

Change Management - the key to Transformation



The situation

In today's disruptive business landscape, continuous improvement is a must, even just to stand still. So whether this means operational improvements, organisational and business model redesign or true transformation, employees must accept that change is normal.



The challenge

This ever-growing need for change is pitted against a backdrop of failure: "...about 70% of all change initiatives fail¹". This figure has been backed up by research² year after year. In 2018, an IDC report³ found that of the \$1.3 trillion spent on digital transformation an estimated \$900 billion went to waste. Despite this, annual digital transformation spend is forecast to be \$0.3 trillion a year⁴.



The key question

If transformation is here to stay, how do we position ourselves to succeed against such oppressive odds?

What do the experts say?

In theory, business has embraced the crucial importance of Change Management, yet in practice it is the first to be cut when budgets shrink. This is because true change management is really hard, requiring a deep, personal commitment from leaders, and the 'easy' option is to remove the 'external' change agents from the cost line.

To get it right the human side of change needs to be front and centre of our thinking and investment. And recognising the disciplines of Change Management is key to ensuring that Transformation works.

So what does good Change Management look like?

During planning, most leadership teams expect employees to react rationally during change. However, recognising this is often not true invites focus on root causes over superficial symptoms to drive truly transformative actions.

The most fundamental driver for our behaviour during change is whether we experience a threat or reward because - as human beings - we are programmed to need to feel secure, especially during disruption. Therefore, there are three outcomes that any change programme must deliver in order to achieve success:

- **Trust and trusted relationships:** we need to feel that we are heard and understood and that our leaders can be relied on to be honest and to have our best interests at heart.
- **Narrative:** we need to be part of a story that makes sense to us, that reflects shared values and purpose and allows us to predict what is going to happen next.
- **Agency:** we need to feel that we are in control of our destiny; that we have some say in what happens in our life.

1. Beer and Nohria, HBR May-June 2000 2. <https://www.mckinsey.com/business-functions/rts/our-insights/keeping-transformations-on-target>
3. <https://hbr.org/2019/03/digital-transformation-is-not-about-technology> 4. <https://www.idc.com/getdoc.jsp?containerId=prUS45612419>

Achieving these outcomes is not easy when the nature of change contains unknowns that make it hard to be clear about the future state. So, we need to look for opportunities to create these outcomes at all stages of change:

- **Make the change needed:** create awareness and a sense of purpose. Ask your people what are their biggest challenges and opportunities; you'll be surprised how often they mirror your own. When you communicate, reflect the language and messages you heard. Be honest, create clarity and link the change to resonant themes.
- **Get ready for change:** understand the impact of the change; employee experience maps and personas are a great way to do this. Assess their readiness and how to mitigate the cause of deep resistance factors. You'll also need to set up your change champions:

TOP DOWN from leaders - MIDDLE OUT from line managers - BOTTOM UP from change activists 'on the ground'.

- **Make the change happen:** the change plan and networks must align with the project plan, delegating the next level of design to the people responsible for delivering it. Feedback and your ability to listen and adapt are essential. Agile delivery is the perfect partner to change management as it creates quick wins and puts user needs and feedback at the centre of its delivery rhythm, ensuring that people are given the knowledge and ability to succeed in the new world.
- **Get ready for change:** maintaining momentum beyond the 'champagne moment' of core delivery is key to realising the full benefits of your investment. Mindsets, culture, behaviours and skills must adapt and be solidified through new ways of working to release long-term value from your investment. This requires reinforcement at each employee touchpoint (such as recruitment, promotion and performance review) and requires delegating the change away from the project team so that it becomes everyday.

Key takeaways

- Change and transformation is unavoidable in today's disruptive business landscape
- However, most transformation programmes fail to deliver the full value that they promise
- At the heart of this failure is the lack of attention to the human side of change
- Genuine focus on human behaviour through dedicated change management with senior leadership support will help you beat the odds and deliver success



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Natalie is a Consultant in the TBP network. She believes that people are the most important element in an organisation's strategy. 70% of change programmes fail & this is predominantly due to lack of focus on the people elements of delivering strategy. Whether it is achieving proper engagement and motivation, aligning and building organisational capability, developing high performing teams or driving long term behavioural & cultural change and ways of working.

Natalie supports her clients to design and deliver people initiatives that deliver a return on investment and embed and sustain strategic objectives.