THE GOOD, THE BAD, AND THE UGLY

Lessons learned from integrating Change Management into complex projects with up to 30 million stakeholders

Chuck Reitter | CCMP, PMP

AGENDA AND GOALS

AGENDA

1. What is Change Management (CM)
2. CM in relation to PM
3. Why use CM
4. Risks, costs and resistance
5. When/how to use CM on your project
6. CM benefits
7. Case Study – Airport Expansion
8. The Change Manager's Half Dozen
9. Keep In Mind
10. Exercise and Discussion

GOALS

Gain a better understanding and awareness of change management.

Walk away with key concepts that you can begin implementing immediately.

YOUR THOUGHTS ABOUT CHANGE MANAGEMENT

TAKEAWAYS

WHAT

6 questions you can ask about your projects to introduce / enhance Change Management right away

WHERE

Change Management plugs into Project Management

HOW

Change Management can keep your project on schedule, on budget, and on spec

How would you define
Change Management in one or two words?

On what project might
Change Management be helpful and why?

WHAT IS CHANGE MANAGEMENT?

*Helping **people** adopt new ways of doing business*

Moving the ***people*** in an organization to adopt new processes, procedures, or organization

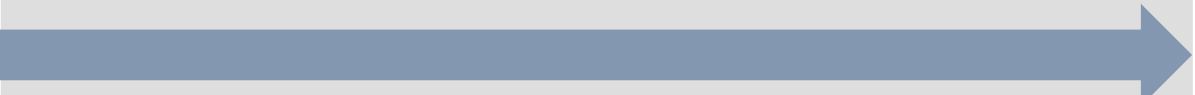Changing ***people's*** attitudes and approaches to a new work environment

Removing barriers for ***people*** to change

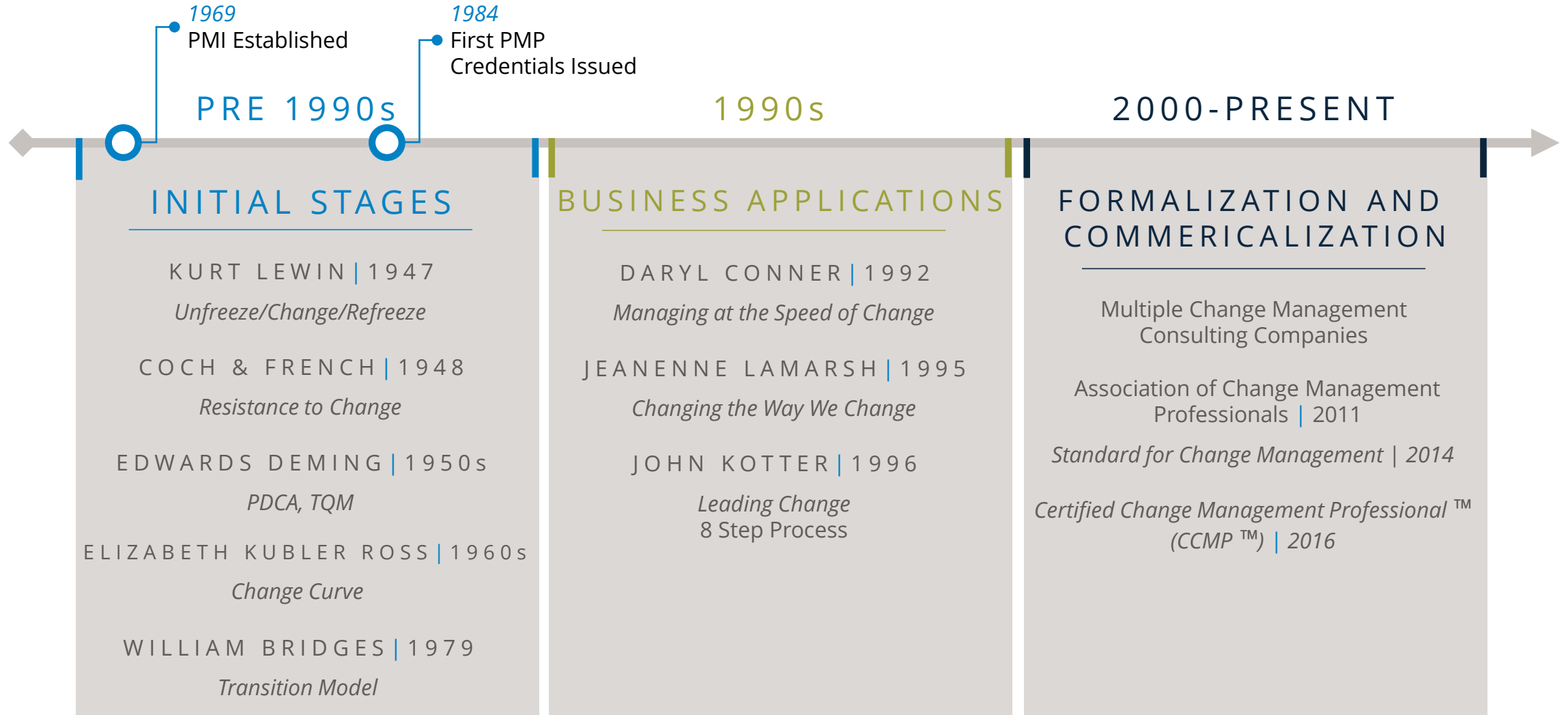Realizing business benefits from ***people*** embracing change

CHANGE MANAGEMENT + PROJECT MANAGEMENT

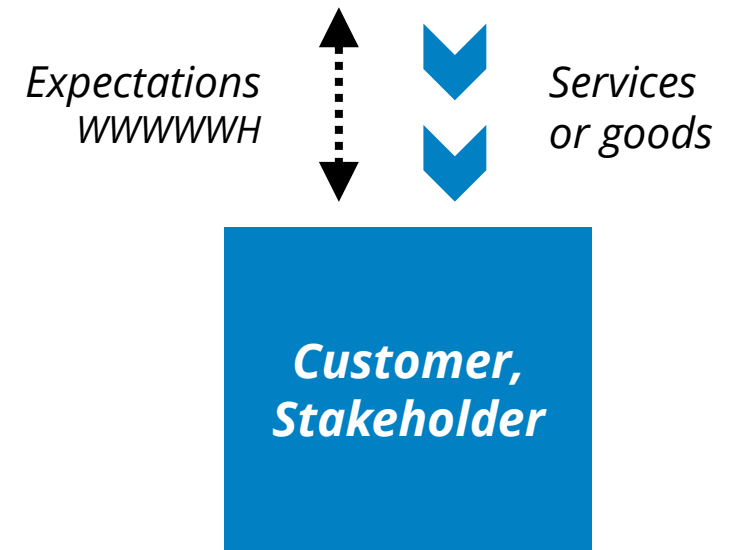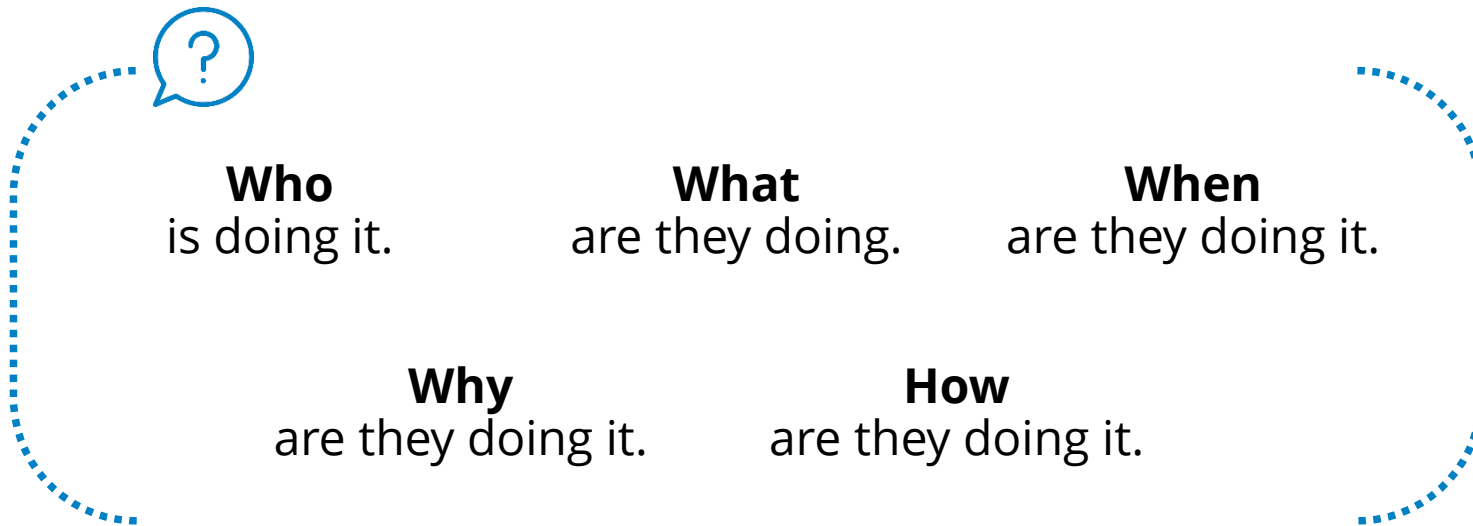| DIMENSION	TRADITIONAL PM	TRADITIONAL CM
Roles And Responsibilities	Project delivery	Impact on people
Methodology And Plan	Communicate and train	Guide how to educate, influence, motivate, and mobilize people
Tools And Resources	Charter, scope, RACI, budget, schedule, risk management	Assessments, stakeholder index and plan, communication plan, training plan
Objectives And Outcomes	*Deliver results for the organization*	
Risks	Schedule and budget	People's reactions and resistance
Project Success	Project objectives	Long-term sustainable business benefits

CHANGE MANAGEMENT + PROJECT MANAGEMENT

DIMENSION	TRADITIONAL PM	TRADITIONAL CM	COMBINED
Roles And Responsibilities			Delivery of project supported by people
Methodology And Plan			Communicate and train, and guide to educate, influence, motivate, mobilize
Tools And Resources			Charter, scope, RACI, budget, schedule, risk management assessments, stakeholder index and plan, communication plan, training plan
Objectives And Outcomes			Deliver results for the organization
Risks			Schedule, budget, reactions, and resistance
Project Success			Project objectives that provide sustainable long-term business benefits

HISTORY OF CHANGE MANAGEMENT

1969
PMI Established

1984
First PMP
Credentials Issued

PRE 1990s

1990s

2000-PRESENT

INITIAL STAGES

KURT LEWIN|1947

Unfreeze/Change/Refreeze

COCH & FRENCH|1948

Resistance to Change

EDWARDS DEMING|1950s

PDCA, TQM

ELIZABETH KUBLER ROSS|1960s

Change Curve

WILLIAM BRIDGES|1979

Transition Model

BUSINESS APPLICATIONS

DARYL CONNER|1992

Managing at the Speed of Change

JEANENNE LAMARSH|1995

Changing the Way We Change

JOHN KOTTER|1996

Leading Change
8 Step Process

FORMALIZATION AND COMMERICALIZATION

Multiple Change Management
Consulting Companies

Association of Change Management
Professionals | 2011

Standard for Change Management | 2014

*Certified Change Management Professional ™
(CCMP ™) | 2016*

Your organization.

Dept. 1
WWWWWH

Expectations WWWWWH

Dept. 2
WWWWWH

Expectations WWWWWH

Dept. 3
WWWWWH

Who is doing it.   **What** are they doing.   **When** are they doing it.

Why are they doing it.   **How** are they doing it.

Expectations WWWWWH

Services or goods

Customer, Stakeholder

Your organization.

Dept. 1
WWWWWH

Expectations
WWWWWH

Dept. 2
WWWWWH

Expectations
WWWWWH

Dept. 3
WWWWWH

Expectations
WWWWWH

Services
or goods

**Customer,
Stakeholder**

Who is doing it.   **What** are they doing.   **When** are they doing it.

Why are they doing it.   **How** are they doing it.

WHY DO CHANGE MANAGEMENT

- **Systematic approach** to increase effectiveness

- **Build support**, address resistance and develop required knowledge and capability to **implement the change**

- Ensure **positive returns** from internal initiatives

- Increases likelihood a project **will deliver lasting results**

- Formal change management underrated and **missing from most organizations**

CHANGE MANAGEMENT: RISK MANAGEMENT

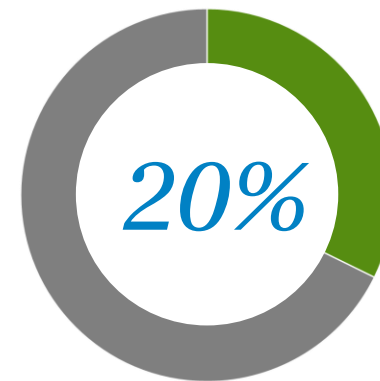## CHANGE MANAGEMENT HELPS...

Reduce Risk and *Boost ROI*

Companies with *lowest* returns ┄┄┄┄➤ *Poor* change management capabilities
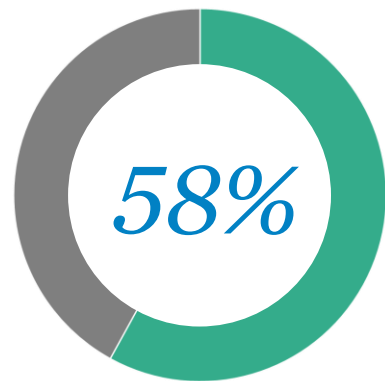
58% *Companies in the study who failed to meet their project targets*

20% *Companies in the study who captured only a third or less of the value expected*

Companies with *higher* returns ┄┄┄┄➤ *Strong* change management capabilities

Source: Helping Employees Embrace Change, THE McKINSEY QUARTERLY

COSTS OF FAILURE

Risks from Poor Change Management

Short-term

Long-term

DIRECT COST

- Resources wasted
- Business objectives not met

- Strategies not accomplished

INDIRECT COST

- Morale suffers
- Job security threatened

- Lower confidence
- Resistance increases
- Next change initiative is more likely to fail

WHY PEOPLE RESIST CHANGE?

FEAR
of the unknown

DISTRUST
of management

COMFORTABLE
with current state

DIFFERING VIEWS
of the change

LOSS
of influence, status, power, recognition, job security

WHAT IS IMPACT OF CHANGE ON PEOPLE?

Inability to focus / loss of productivity

Sense of confusion and disorientation

Guilt (during layoffs)

THE KEY TO: WHAT'S INSIDE EACH PERSON AFFECTED

CHANGING *People's Minds*

GET THEM TO ACCEPT THE LOGIC
Organizational structure, human processes, technical processes

CHANGING *People's Hearts*

GET THEM TO BELIEVE
Attitude, culture, and emotional connection

READINESS FOR CHANGE

READY
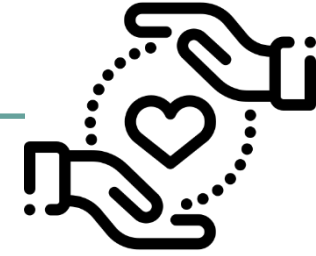### *for Change*

- Leaders communicate a clear vision

- People understand the vision and why it is important to them and the business

WILLING
to Change

- People know their role in the vision and are excited about the future

- People believe there is broad support for the vision

ABLE
to Change

- People are trained and have tools to do their work

- People are measured and rewarded for supporting the vision

CONTRIBUTORS & OBSTACLES TO SUCCESSFUL CM

CONTRIBUTOR
to Successful Change Management

OBSTACLE
to Successful Change Management

vs

| CONTRIBUTOR	OBSTACLE
Active and visible sponsorship	Ineffective CM sponsorship from senior leaders
Frequent and open communication	Poor communication
Structured CM approach	Disconnect between PM and CM
Dedicated CM resources and funding	Insufficient CM resourcing
Employee engagement and participation	Employee/management resistance to change
	Lack of buy-in for CM

WHICH PROJECTS SHOULD USE CM

If project deliverables require behavioral change, change management is needed
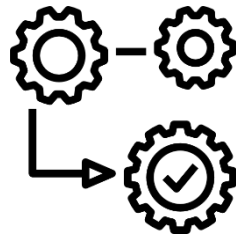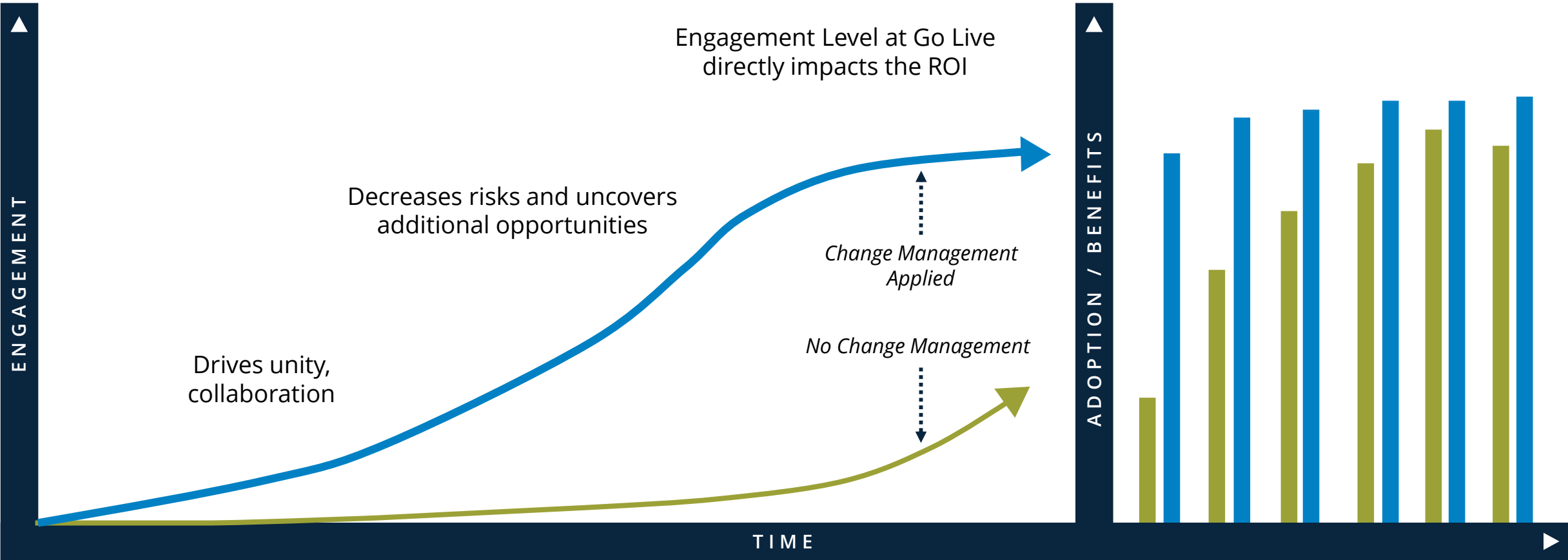
REQUIRES CHANGE MANAGEMENT

- Business Process Optimization
- System Implementation
- Changing Organizational Structure and Governance
- M&A integration
- Quality System Remediation
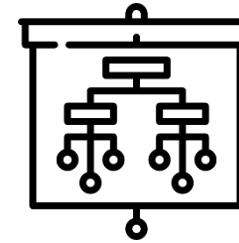
MAY NOT REQUIRE CHANGE MANAGEMENT

- Tactical/Operations Management
- Product/Service Development
- Process Mapping Initiatives
- Regulatory Filings
- Process Execution

APPLYING CM TO PM

Engagement Level at Go Live
directly impacts the ROI

Decreases risks and uncovers
additional opportunities

*Change Management
Applied*

No Change Management

Drives unity,
collaboration

ENGAGEMENT

ADOPTION / BENEFITS

TIME

Go Live

PM Phase:	*Initiating*	*Planning*	*Executing*	*Close Out*
CM Phase:	*Assessing*	*Planning*	*Implementing*	*Sustaining*

BENEFITS OF EFFECTIVE CM

Stronger likelihood of **project success**

Improved probability that the project **finished on schedule**

Greater probability that the project **finished on budget**

Realization of business **objectives** over the long term

Increased **confidence** in management's approach

Heightened **understanding** of individual's role in project and company vision

Engaged employees are **more likely to support** future changes

GEORGE CLOONEY ON LAMBERT AIRPORT

NATALIE (Anna Kendrick):
Why would your sister want a fake photo in front of the St. Louis Airport?

RYAN (George Clooney):
She should be so lucky to visit Lambert Field. The Wright Brothers flew through there…The domed main terminal was the first of its kind. A precursor to everything from JFK to De Gaulle.

NATALIE:
I'm sure she's going to be crushed for having missed this airport.

RYAN:
Look - Before Lindbergh could cross the Atlantic, he took off from one of those runways… Ever wondered why they call it the Spirit of St. Louis?

CASE STUDY – LAMBERT-STL AIRPORT EXPANSION

$1 billion
EIGHT-YEAR PROGRAM
1998-2006

175+
PROJECTS TO
BUILD NEW RUNWAY

270 Persons
PMO

500
ORGANIZATIONS
INVOLVED

RECEIVED MULTIPLE PROJECT
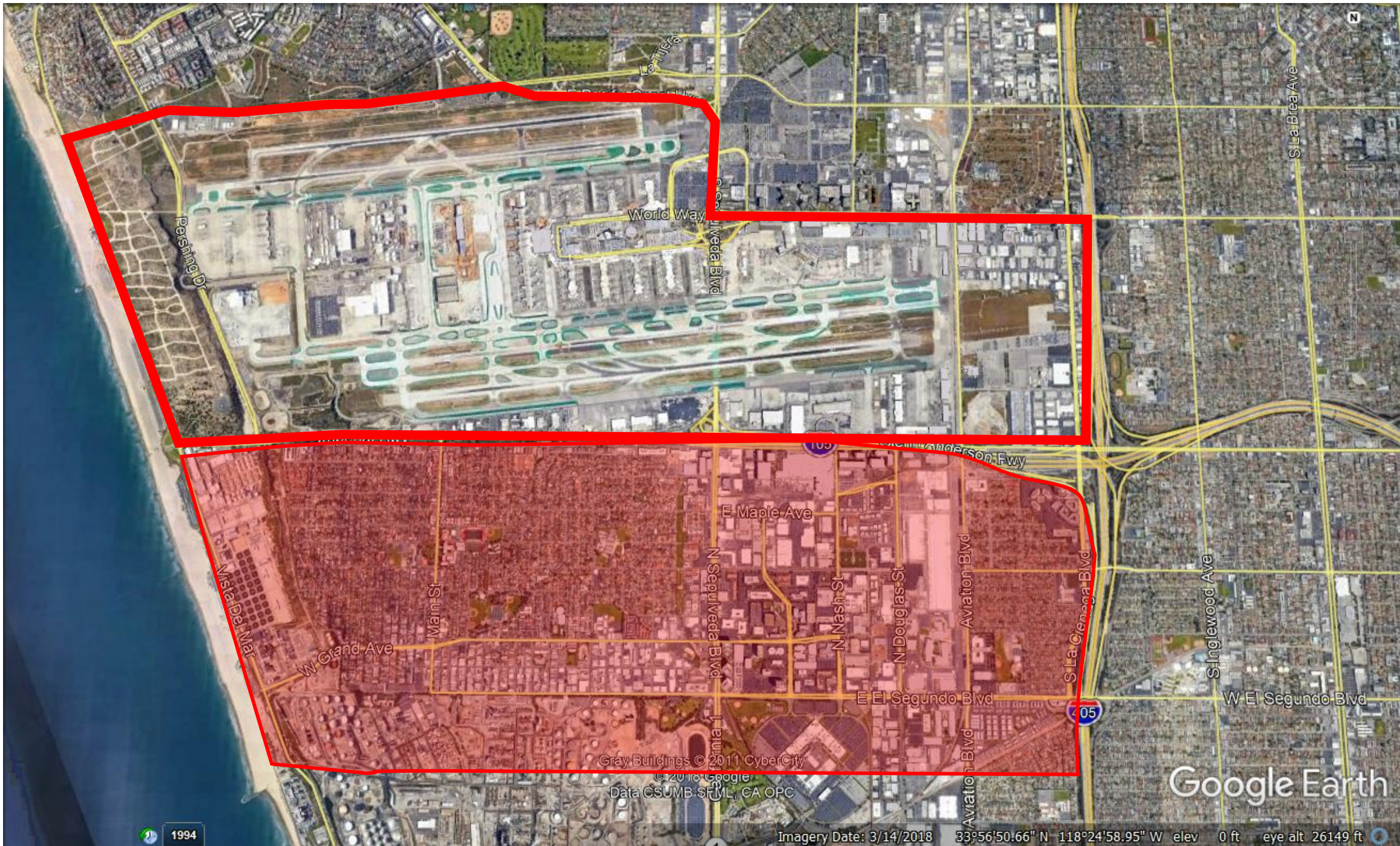MANAGEMENT AWARDS

LARGE-SCALE APPLICATION
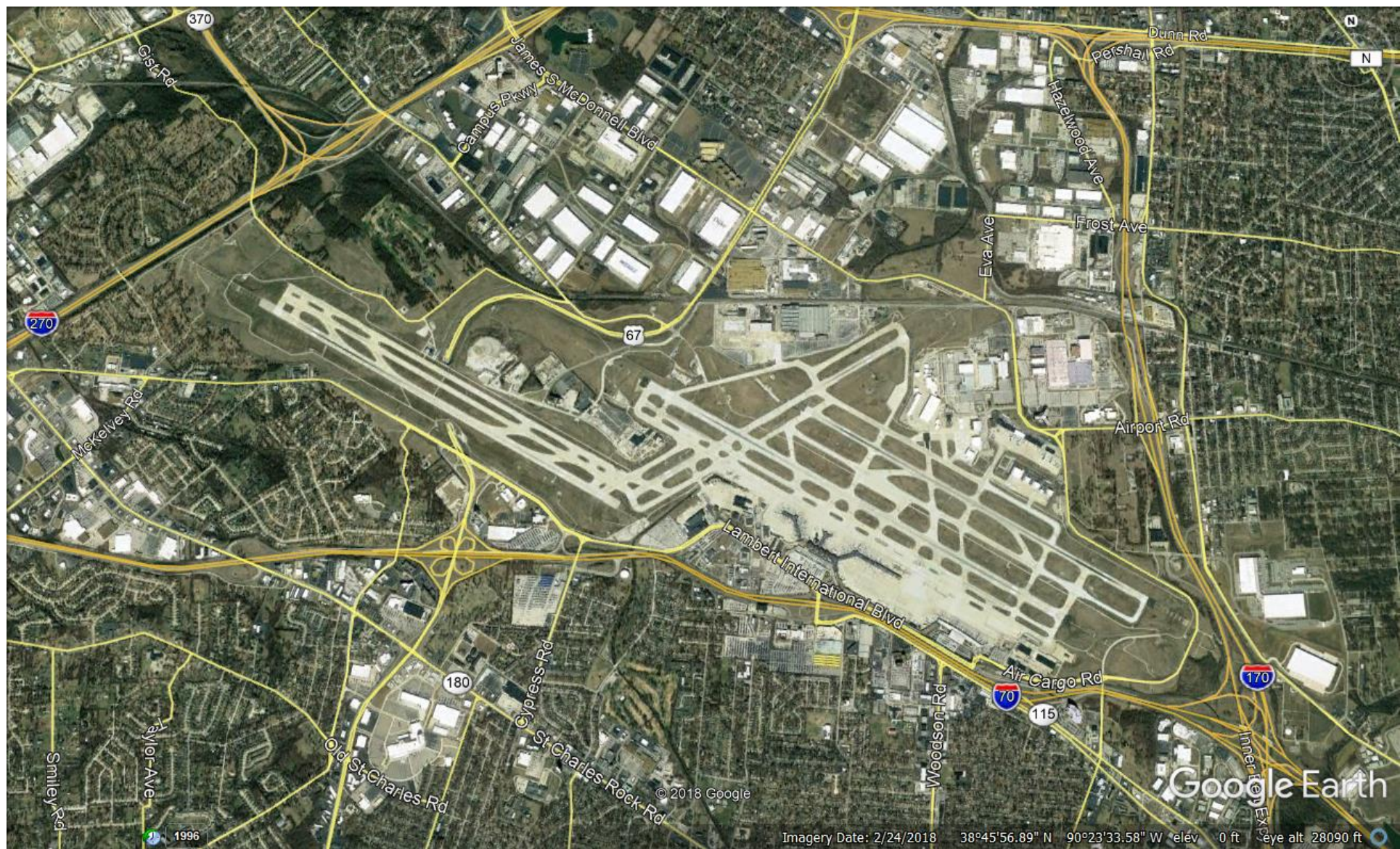OF CHANGE MANAGEMENT

30 million
STAKEHOLDERS

2,000
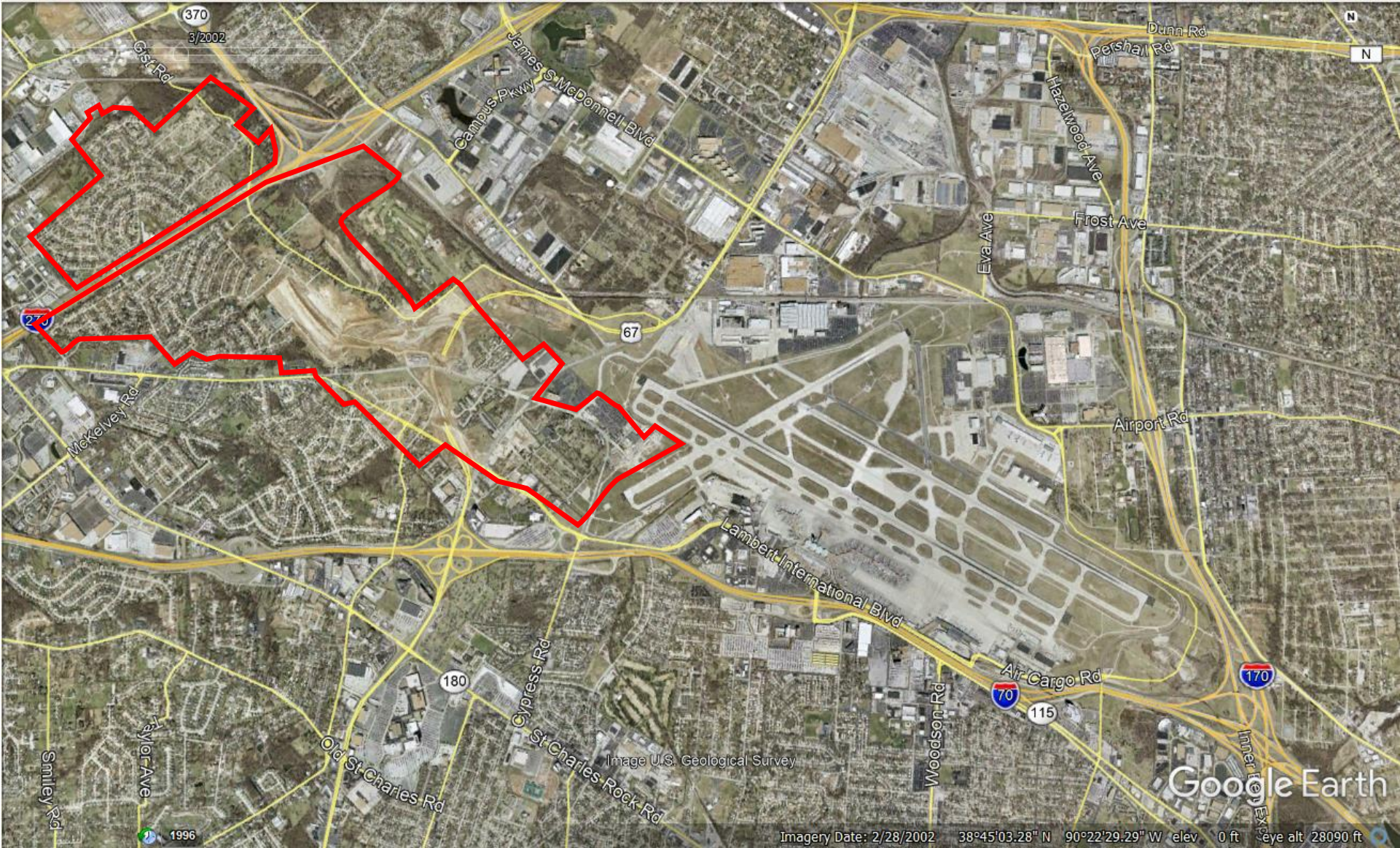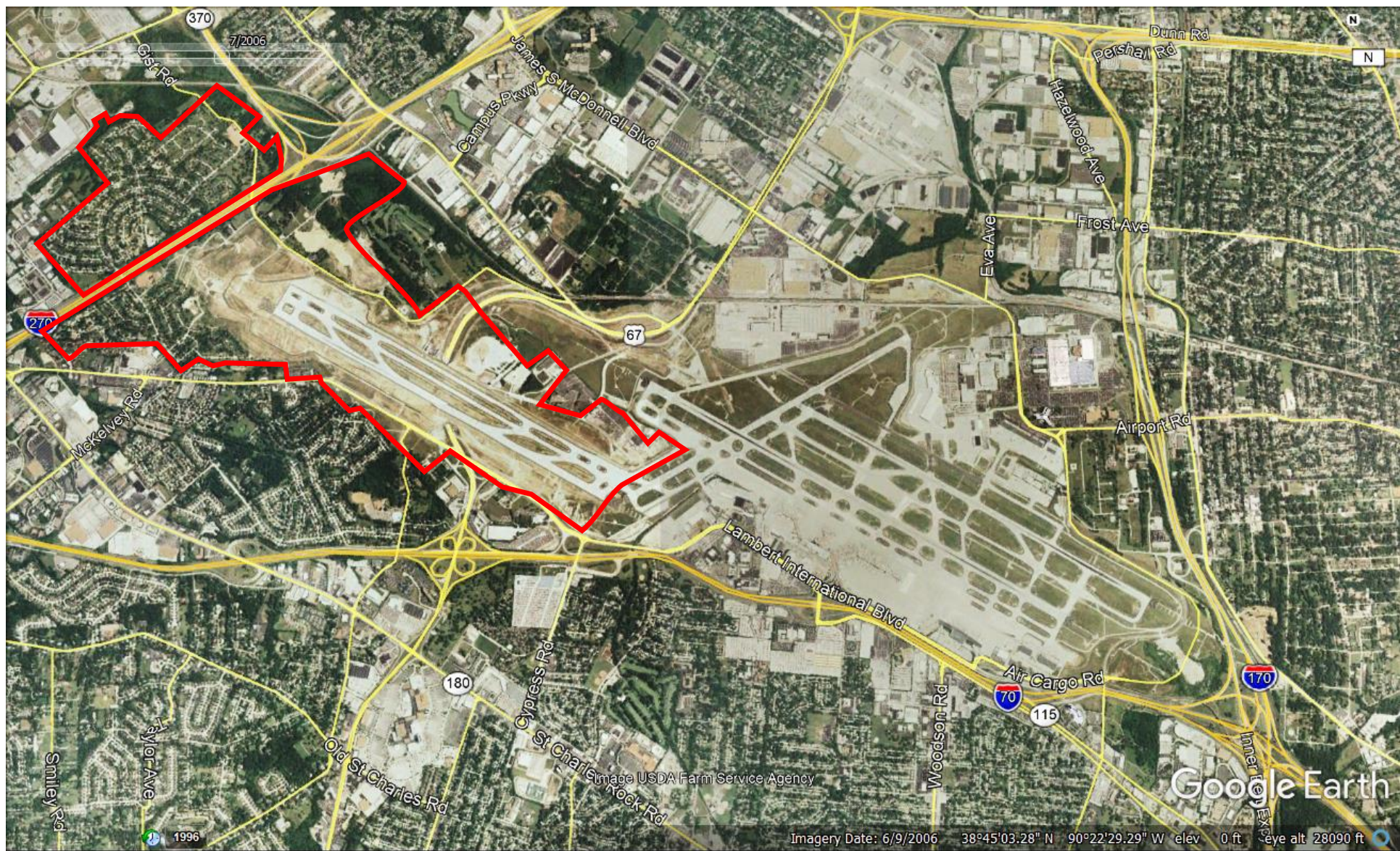RESIDENCES AND BUSINESSES PURCHASED
AND MOVED

1994

Imagery Date: 3/14/2018   33°56'50.66" N 118°24'58.95" W elev   0 ft   eye alt 26149 ft

THE CHANGE MANAGER'S HALF-DOZEN

1

Who must change what they do?

2

Why must they change?

3

Why do they do what they now do?

4

How will the new way benefit them?

5

What do leaders need to do and say?

6

Where will they see, hear, and read what leaders do and say?

1

WHO

MUST CHANGE
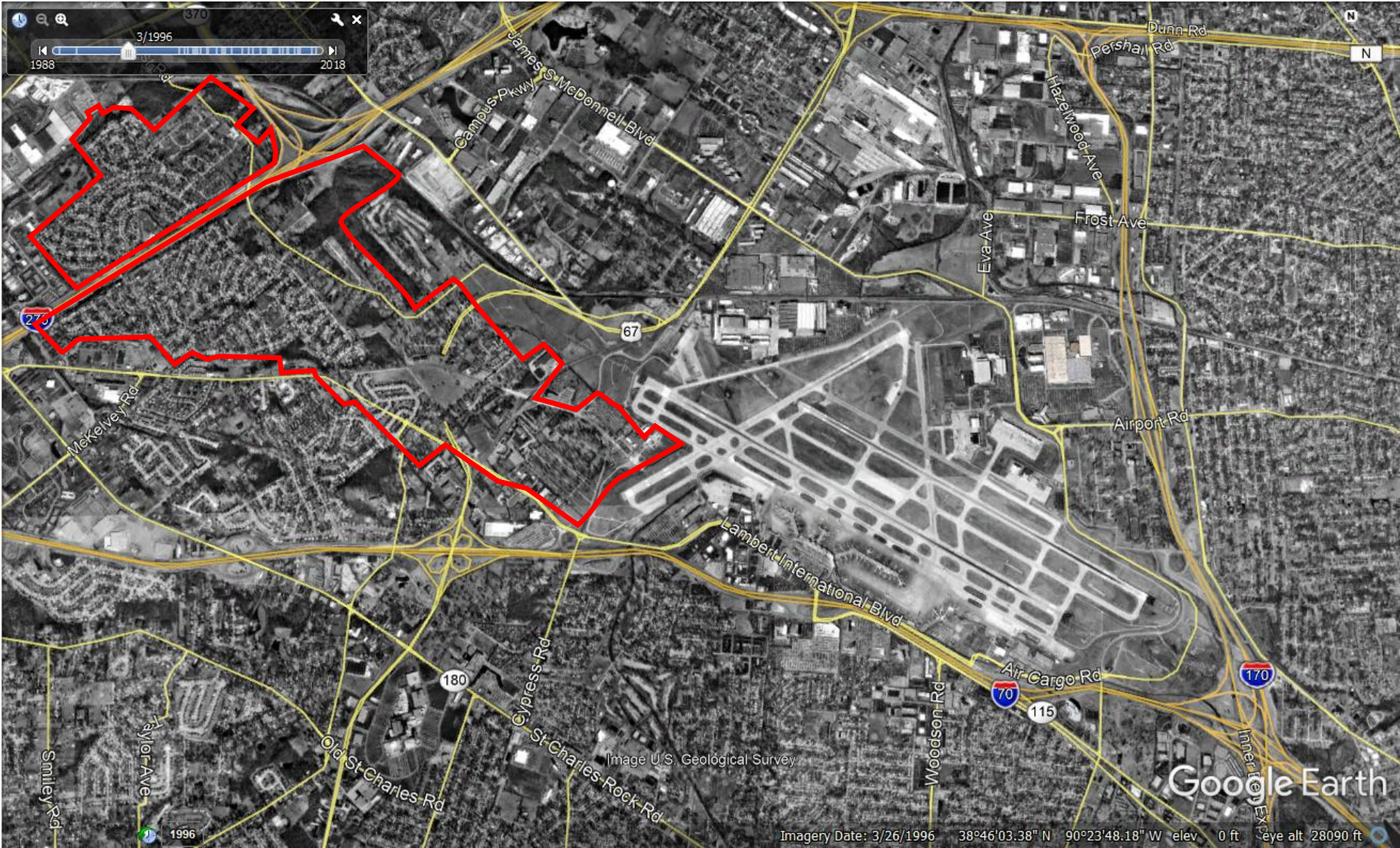WHAT THEY DO?

Goals.

What are the project's **goals?**

How do they support the organization's overall **strategy & direction?**

People.

Who is **impacted?** Who must change what they do?

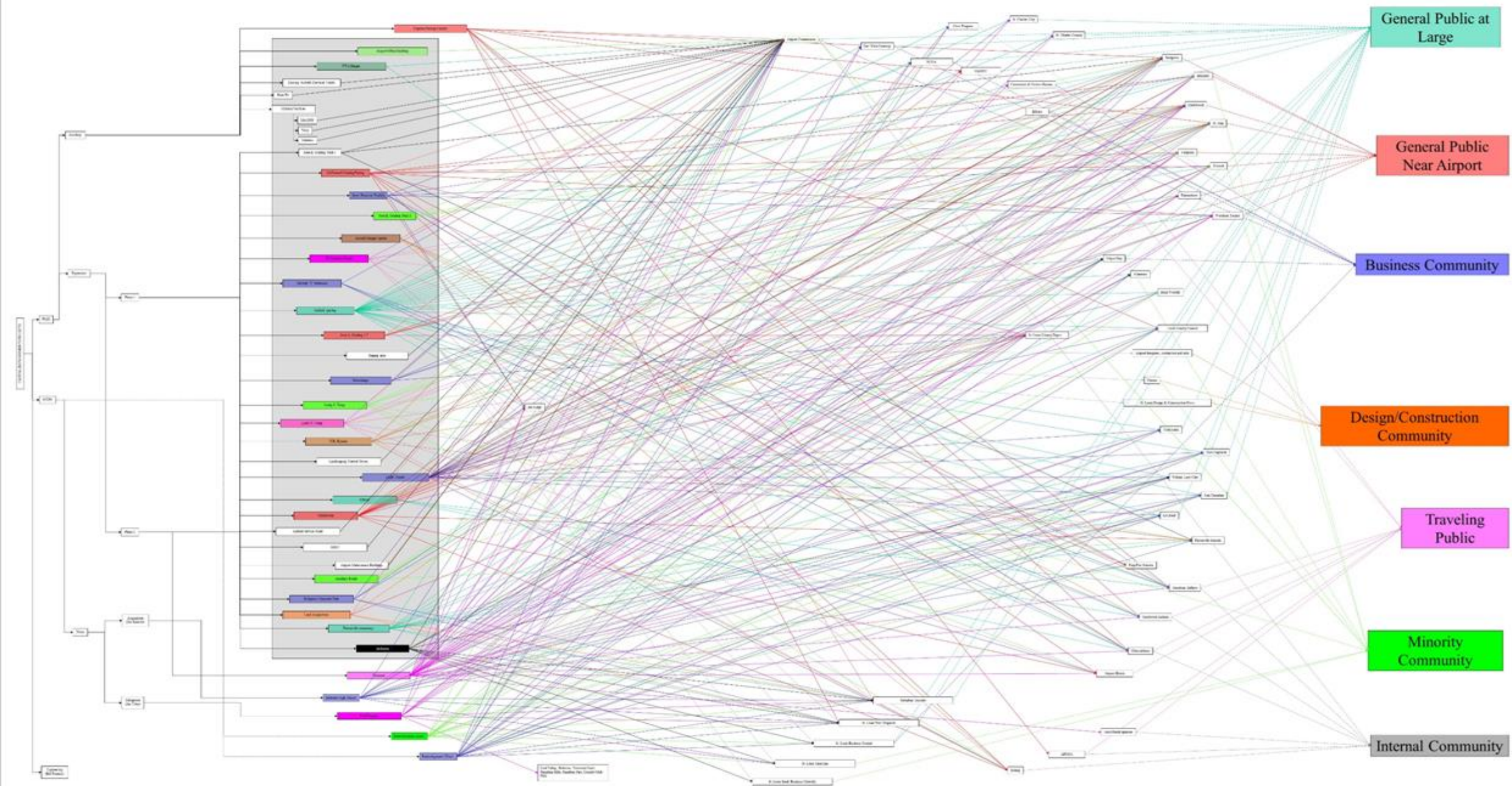Who are the **leaders** of the change and organization? Are they on the same page?

General Public at Large

General Public Near Airport

Business Community

Design/Construction Community

Traveling Public

Minority Community

Internal Community

2

WHY
MUST THEY CHANGE?

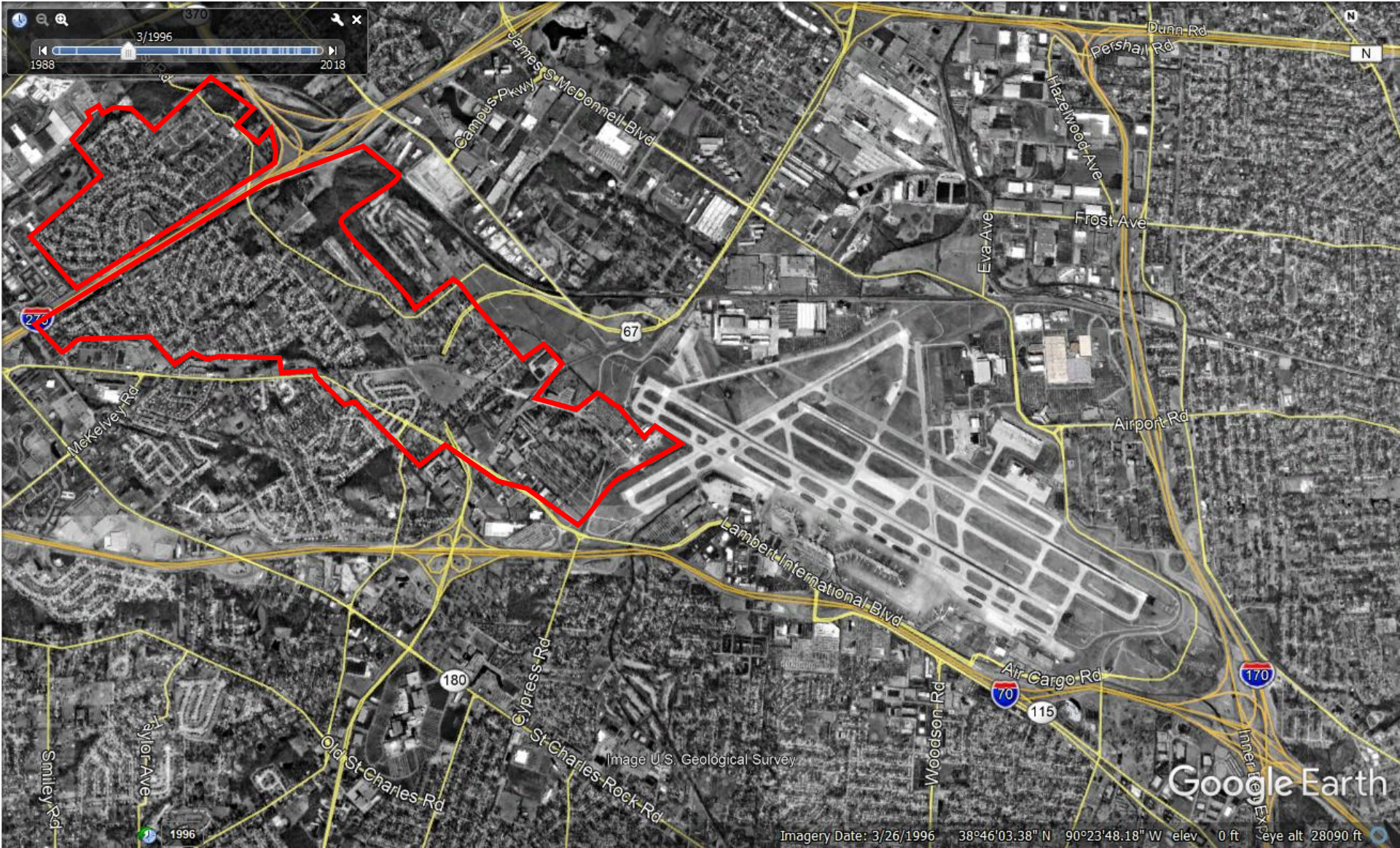**Link what they do and what's changing.**

How do they fit into the
bigger picture?
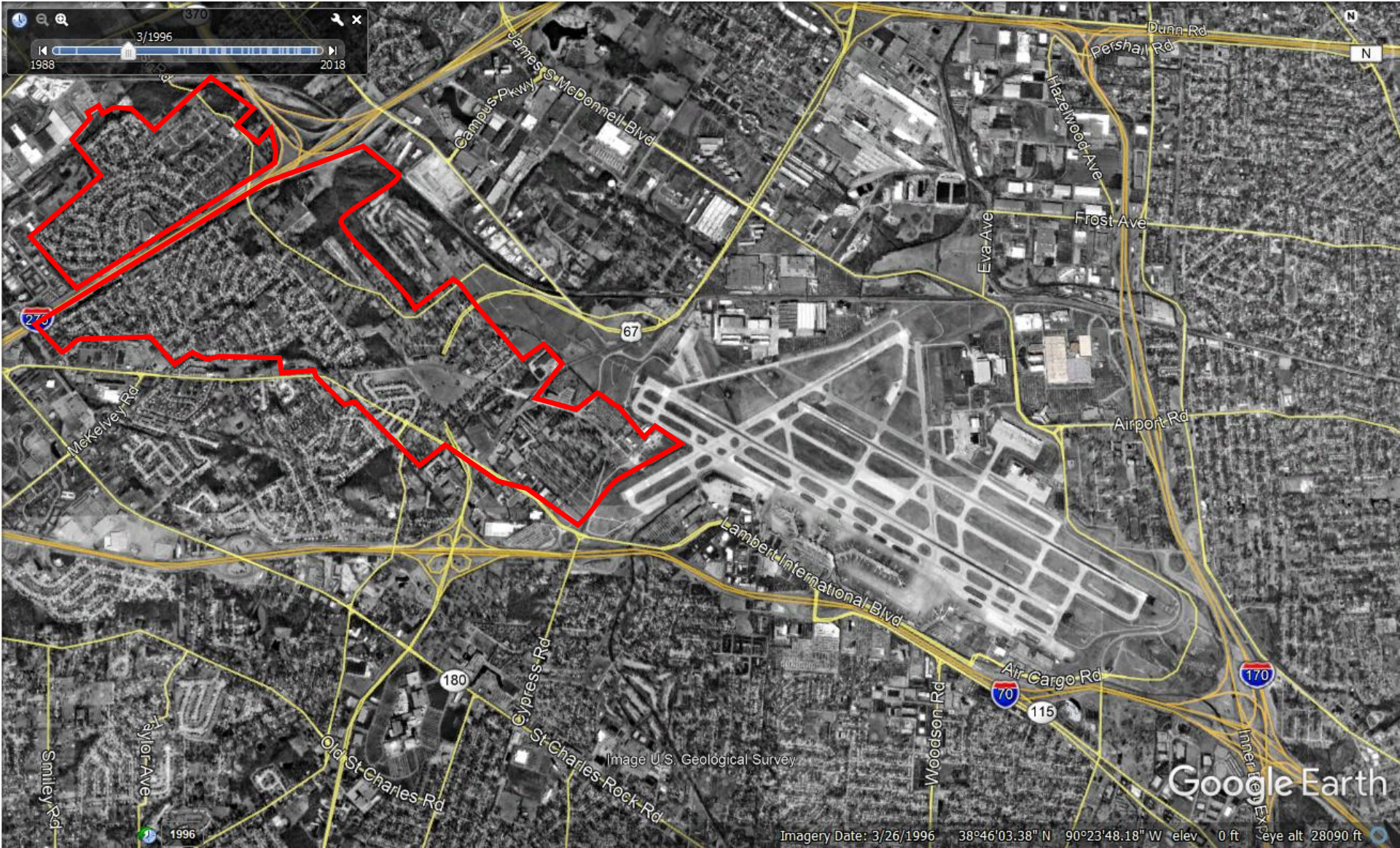
How are their
contributions important?

3

WHY

THEY DO WHAT THEY NOW DO?

Stakeholder & manager motivation.

1. Independence
2. Recognition
3. Achievement
4. Leisure Time
5. Power
6. Prestige
7. Money
8. Pressure
9. Self-Esteem
10. Family Life
11. Security
12. Personal Growth

... ask them.

4

HOW

WILL THE NEW WAY BENEFIT THEM?

Stakeholder & manager motivation.

1. Independence
2. Recognition
3. Achievement
4. Leisure Time
5. Power
6. Prestige

7. Money
8. Pressure
9. Self-Esteem
10. Family Life
11. Security
12. Personal Growth

... extrapolate from existing world order.

5

WHAT

DO LEADERS NEED TO DO & SAY?

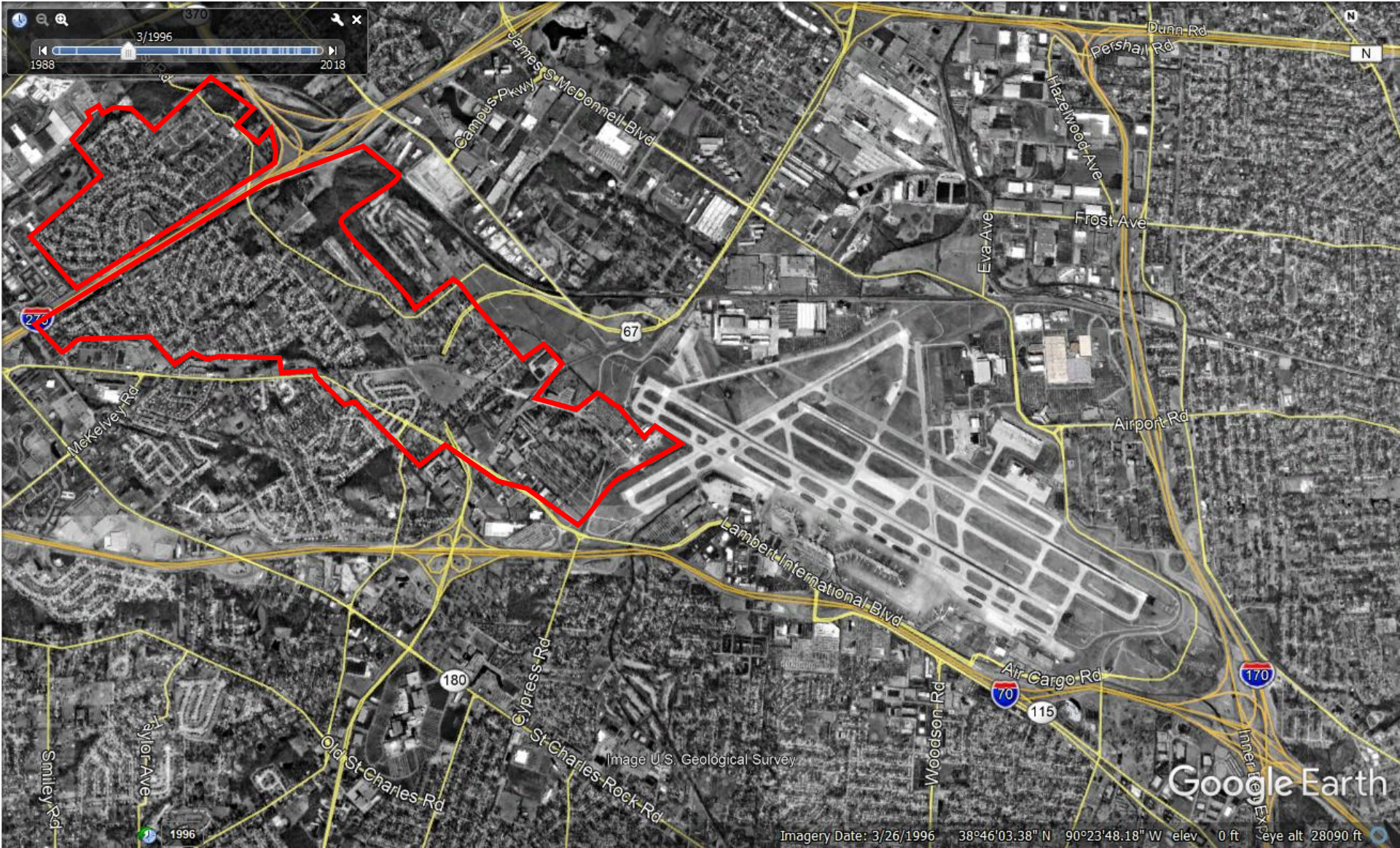**Demonstrate, model, & communicate how the new world order benefits stakeholders.**

Get all leaders in *agreement* as to benefits.

Coach leadership *behavior.*

Tell them what they need to *say.*

6

WHERE

WILL THEY SEE, HEAR, & READ WHAT LEADERS DO & SAY?

Outgoing tactics.
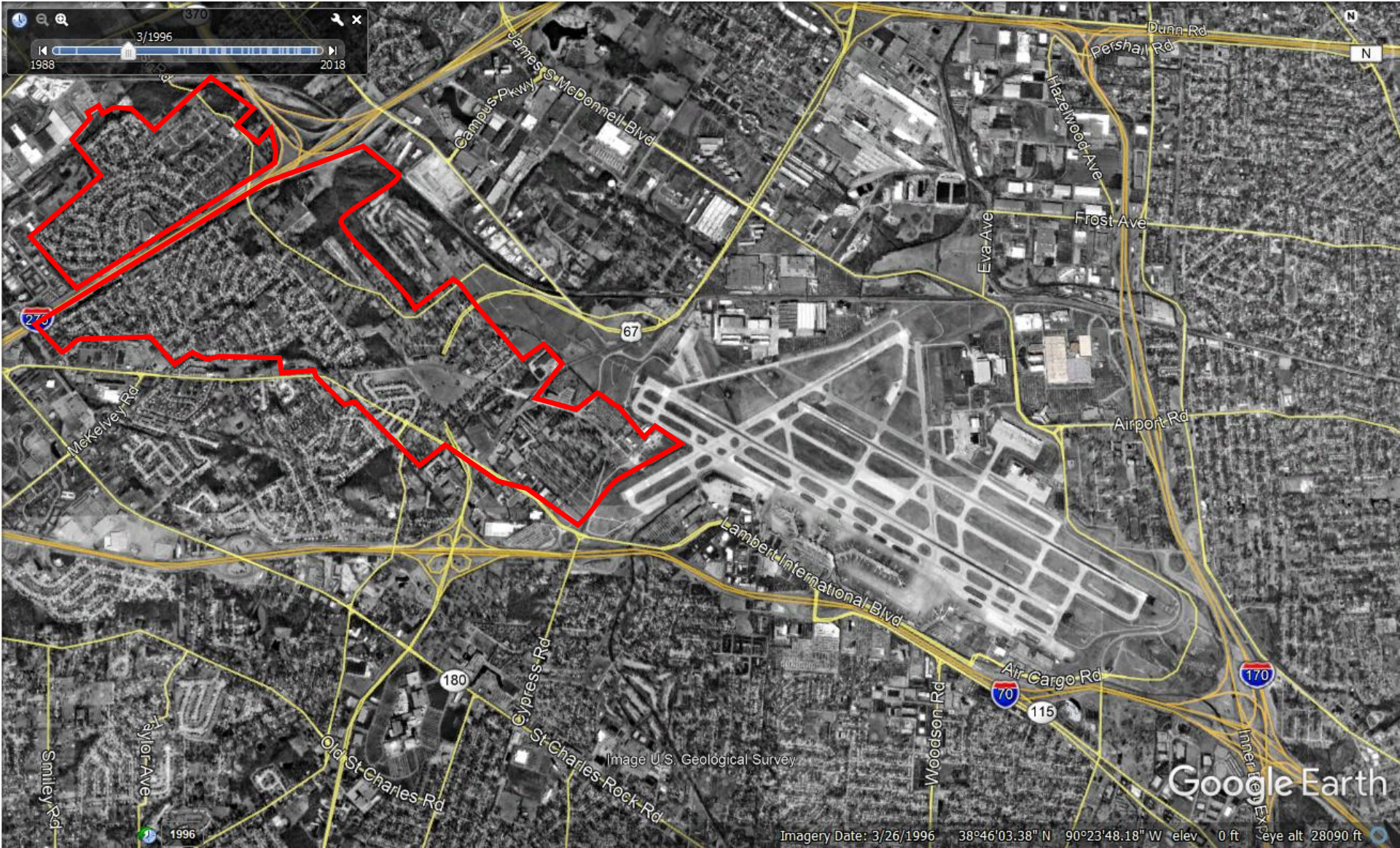
- News releases
- Website / SharePoint
- Speeches
- Presentations
- Meetings
- Newsletters
- Open houses
- Surveys

- Advisory groups
- Events
- Hotlines
- Social media
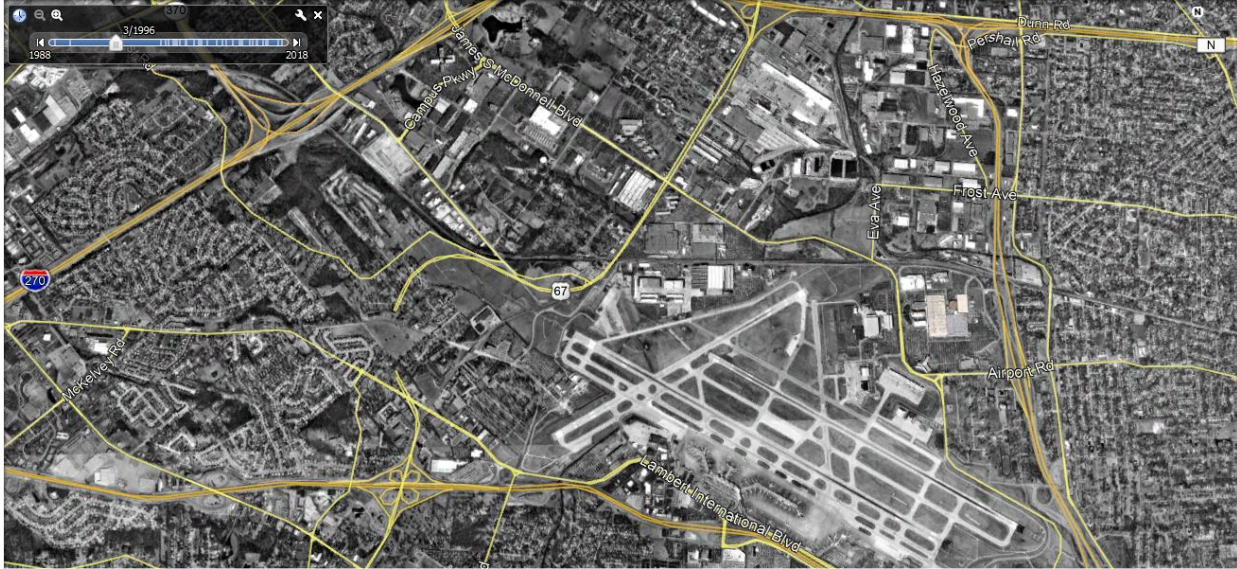- Ads
- Interviews
- Videos
- Brochures

Incoming tactics.

- Change agents / leader
- Opinion leaders
- Listening

- Messages focus on win-win.
- What managers will you monitor?
- What and how will you coach them?

LAY TERMS	WHY	CM COMPONENT
1 | Who must change what they do?	What is important to the organization Business benefits	• Define the change • Why it's required • Strategic alignment • Change impact
2 | Why must they change?	Changed behavior contributes to business benefits	Identify and assess stakeholders
3 | Why do they do what they now do?	What motivates them	
4 | How will the new way benefit them?	What can motivate them	
5 | What do leaders need to do and say?	How they can walk the talk	• Stakeholder Engagement • Leadership • Communications • Training and Development
6 | Where will they see, hear and read what leaders do and say?	Communicate in ways that resonate	

KEEP IN MIND

1 *Plan early for CM*

2 *Understand the impact of change on people and plan for it*

3 *Ensure leader influence is visible*

4 *Communicate early and often*

5 *Integrate CM with PM strategy*

6 *Establish buy-in*

7 ★ *Change management is a process, not an event*

"

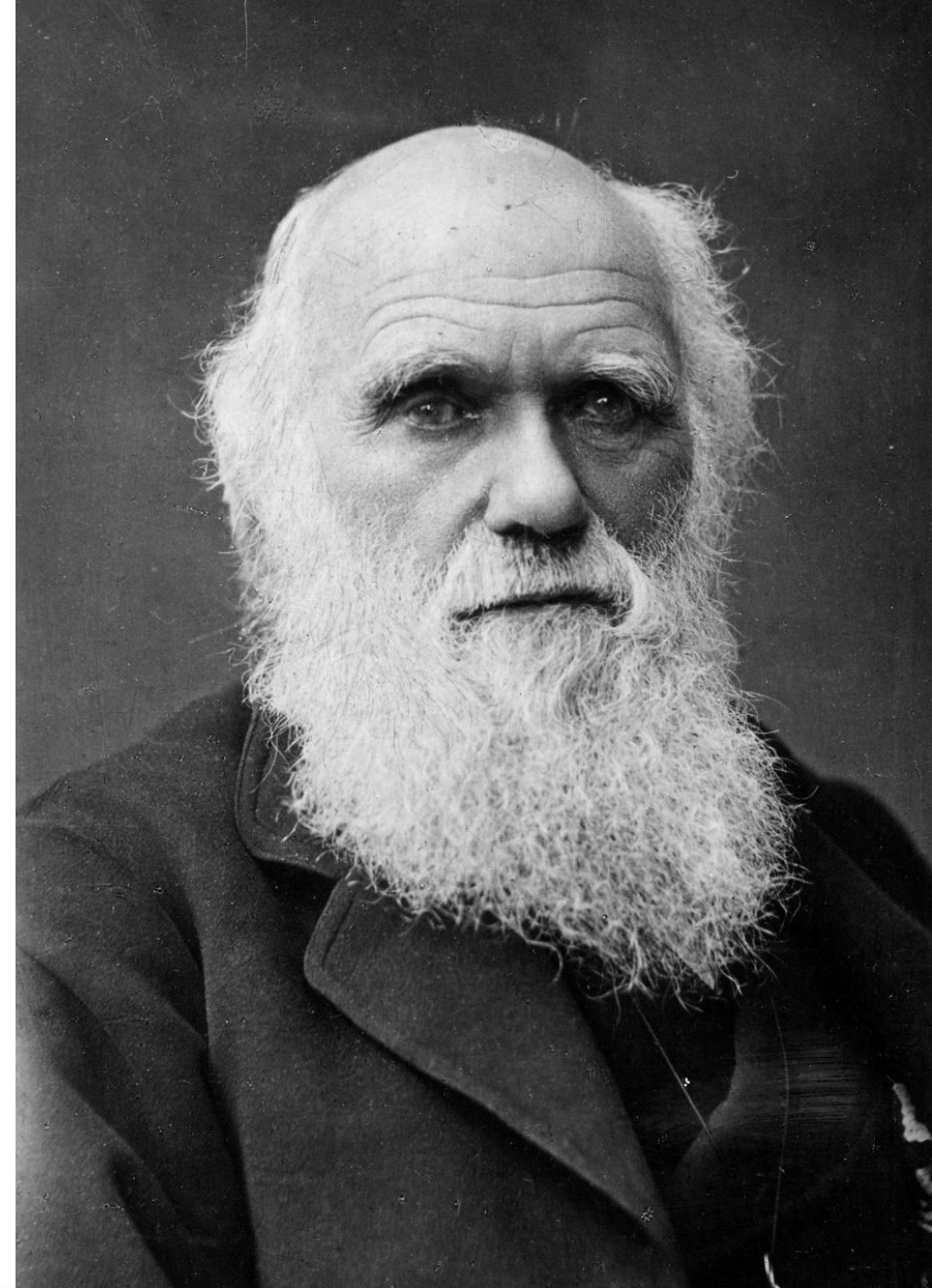*It's not the strongest species that survive, nor the most intelligent, but the most responsive to change.*

CHARLES DARWIN

USING THIS INFORMATION

- Break into small groups.

- Read the case study and jot down your ideas about Change Management and The Avengers.

- Bounce off others in your group.

- Reconvene and talk about your ideas.

Airport Luggage Carts

Thor's Airport Luggage Cart Manufacturing Company, Inc.

WHAT TO ASSESS

Notes

1. What's changing?

2. Why is it required?

3. What's the vision of the new world order?

4. What are the goals, objectives, success criteria?

5. Who's leading the change?

6. Who must change what or `how they work?

7. What processes, procedures, structures must change?

8. How does the change align with the overall direction?

9. What external things affect what's changing?

10. How does the culture support/hamper what's changing?

11. Does the organization have the time and resources to make the change?

12. Is the organization ready for the change?

13. What communications does the organization use?

14. What will individuals need to learn and develop?

15. What will happen if those who must change don't change?

WHAT TO PLAN

Notes

COMMUNICATIONS

to whom, when, how, saying what, and listening

LEADERSHIP

walking the talk, getting feedback

ENGAGEMENT

empower, engage those who must change

LEARNING + DEVELOPMENT

who needs to learn what, success measures

METRICS

measuring progress and success

SUSTAINMENT

morphing the "change" into the way we now do business

IPM
www.ipmcinc.com

THE CHANGE MANAGER'S HALF-DOZEN

Notes

1

Who
must change what
they do?

4

How
will the new
way benefit them?

2

Why
must they
change?

5

What
do leaders need
to do and say?

3

Why
do they do
what they now do?

6

Where
will they see, hear,
and read what
leaders do and say?

IPM
www.ipmcinc.com

STAKEHOLDER ENGAGEMENT WORKSHEET

| Stakeholder Group	Level of *Impact* of the Change on the Stakeholder	Required Level of *Involvement* in Change Implementation	Ability to *Influence* Implementation	Stakeholder *Interest* in the Change	Role in Change — Change Agent | Change Implementer | Change Manager | Change Sponsor | Awareness Only
Executive Management	High	Medium	High	High	Change Sponsor
Accounting					
Manufacturing					
Purchasing					
Sales					
Customer Service					
IT					
HR					
Corporate Security					
Facilities Maintenance					

1. WHO MUST CHANGE WHAT THEY DO?

Goals

» **What are the project's goals (Define the change):** To install a new Accounting software system that includes Accounts Receivable, Accounts Payable, General Ledger and Management Reports

» **How do the goals support the organization's overall strategy and direction (Why it's required):** The company policy is to minimize its cost of doing business, and the current 15-year-old accounting system does not provide efficiencies common to modern software.
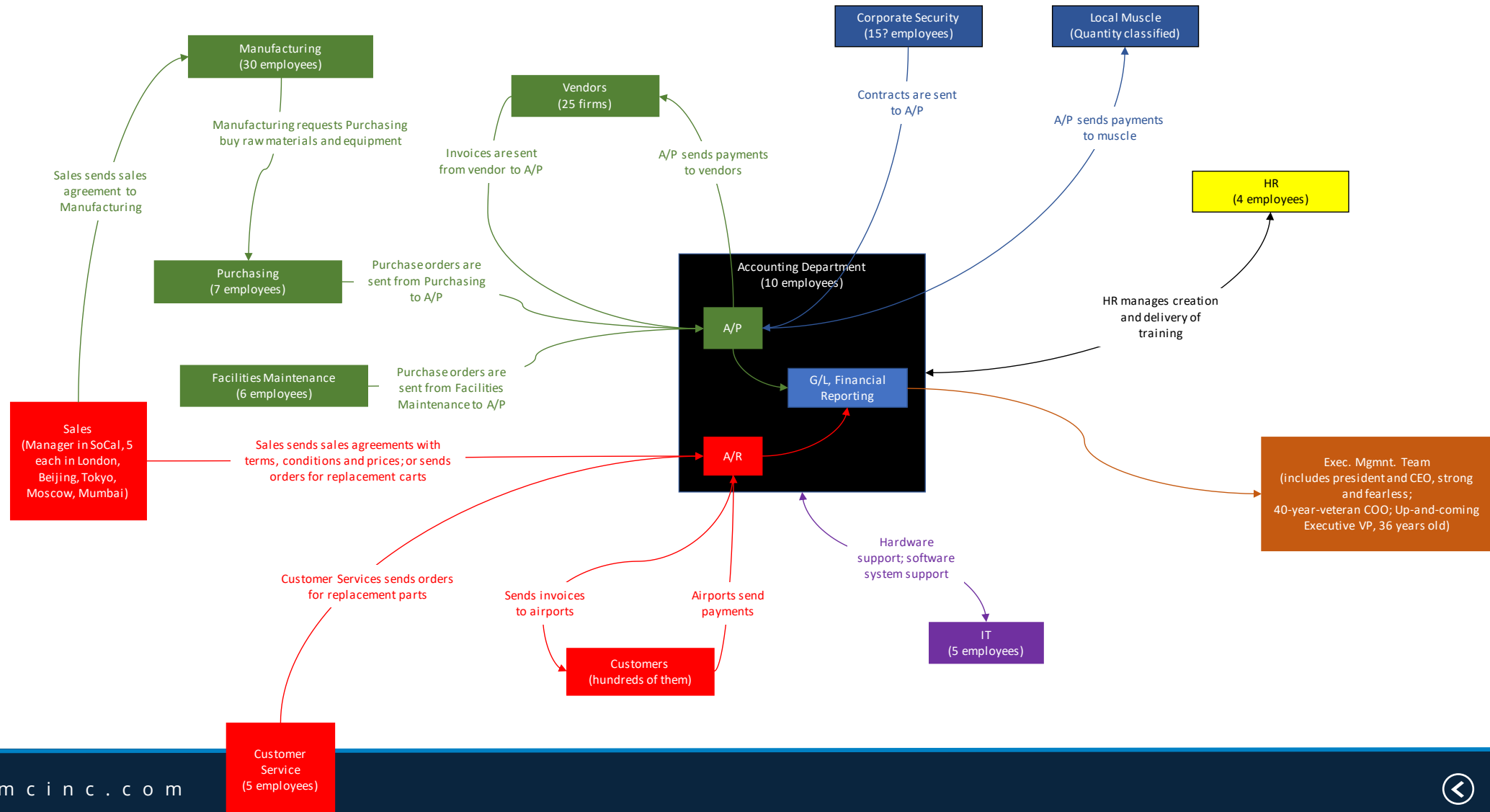
» Who is impacted and who are the leaders
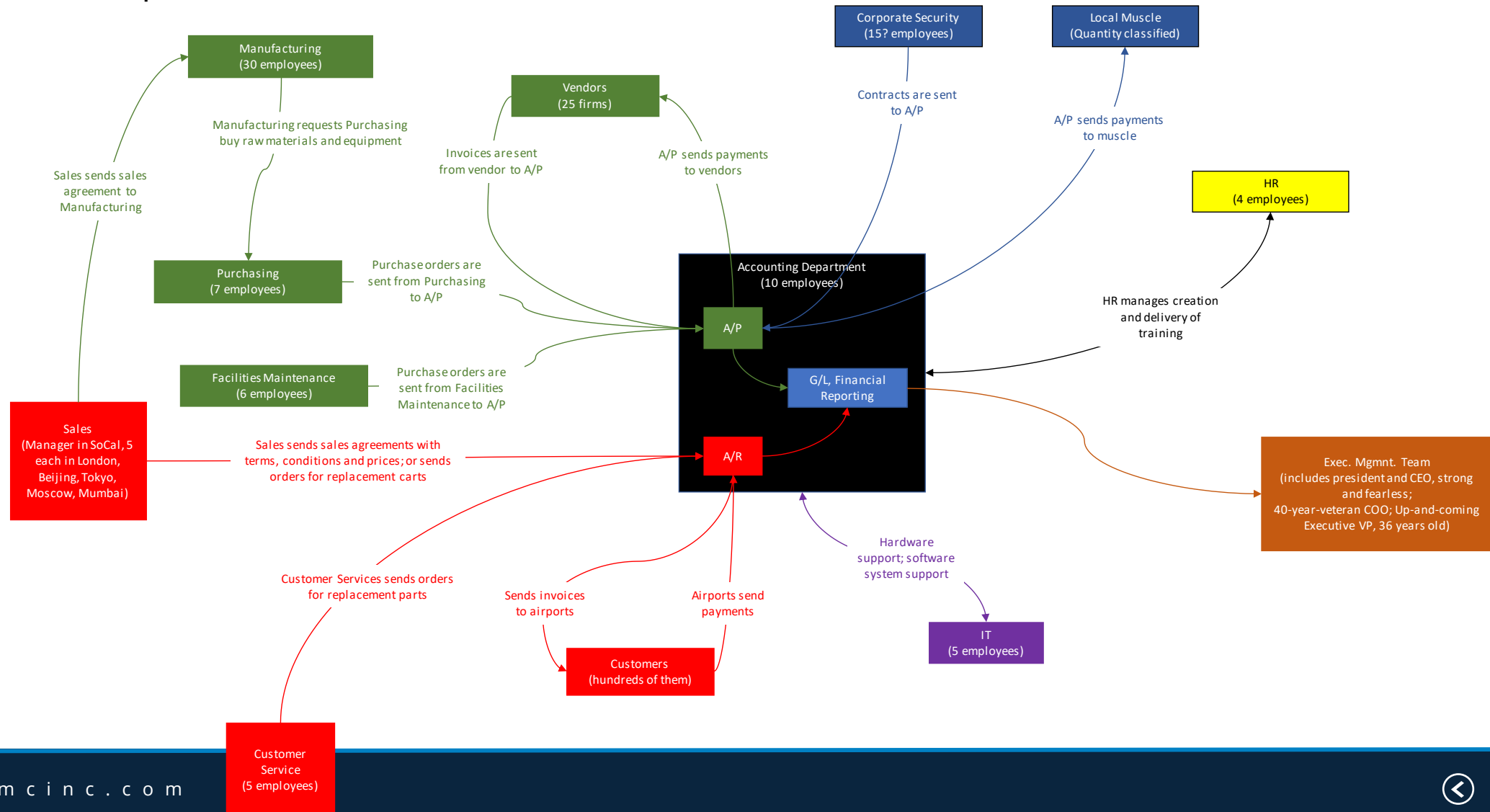
2. WHY MUST THEY CHANGE?

» How do they fit into the bigger picture; how are their contributions important?

3. WHY THEY DO WHAT THEY NOW DO?

» Read written procedures, policies, standards for Accounting and systems that provide input to, or receive output from, Accounting.

- What needs to change, process owners? Plan how to work with them to modify what needs to change

» Review compensation and reward system for Accounting and persons providing input to, or receiving output from, Accounting

- What needs to change? Work with managers/HR to modify

» Talk with/listen to departmental managers

- What's important to each manager? How does the modified Accounting process help/hurt their priorities? What can be done to use the modified Accounting process to further their goals? What is their management and communication style?

» Talk with/listen to employees themselves (1-on-1, in-person, when possible)

- Talk with all Accounting employees and other employees to provide input to, or receive output from, the Accounting process. What is the nature of their involvement with the Accounting process? What motivates them? What do they enjoy/not enjoy about the process? How do they think it can be improved? How will the modified process affect the reasons they enjoy/not enjoy the process – what will it delete and what will it add? What's the best way to work with each person and their manager?

4. HOW WILL THE NEW WAY BENEFIT THEM?

» Involve Accounting, other affected employees in modifying written procedures, policies, standards

- Have meetings with Accounting and employees who provide input to, or receive output from, the Accounting process: explain the new processes, how they're better for them than the old processes, see if it makes sense to them.

» Revise compensation and reward system with HR/managers; explain to employees

» Talk with/listen to departmental managers (1-on-1, in-person, when possible)

- How can the new Accounting processes benefit them?

» Talk with/listen to employees themselves (1-on-1, in-person, when possible)

- How can the new Accounting processes benefit them?

5. WHAT DO LEADERS NEED TO DO AND SAY?

» Meet with Executive Management Team to get agreement on

- Aligning goals of new system with company goals
- Modifications to interdepartmental processes
- Your coaching them (also buy-in to coach departmental heads)

» Meet with each Departmental Head

- Align goals of new system with departmental goals
- Agreement on modifications to departmental processes
- Your coaching them (managerial style)

» Match communications with project milestones and preparation and introduction of new system

- Messages focus on benefits of new Accounting system
- Tell Executives and Department heads what needs to be said and what they need to do
- Timing incorporates project milestones

6. WHERE WILL THEY SEE, HEAR AND READ WHAT LEADERS DO AND SAY?

» Include in regular monthly company emails from Thor

» Introduction at weekly Accounting staff meeting

» Standing agenda item on regular departmental meetings

» Standing agenda item on weekly 1-on-1s of affected employees

» Standing agenda item on bi-weekly management/Executive Team meetings

» Two-way:

- What management/project team wants to tell employees
- What employees are saying to selves and management

THANK YOU