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White Paper

The Strategic Change Office: How to Ensure Enterprise-Wide Success from Change

Succeeding at change is a requirement in today's marketplace. But as change has become more complex, the failure rate has increased. This white paper outlines a radical new approach to building your organization's change capability.

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Introduction

Change is the vehicle to breakthrough results. The more dramatic the results you pursue, the more change will be required to produce them. Improvement, innovation, and superior performance are all made possible through the process of change.

In today's dynamic world, change has become a fundamental part of organizational life. Competition, new technology, innovation, and globalization have all driven change to the forefront of the executive agenda. The question is not, "Should we change?" But rather, "What should we change and how should we go about changing it?" Ongoing change has become a requirement of success in every industry in the 21st Century marketplace.

The good news is that more and more executives seem to understand this. Across both private and public sectors, executives are unleashing increasing amounts of change, and that change is growing in magnitude, complexity, and urgency. The bad news is that most of this change is failing to deliver on its promise, never fully realizing its intended ROI.

Ponder these facts: organizations are spending millions of dollars on ERP and CRM implementations, yet most fail to see their ROI for years, if ever. Mergers and acquisitions make financial and strategic sense on paper, but 88% of them do not capture their expected revenue growth because of productivity losses when post-merger integration spins out of control. Organizations devote tremendous resources attempting to create synergies across their supply chain, yet never realize greater profitability or effi-

ciencies because they cannot get the people involved to operate differently.

Many executives face a dire situation regarding change. Change is essential to their organization's success, yet as the imperative for change increases, so does the cost of failure. But failure has become more likely than success. Because today's most important change efforts are often enterprise-wide, they are larger and more complex and that much more difficult to design and implement successfully. So where succeeding at change is essential to business viability, the probability of success is at greater risk.

Are organizations not realizing the needed ROI from change because their executives are choosing the wrong direction? No. The problem lies not in the decision about what to change, but in the execution of the change. Most organizations lack the ability to implement change without it negatively impacting their current productivity, customer service, and employee morale. Put simply, the complexity, urgency, and need for change has outpaced most organizations' skill at implementing it.

Is this true in your organization?

The solution is not to continue approaching change in the same way, hoping for a better outcome. Instead, a radical new approach is required.

In this white paper, we present a solution to this critical executive challenge that will radically improve the results you get from change. This solution—The Strategic Change Office (SCO)—will develop your organization's change capability and ensure your success at implementing the changes required by your business strategy. Developing this executive level

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function will enable you to integrate changes for tremendous cost savings and greater speed. It will minimize the negative effects change has on your current operations, and it will better enable you to assess the impacts of change *before* you attempt to implement.

Developing a Strategic Change Office will enable you to make better capacity decisions, allocate resources where they will deliver the greatest gain, and lessen the stress change places on your people. In short, implementing a Strategic Change Office will maximize your ROI from change now, and throughout your organization's future. The SCO will be the foundation for building your organization's change capability so you can stay ahead of your competition and effectively respond to the market dynamics you will undoubtedly face throughout the future.

Creating a Strategic Change Office will not reduce the cost of failing in your change efforts, but it will radically increase your probability of success. In this white paper, we provide an overview of the SCO, its role and function, and how to establish one in your organization.

The Role of the Strategic Change Office

The mission of the SCO is to ensure successful change across your organization, in support of your core business imperatives. This includes both maximizing the results delivered on individual change initiatives, as well as building long-term change capability in general. The SCO supports your organization's entire change agenda, ensuring that the right resources, methods, and skills are deployed to deliver success.

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Establishing a Strategic Change Office puts change in its proper strategic place in your organization, on par with your Chief Strategy, Chief Financial, Chief Information, and Chief Technology Offices. Each of these other "Chief Offices" relies on your organization's change competency to successfully implement the changes they drive. The SCO is in business to support *their* success, which will enable your organization to achieve its collective business strategies and goals.

The SCO partners with executive sponsors to accurately scope each strategic change effort and sets them up for success from day one. It provides methodology and tools, ensures project integration, and manages the capacity to deliver. The SCO optimizes the use of resources, and ensures the best interface with current operations. It oversees the design, execution, and full realization of ROI.

The SCO Ensures the Successful Implementation of Your Business Strategy

Change is the implementation of business strategy. Leaders often forget this intimate relationship between strategy and change. They become passionately involved in developing a great business strategy, but then put little attention to actually getting it implemented. They simply delegate change projects to others, who seldom have the authority or resources to make the required changes happen.

The executive team owns developing your business strategy, but who owns its execution? The absence of a clear answer creates these classic problems

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with change. Usually, line executives secure the green light for their individual changes and then drive them down through their organizations, often in isolation from one another. Line organizations often use different change methodologies, compete for finite resources to execute, and burden common stakeholders with large change agendas. This is inefficient, fragments the organization, and taxes the capacity of current operations. It causes competition for resources and time in the line organizations where the changes must occur. It precludes any development of best change practices, and makes it virtually impossible to drive enterprise-wide changes effectively. This is a key reason why most enterprise change fails to deliver on its promise: the organization is simply not set up to succeed at such complex undertakings.

With a Strategic Change Office in place, the executives still own the decisions about what needs to change to successfully implement their business strategy. But instead of simply naming change projects and handing them off to line organizations to implement, they first engage the SCO. The SCO has strict criteria of what type and scope of change it supports. If the change fits the criteria, the SCO then works closely with the Executive Sponsor of the change to create a change strategy that clarifies change governance, potential integration with other initiatives, scope, pace, and a true picture of the resources and time required for the change to deliver on its promise. It also assesses the impact of the change on current operations, so the other executives can know going in what impacts they will have to deal with and when. The SCO then secures professional change support to define and mobilize the effort according

to its organizational priority, desired outcomes, and requirements.

The head of the Strategic Change Office is the Chief Change Officer (CCO) who is a full-fledged member of the executive team. Placing change (strategy execution) in the executive suite—where it belongs—causes the executives to become far more involved and establishes successful change as an enterprise-wide objective.

The SCO enables change leaders and project team members to have far greater access to the executive suite when critical issues emerge. Being knowledgeable about all of the large change efforts in the organization, the SCO can more easily get the executives to engage in key strategic change issues, such as: 1) the impacts of taking on any new change, 2) how it will or won't tax capacity and resources, 3) what priority and level of urgency it has, 4) what organizational activities can be stopped or modified to address capacity constraints, and 5) what will be required of the executives collectively to ensure its success.

The SCO has the authority to get the executives' attention when any of the changes—or the organization's capacity to deliver on them—is at risk. With this intelligence, the executives have far more capability to ensure the successful implementation of their own individual initiatives, and more importantly, their collective business strategy.

The SCO Owns People and Process Solutions, but Not Content

Successful change requires competent attention to three key areas: content,

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people, and process. Neglect any one and you fail, pure and simple.

Content refers to what must change, such as structure, systems, processes, technology, supply chain, corporate performance management, technology, etc. You have got to get the design solution correct for what you are changing.

People refers to all human dynamics, such as emotional reactions, resistance, cultural impact, mindset, behavior, communications, engagement, and commitment. Change succeeds to the degree to which people buy-in, implement, and master it. Without bringing the people along, change fails.

Process refers to how change occurs. Process includes every task taken, or needing to be taken—for both content and people—from the moment of conceiving that you need to change to the realization of your intended results. Your change process addresses how you scope, govern, design, implement, and course correct your change effort. It is through your change process that your results are achieved.

Typically, executives focus on content and leave people and process issues to others. This is the way it should be—almost. Executives should continue to focus on business strategy and what (content) must change to implement that business strategy. But they should not neglect key people and process dynamics, nor just delegate them. People and process issues can be true change show-stoppers, so executives must stay attuned to the people and process dynamics that are heavily affecting their change efforts.

Historically, the people and process challenges have been divided up and delegated to human resources, the orga-

nization development department, the project management office, or a change management function. But this does not work for today's dynamic transformational changes! Recall again all the failed changes that have occurred over the past decade as executives have used this “parse and delegate” strategy.

An integrated change strategy is required for the people, process and content requirements of change. *What* is changing, *how* it will change, and *who* will be engaged in planning for, designing and implementing the change must all be integrated. You cannot have executives design the content solution, and then have others “bolt on” some change or project management techniques during implementation and hope to succeed. By then too much damage is done to the people side of change.

Here is the classic failure scenario that plagues most organizations, disenfranchising the very people needed to make change succeed: Early in the change process, executives use a top-down, low engagement, low communication process to design their content solution. They justify this approach because it is faster and they do not want to communicate until the solution is final. But this creates resistance in their stakeholders that is difficult to resolve later during implementation. Their people feel victimized by the change because they were not adequately engaged or communicated to in the beginning—even though the design solution is ideal. Implementation goes poorly because of this “resistance,” and the change does not deliver its promised ROI.

You can avoid this mistake by engaging your people up front in your change process. You want them involved early in design, minimally receiving frequent

communications about the direction of the design, so they have time to understand and buy-in *before* implementation occurs. This requires that you develop your people “engagement strategy” right up front as you determine how you will design your content solution. You must treat your content and people issues as part of one integrated change process.

This will only occur in your organization if you create an executive level, strategic function that ensures this integrated planning, and that is the role of the Strategic Change Office. The SCO ensures that you build a change strategy that will provide the best content design, while simultaneously engaging people in the change process in such a way that they develop commitment, ownership, and skill in implementing the content solution.

Functions and Benefits of the SCO

Increase Speed and Lower the Cost of Change

Every executive wants change to happen faster with less financial and human cost. Establishing a Strategic Change Office supports those results. Your SCO is tasked to ensure that each new change fits within your whole change agenda. It reduces the duplication of effort; ensures that the outputs from one project flow seamlessly as timely inputs to others; and stops the competition across projects. It strives to increase people’s understanding of the big picture of change and how all change efforts work collectively to implement the organization’s business strategy. This alignment speeds up change dramatically and increases stakeholder buy-in.

Establish a Common Change Methodology and Best Practices

Right now, you likely have a range of approaches to change in your organization. Remember the capital and human costs of having numerous accounting and IT systems in your organization? You pay similar prices for multiple approaches to change.

The SCO will establish a common change methodology that is fit for transformational change. This methodology must: 1) develop consistent change skills and competencies across your leadership ranks, 2) enable a better exchange of work products across change initiatives, 3) provide a consistent model so staff can seamlessly move as needed from project to project, 4) integrate projects with their requisite inputs and outputs, and, 5) gather, document, and teach best change practices.

Your SCO will “own” your organization’s common change methodology, tools, and best practices, and will be responsible for disseminating them throughout your organization. With focused commitment to a common change methodology, your executives and line change leaders will develop far greater understanding and skill in change.

Provide Master Level Change Skill and Ensure Change Leadership Competency

Your Strategic Change Office can be the home for your organization’s deepest change skill. The professionals housed within this function should be trained as masterful consultants to your line executives, helping build effective change strategies and facilitating successful execution. The consultants will have the greatest competency in your chosen

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change methodology, and be champions of your best change practices. These resources might also partner with your Executive and Management Development functions to provide change leadership training for your leaders, as well as the other internal consultants (i.e., Six Sigma, project management, process reengineering, quality, OD, OE, etc.) who support change projects.

Efficiently Access the Organization's Expertise and Resources

The resources that may be needed on any type or magnitude of change are broad and varied. Those that exist inside an organization are typically housed in a range of places and levels of the organization, all widely dispersed. This reality makes it hard to recognize that they can and should be mobilized for a particular change.

The people staffing these dispersed services often feel great frustration when they believe they have a contribution to make to a change, but are caught on the sidelines or in the trenches without a way to get their leaders' attention. Or worse, they compete with each other for any chance to play in the bigger game of change.

The Strategic Change Office does not house all of the resources that may be required for change; *it knows where they are and accesses them as needed.* It has a dotted-line relationship to the myriad types of expertise and resources in the organization, and has the authority to mobilize the right resources and skills for any given change that it supports. Consequently, the SCO must be led by people who understand how to scope and prepare for all types of change, and how to bring the right people to the planning table so that the change is set up for success from the beginning. Most impor-

tantly, it must have the organizational authority to pull these resources together once the executives agree to deploy them.

People and Process resources are usually tougher to secure and are far less developed in most organizations than their content counterparts. The SCO may house people and process consultants, or not. A partial list of people and process expertise that may be needed for any type and size of change includes people who can:

- Build the case for change
- Establish shared vision
- Scope change accurately
- Develop an integrated change strategy
- Design change governance
- Manage projects
- Apply Six Sigma
- Deliver HR support services
- Provide executive coaching
- Plan and facilitate meetings
- Conduct organizational assessments for content designs, readiness, and capacity to change
- Conduct an impact analysis
- Provide organization development; team building; new team start up
- Develop stakeholder engagement and change communication strategies
- Create change initiative integration strategies
- Conduct change leadership development
- Create culture change strategies

- Audit and measure change
- Develop rapid course correction systems

This is a long, but incomplete list. Keep in mind that any or all of these skills may be needed on any given change effort.

The SCO can also provide valuable oversight of external consultants. The SCO can create preferred vendor relationships with the various types of external experts your organization may need. It can be particularly helpful in strategically contracting for the full range of services that support your change agenda, rather than simply trying to coordinate all of the competing firms that have already been hired for various pieces of projects.

The SCO can align the external consultants with your internal resources, coordinate efforts across multiple consulting firms, and renegotiate agreements and deliverables to better serve your needs as they change over time. This oversight can reduce fees, confusion, and redundancies, and ensure that the external firms deliver their services in ways that align with your organization's cultural standards. Managing change-related vendors is a very high-leveraged use of the SCO.

Summary

Creating a Strategic Change Office enables executives to reap greater ROI from change. This Office supports all other strategic functions in the organization by maximizing the success of all mission-critical change efforts they drive. The SCO defines, scopes, and resources the change efforts that the executives deem most critical. Because the Office shapes the early planning

phases of change, leaders receive better intelligence about the real magnitude and complexity of each change, and the organizational capacity, resources, and skills required for it to succeed.

More than any one of the individual change services or capabilities embedded in the organization, the SCO is tasked with seeing the big picture requirements of change. It provides deep change expertise to your organization, and owns your change methodology, tools, and best practices. It provides guidance to your executives to ensure that your change efforts have the capacity and resources to succeed. The coordinating and integrating functions it provides accelerates change, lowers its human and capital costs, and protects your operation's ongoing success. If keeping pace with your competitors and constituents is a requirement of your current and future success, then taking this bold new move to create a Strategic Change Office is worth very serious consideration.

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About the Authors

Dean Anderson and Linda Ackerman Anderson are the co-founders of Being First, Inc., a results-oriented change leadership development and transformational change consulting firm working with visionary leaders of the Fortune 1000, government, and large non-profit organizations. For twenty-five years, Being First has been assisting executives to maximize their ROI from change, transform their cultures to high performance, and build their organization's change capability. Being First provides a complete change solution, including change strategy development, change methodology and tools, training, coaching, consulting, and hands-on change project support. A Deloitte and Touche research study once named the Being First Change Methodology the most comprehensive in the world.

Mr. Anderson and Ms. Ackerman Anderson are co-authors of two cutting-edge books on change, *Beyond Change Management: Advanced Strategies for Today's Transformational Leaders* and *The Change Leader's Roadmap: How to Navigate Your Organization's Transformation*. They co-author *The Change Management* column for *Workforce Performance Solutions* magazine, as well as the e-newsletter, *Results from Change*, which is distributed to change leaders and consultants worldwide.

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