



Change Management

Seminar 121 held at Simmons & Simmons, CityPoint, One Ropemaker Street, London
17th November 2005

Summary

Key Points

Leaders of change projects must:

- be the sponsors and champions of a credible vision in the eyes of the people
- secure the confidence of all stakeholders
- ensure that change is business driven
- balance the business benefits with benefits to the people
- invest in the front-end creation of a robust plan
- mobilise management transition teams, led by the best people
- ensure that a coherent communication strategy and plan are in place
- communicate, communicate, communicate: ideally face-to-face
- align and capture the hearts and minds of middle management
- set metrics and measure the effect of change
- not lose sight of the organisation's business targets – keep their eye on the ball
- deal with issues head-on
- make sure the necessary change is continuous and moves as quickly as possible

Introduction

Change is everywhere, and the choice for organisations is whether they manage it successfully or unsuccessfully. It arises for many reasons, for example because of a company merger or acquisition, new legislation, the emergence of new markets, or changes in stakeholder expectation.

The seminar explored the requirements and management of change projects: projects which do not display the physical attributes and deliverables normally associated with major projects, with an outcome which at the outset may not be clearly definable.

Change projects across a range of different organisations were looked at, both in the public and private sector. The overall message of the seminar was clear: there are no textbook solutions to the successful management of change projects.

Change leaders

Good leaders of change can be pivotal in the success or failure of a change project. They are individuals to whom the change team and all the stakeholders look for leadership. The task may be challenging and rewarding, but it can also be lonely and humbling.

In order to bind the change team together and so reduce the risk of project failure, good change leaders must sell a vision of where an organisation is going in a way that is engaging and convincing. This is not always an easy task: human beings tend to be averse to change because it engenders uncertainty, which is uncomfortable. Change leaders must allow others to challenge them, whilst getting the message across that the change is necessary. Trust and respect are vital, and a good change leader must balance business benefits with people benefits.

Change leaders must be:

- Good communicators
- Honest
- Charismatic
- Decisive
- Realistic
- Credible
- Well respected
- Empathetic

Why good leaders of change are valuable

So why are good leaders of change so valuable?

- Increase the likelihood of success
- Reduce the risk of failure to the change programme
- Accelerate the overall change programme
- Bind the programme team together
- Reduce the resistance and secure engagement
- Balance business benefits with the people benefits
- Make those impacted feel involved and engaged
- Develop those around the them
- Keep the impetus for the change going...especially through difficult times
- Enhance positioning of change programme – acting as an Ambassador
- Build & sustain confidence – from all stakeholders
- Drive out value for the business – they know it!
- Increase confidence for the next wave of change
- Champion change as an ongoing business reality

Encouraging good change leaders

It is important to spot latent talent and commitment early, so that a potential leader's capabilities can be encouraged and developed. The process requires coaching and mentoring, preferably by people who are already good at change management. At the outset there is a need to establish a relationship where a potential candidate feels safe enough to ask for advice and knows that he or she will be given honest feedback.

Once in charge of a change project, leaders should be nurtured and cherished because they will probably only (and probably should only) last a short time in such a role before moving on to something else.

Change projects: case histories

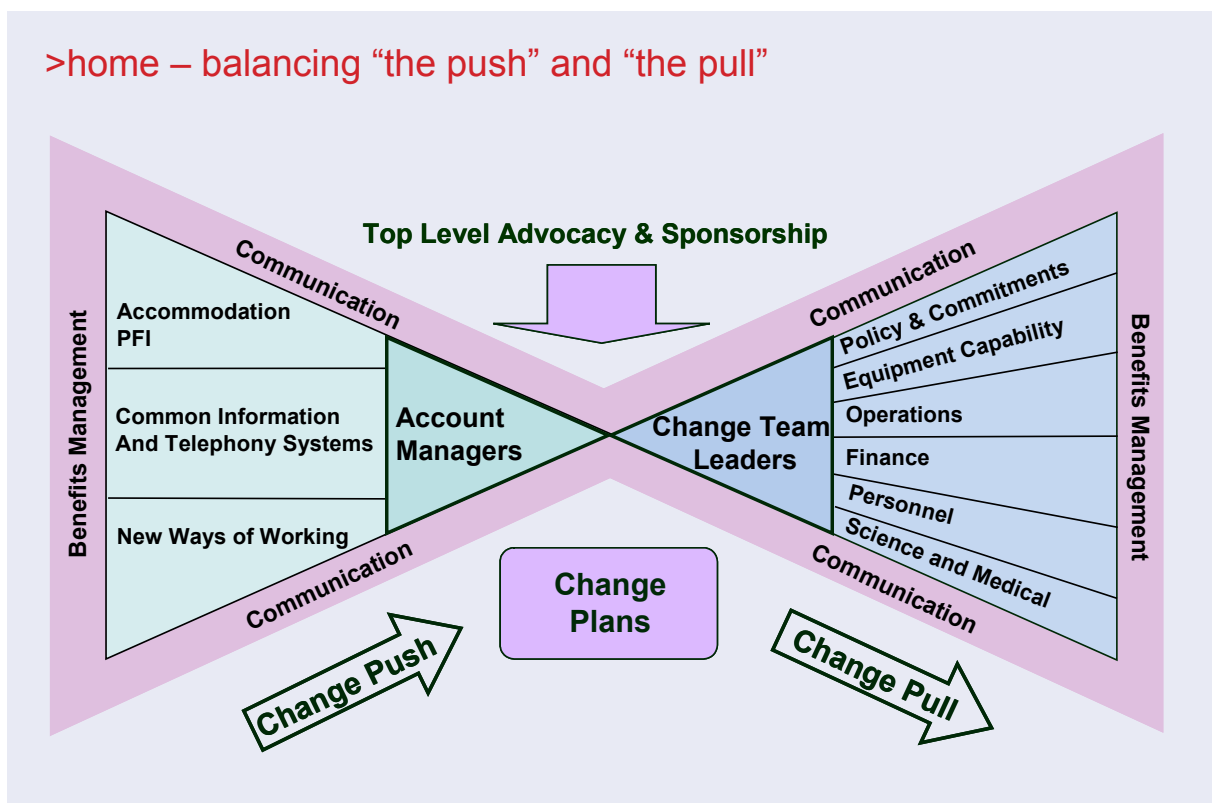
1. The Ministry of Defence (MOD) '>home' programme (head office modern environment)

The MOD's head office was effectively spread between several buildings in London, all becoming increasingly unsafe and expensive to run. The decision in 2000 to transform the MOD Main Building office in Whitehall from a dark, dirty, decaying building to a bright, open-plan working environment with a new information system provided the catalyst for organisational and behavioural change. New leadership at the top of the organisation then provided the impetus to bring together the building, IT and the people into one integrated programme of behavioural and cultural change at head office. The >home programme's vision, defined in 2003, was: 'A better building, that is better equipped, with better processes and working practices, producing a well motivated head office giving direction and support across defence.'

A management benefits framework was drawn up that helped to map the steps needed to deliver real and measurable change. For example, with nearly 3,300 head office staff, it was imperative that everyone understood and accepted the need to take part in the change. A coherent communications strategy provided information to all staff through a variety of media, workshops, conferences and contact points, where concerns could be raised.

Success for the programme was achieved with the help of visible and active leadership, central team 'push' under the account managers and business area 'pull' under the change team leaders.

The path of change:



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2. The merger of Babbie with Jacobs Engineering Group

Babbie, a successful multidisciplinary consultancy, started in Glasgow 1895. In August 2004 it merged with the American consultancy, Jacobs, to become Jacobs Babbie, the UK infrastructure arm of the Global Jacobs Engineering Group, one of the world's largest and most diverse providers of professional technical services.

The goals of both companies were closely aligned: for instance they were both seeking to be more dominant in the UK, there was a shared aim in building good long term relationships with customers, a willingness to organise the company around the people in it and a desire to drive down costs. Integration of IT systems, sales and client management systems was necessary as was a reconciliation of the two different financial processes.

Communicating the message of change across to the staff quickly was achieved by the participation of top management from both sides. Transition teams, with representatives from both companies, were set up to cover all aspects of the transition process under the supervision of two key operations managers.

The process covered:

Transition teams

- Finance
- Information Systems
- Human Resources
- Health and Safety
- Quality Management
- Sales
- Property
- Legal and Contracts
- Risk and Insurance
- Communications
- 3 Operational Business Centres

In hindsight it was felt that more resources should have been dedicated to communication, rather than trying to slot this into everyday business activities, whilst greater front-end planning of the IT changes would have helped to mitigate the effect on staff morale. On the plus side, incorporation of well honed Jacobs sales and client management systems has given rise to significant benefits, for instance opportunities in the nuclear industry.

3. The creation of HM Revenue & Customs (HMRC)

In April 2005, following the recommendations of the [O'Donnell Report](#), Inland Revenue and HM Customs and Excise amalgamated, creating HM Revenue and Customs (HMRC), an organisation with some 98,000 staff and 900 offices around the UK. The merger was designed to save costs in the collection of revenue in a new organisation driven by common values and purpose. A largely public facing operation, HMRC required improvement in standards and service quality, better segmentation of customer information and the development of an ethos of continuous improvement.

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Key factors in the change programme involved upgrading the electronic services infrastructure, more centralisation of processes and a performance culture embedded across the whole organisation. Measures to improve communication included the formation of a new Communications Directorate, the production of an in-house magazine, workshops for all department managers and the director's 'hot seat' question time. An important measure was the distillation of the main change messages to a handful of themes, with performance and efficiency at the heart, supported by the values guiding working practices.

Human Resources (HR) were responsible for reconciling different sets of pay and grading structures and are now concentrating on an assessment programme for senior appointments.

Strong leadership, strategic focus, regular reviews and continuous learning have been critical factors in delivering a change programme that involved building the new organisation quickly, and keeping business as usual whilst looking to the future. Some elements have taken longer than expected, for instance the scale of the organisation meant that to maintain performance, some teams had to remain unchanged for the first few months of the programme. However, as the programme moves to the next stage there is confidence that it is starting to produce results.

4. Restructuring Network Rail

The challenge for Network Rail was to transform a business that was regional, dispersed and inefficient into one that was national, cohesive, slimmer and much more efficient. It was a change programme with high public visibility, in an organisation in which there was already tension over change, and which was obliged to maintain operational activity, with no 'downtime'. Putting the 17,000 maintenance staff back in-house was an important element of the programme, a large part of which involved exiting existing contracts and arranging compensation.

The programme was largely planned offsite over a three month period, analysing all possible risk scenarios to maximise chances of success. A multi-disciplinary team questioned the plan on a daily basis, and communicated regularly from the board to the frontline. With the sponsorship of the Deputy Chief Executive, the team was given a free hand in implementing the programme.

Many important lessons about programme management and team motivation were learnt during the project, including:

- Describe where you are going but don't labour a vision
- Get the best people in your team
- Work hard on 'esprit de corps'
- Build a weapons-grade plan and question it constantly
- Deal with issues head on

Analysis

An analysis of the day's proceedings brought out various themes, paradoxes and questions about change management:

- How does the level and type of change make a difference?
- Can major change be separated from 'business as usual'?
- Is organisational change prescribed, or more emergent?
- Do we understand the role of all the 'agents'?
- What does 'best practice' really mean?
- If you are at the coalface of change, or a consultant helping to bring about change, do you understand exactly where you fit in the scheme of things?
- Do you understand your role in a potentially complex system and what it is you can hope to influence?
- Do you understand the context?
- What can you do to help the process? (That will differ depending on what power you really have and where you are in the programme)

Conclusion

Leaders of change are vitally important in any change project, but there is only so much they can do. They must have the right people in the change team, and there has to be a critical mass of people inside the organisation who are on their side and who are prepared to work and produce momentum for change, bringing other employees with them.

Leaders must listen, and must also remember that change can bring about job losses that impact on people and communities and which may well affect people's attitudes to change.

Participating organisations

Arup
Balfour Beatty plc
Bechtel Ltd
Bovis Lend Lease
British Energy
Centre for Research in the
Management of Projects (UMIST/UCL)
CMS Cameron McKenna LLP
CSE International Ltd
EDF Energy
Ernst & Young LLP
Freshfields Bruckhaus Deringer
Halcrow
Herbert Smith
HM Revenue & Customs
IBM Consulting Services
Jacobs Baktie Group
KBR
KPMG LLP
Laing Rail
Major Projects Association
Ministry of Defence (DPA)
Mott MacDonald Group Ltd
Mouchel Parkman
National Air Traffic Services Ltd
National Audit Office
National Grid plc
Network Rail Infrastructure Ltd
PA Consulting Group
Premier Farnell plc
Scott Wilson Kirkpatrick & Co Ltd
Simmons & Simmons
Taylor Woodrow Construction
Templeton College
Thames Water Utilities
The Nichols Group Ltd
Transport for London
UKAEA
Union Railways Ltd