you talk to a man in a language he understands, that goes to his head. If you talk to him in his language, that goes to his heart.

Nelson Mandela
In the Words You Use

**Communications**
**Training**
**Stakeholders**
**Resistance**
**Resilience**
**Assessments**
**Templates**

**Return on Investment**
**Benefit Realization**
**Results**
**Outcomes**
**Objectives**
**Sustainment**
Guiding people through personal change impacts
Tools and process to move people through change
Moving people from current to future
Helping people get from a to b
Moving people from point a to point b
Navigating the undulating floor
Facilitating transitions with finesse and insight

Mobilizing People
To Deliver Results

Success through people
Managing people side of change to drive results
Changing behaviors to achieve business needs
Individual transitions that generate org change
Better business outcomes through people
Faster ROI through leading people through change
Turn business objectives into behavior change

Helping people maximally adopt and use
People side of change
Helping people to make a difference
Making things better for people
Identify and manage people risks
Making people willing and able to change
It means effectively moving people to success

Helping organizations get to their desired state
Structured process to produce results
Ensuring organization’s objectives are met
Producing results
Benefits realization
Making change stick
Delivering people-dependent ROI
Prosci research shows that effective change management drives outcomes.

Increase in likelihood of meeting objectives with excellent change management.

6x

Met or exceeded objectives
On schedule
On budget

Change Management Effectiveness

Poor
Fair
Good
Excellent

Probability
McKinsey study shows that “effective change management pays”

Top performers: 143%

Percent of expected value of initiative eventually captured by company

Worst performers: 35%

Percent of expected value of initiative eventually captured by company

\[ r^2 = 0.70 \]

*Company’s average score (on a scale from 1 to 5, worst to best) across all 12 change-management factors, n = 37 (does not include 3 outliers at high end of value-capture range).
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## Conclusions and Q&A

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Thanks for attending today's event

The presentation will be available on www.proacteur.com within a few days

For questions please email mka@proacteur.com

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