

## Change Management M&A

*"The only certainty in our modern world is change. The ability to survive and flourish depends on our flexibility and the willingness to constantly adapt to a changing world"*

### **Introduction**

Driven by efficiency programs, rapidly changing market circumstances or IT trends, companies invested enormous amounts of time and money in the improvement of their business processes and the renewal of their supporting IT infrastructure.

Over and over again, the disappointing results of such projects have shown that they can and may not be viewed merely as IT projects. Project approaches that were too much technology driven have led to serious business failures and poor returns on IT investments. There are numerous examples of companies having to accept a significant downturn in business performance as a consequence of wrong – or better – incomplete management of their IT projects.

In the current market conditions, IT investment projects require a fast Return on Investment. Though in reality this is very difficult to obtain. The horror stories are probably well known. IT projects have more than once directly damaged the business results of companies. Reduced business performance, decreasing customer satisfaction and motivational problems amongst employees are some of the disastrous effects that a failing IT implementation can have. The objective of Mieloo & Alexander's change management approach is to minimize the downturn in performance and increase the Return on Investment (ROI), as a result of an IT implementation.

### **Decreased process control:**

An IT project has got a significant impact on the control of business processes. Controls that were adequate in the past will become useless, as information flows between people or departments are different. Certain information flows will become less visible than they were in the past. Therefore, it can easily happen that process bottlenecks or concentration of work in progress are not noticed in time or even not at all. Identifying these effects and incorporating them in a clear communication plan to the organization is part of our change management approach.

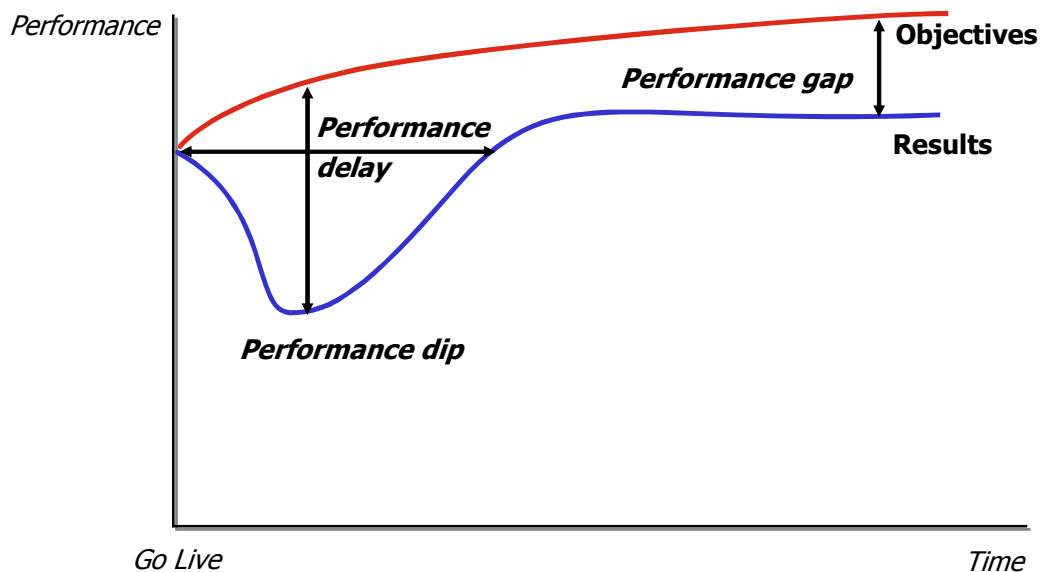
### **Motivation dip of employees:**

An IT implementation is often a change of such magnitude, that it can only be done successfully with the commitment and input of the entire organization. If the process knowledge of employees is not included in the project approach, the quality of the new processes and of the changes will be insufficient. Moreover, a change that is predominantly initiated from outside, is less likely to be accepted. When employee involvement in the project is too low, changes will be understood poorly and therefore not be accepted.

Although both risks seem to be internal by nature, it's essential to understand that these risks could potentially lead to a negative impact on key performance indicators, such as for example delivery performance, customer satisfaction and market position. The awareness that IT projects can have a negative impact on the overall business results is crucial.

The downturn in performance after an IT implementation can occur in three ways:  
 'Performance dip': Shortly after the go-live business volumes decrease temporarily because the organization has to shift to the new way of working;  
 'Performance delay': It takes some time after the go-live for business volumes to return to their normal levels and the recovery of the 'steady state';  
 'Performance gap': Business results can be lagging behind for a longer time than anticipated.

The picture below shows the three ways in which business performance issues can occur.



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## Change management approach Mieloo & Alexander

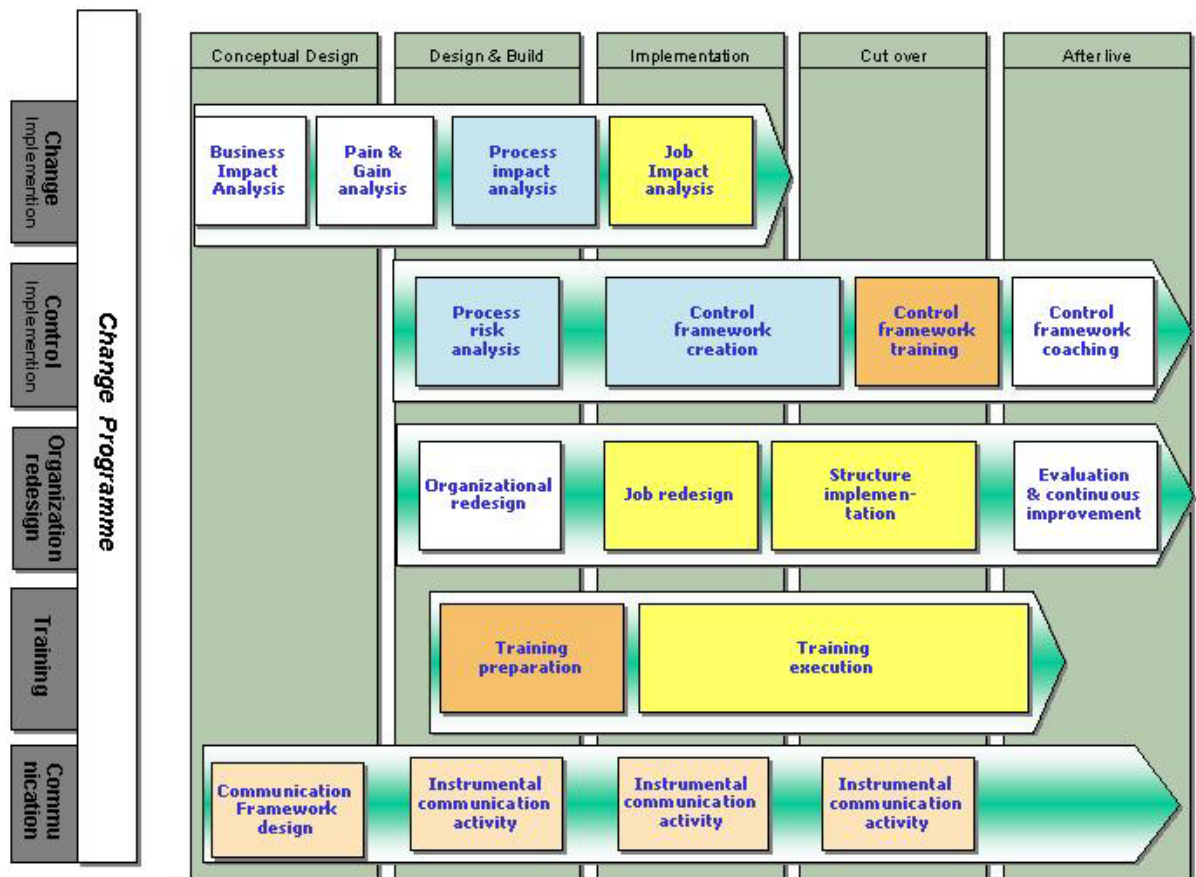
The consultants of Mieloo & Alexander have dealt on many occasions with the risks that are implicitly related to IT enabled improvement projects. In order to properly manage the risks that have been introduced in the previous paragraph, the Mieloo & Alexander change methodology is an integral part of its project methodology. In that way, it's ensured that IT enabled improvement projects are not being managed as pure IT projects, but as business change projects.

Mieloo & Alexander distinguishes the change management approach in two main categories:

- ❑ **A. Project implementation change management:** Business risk minimization, very much related to project implementation deliverables. We also like to name it the "hard" side of Mieloo & Alexander's change management approach
- ❑ **B. Basic change requirement for organizational change:** get buy in, sponsorship for IT enabled improvement projects, this is the "soft" change management approach of Mieloo & Alexander.

### A. Project implementation change management

Mieloo & Alexander defined five work packages to make change management manageable, tangible and concrete. The picture below indicates what each of the packages consists of per project phase.



Each work package will be described in more detail in the paragraphs below.

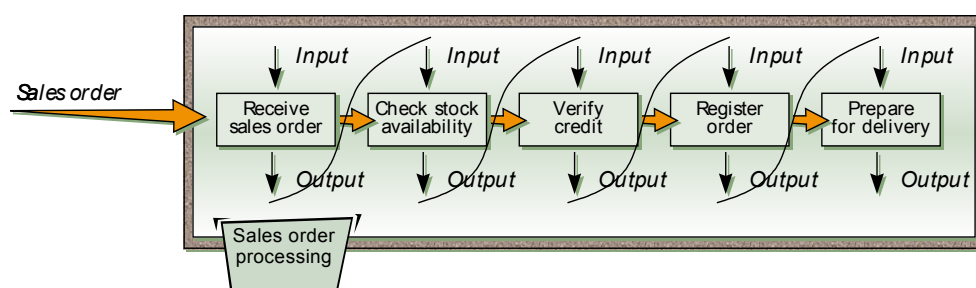
### Change Implementation

The work package 'Change Implementation' focuses on changes that are caused by the business change implementation. The changes are being described on three levels: general business level, business process level and job role level. The concrete end results of this package are the Business Impact Map, the Process Impact Map and the Job Impact Map, with an increasing level of detail. For example, the Process Impact Maps are a further specification of a Business Impact Map.

### Control Implementation

The objective of the work package 'Control Implementation' is to identify potential risks in business processes and to define measures that should help managing the risks. Therefore, a risk analysis is performed for each business process.

Each process requires input and output according to predefined specifications. See for an example the picture below.



If the output is not according to the standards, the next process or process step (which could be in another department) cannot start or cannot be executed completely. Thus, the process flow stagnates and the costs of the failing processes increase exponentially with every step in the process 'downstream', because solving the errors is very knowledge and time intensive and requires a lot of cooperation across departments (integration and communication!). Examples of measures to better control process flows are operational reports or administrative procedures.

### **Organisational Redesign**

The third package of the Mieloo & Alexander change approach is 'Organizational Redesign'. A company that chooses to implement an IT system can choose also to redesign her organization. A possible reason for this could be that certain changes were deemed necessary for a long time already but never before the momentum was there to pull them through. The concrete details of this work package very much depend on the goals a company wishes to achieve with the IT implementation.

### **Training**

Employees have to be trained intensively to understand and learn the new processes. The training sessions should cover – as highlighted before – not only the functions of the new system but also aspects such as process understanding and integration between departments. Furthermore, the changes, the risks and the defined countermeasures for those risks are an integral part of the training.

### **Communication**

The work package 'Communication' offers a framework for informing all stakeholders, both within as outside the project team, as outside the organization, about the progress, the results and the consequences of project. Communication outside of the project team may be required for example towards departments, work council, vendors, customers and other business partners. Line management or corporate communication is responsible for communicating to these parties, in close cooperation with the project team. It's essential to communicate frequently and in an early stage about processes, process changes, risks and control measures. Only by doing that, the go-live will be successful and the Return on Investment (ROI) will be faster.

In an early stage of the project implementation, Mieloo & Alexander defines a Communication Framework Design. Mieloo & Alexander's project experience has proven that especially early stage communication is important to have all stakeholders on board, in time. The goal is to ensure that stakeholders will understand, accept and commit to the project objectives.

The communication framework design describes the major actors within as outside the (project) organization. This design contains a framework, which explains the balance of power between the relevant stakeholders. As a result project management has a communication tool that is more efficient on whom to communicate to, via which media and on what level of communication.

The Communication Framework Design will be the basis for implementing the communication before, during and after the project phase, via instrumental communication.

## **B. Basic change requirement for organizational change**

Based on our experience in organisational change projects we have identified 6 basic requirements for organisational change:

### BCR 1: Establish a Sense of Urgency

- ❑ In order to change your organisation you should have a good reason for doing something different, otherwise people will resist against the changes
- ❑ Identify an urgent need in terms of crisis, potential crisis or great opportunity, necessary to make them believe that the current situation is more dangerous than leaping into the unknown

### BCR 2: Elicit Executive and Peer Sponsorship

- ❑ Organisational change must be nurtured and supported by a dedicated group of influential leaders throughout the organization
- ❑ Without sufficient influence and power the group will lead only apparent change over time, opposition forces will gain strength and snuff out the

### BCR 3: Create a Vision

- ❑ Leaders must create a vision. Without a vision, the change effort can dissolve into a series of incompatible projects, which will look like change for change's sake
- ❑ The best vision in the world has no value if it's a big secret, communication of the vision is important

### BCR 4: Empower Others to Act on the Vision

- ❑ Leaders must clear the way for employees to develop new ideas and approaches without being stymied by the old ways
- ❑ The guiding coalition must remove obstacles that may be entrenched in organization processes, or exist only in the minds of employees

### BCR 5: Create Short Term Goals

- ❑ Employees must see results, or they will give up or perhaps join the naysayer
- ❑ Short-term goals and wins will validate the effort and maintain the level of urgency and will keep momentum!

### BCR 6: Reinforce Changes Made as Permanent

- ❑ Having made effective changes, leaders must now make the changes permanent
- ❑ Leaders must connect new behaviour with corporate success, showing that the new ways are here to stay
- ❑ All that was accomplished can be undone by a change in leadership that bends back to the old way, but also a change in vision!

Mieloo & Alexander has used the " 6 basis change requirements for organizational change" in a workshop setting, but also integral within a project implementation change management approach. For more information you can read the white paper "Mieloo & Alexander's 6 basic change requirements for organizational change"

### **Succes factors for organizational change management**

According to Mieloo & Alexander the following aspects are necessary for having a successful IT enabled improvement project and should therefore be given highest attention and priority:

#### **Concrete approach and results**

One of the big risks in dealing with changes is adopting a vague and intangible approach. The Mieloo & Alexander change approach is characterized by its high concreteness. Both the work packages, and the activities and deliverables within the packages are concrete, clear and relatively easy to understand. In that way changes can be made truly visible and can be anticipated in an effective way.

#### **Intrinsic part of the project**

Change management has to be an intrinsic part of the implementation project, not a separate project or work stream. First, this means that both during the phases of the project as well as after the go-live, process responsibility has to be assigned clearly to managers and/or employees. These 'process owners' are not only responsible for the design and monitoring of the processes but they also have to perform a leading role in the identification and communication of changes, risks and measures. Secondly, integrating the change approach into the project approach means concretely that the change team can not be a separate entity but that there is a constant cooperation between the (functional) teams on the one hand and the change team on the other hand.

#### **Commitment top management**

Without the complete commitment and support of top management any project implementation is deemed to fail. When on the opposite, senior management is aware of the possible impacts of the project to the organization and actively communicates on the consequences for the business, the acceptance will be easier and the implementation will be more successful. The 6 basic change requirements for organizational change is a proven approach, and Mieloo & Alexander have developed a workshop tailored specifically for senior