

# Essential Change Management Principles

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## Introduction

Change Management—a ubiquitous term that has taken on many different meanings, depending on where it is used. However, as the statistics continue to heighten awareness to a growing trend in organizational collapses, understanding change management principles is becoming an ever-important tool for those responsible for implementing organizational wide programs. This white paper is intended to highlight the importance of change management within an organizational context, answering the questions as to why it is important and how best it can be implemented.

## Organizational Change Management Principles

***“70% of all major changes in organizations fail - and that number hasn't changed since researchers started examining success and failure rates some fifteen years ago.”*** Rick Maurer, 2010.

In his book ‘Beyond the Wall of Resistance’, Rick Maurer (2010) makes a startling claim that 70% of all major changes in organizations fail. While some argue that Maurer’s estimate is conservative, change practitioners and project managers confirm this alarming trend within government, civilian, healthcare, and manufacturing organizations. The McKinsey Study (2002) arrived at a similar conclusion eight years prior after investigating over 40 organizations within banking, healthcare, manufacturing, and utility-based organizations that were in the midst of widespread change initiatives. At the end of the study, 58% of the organizations failed to meet targeted outcomes. The next 20% accomplished no more than 30% of the value expected from their projects—a far cry from success. This raises two fundamental questions: Why do companies continue to see such poor returns and what is being done to curb these repeated failures? More importantly, how does Organizational Change Management (OCM), or the lack thereof, influence project outcomes? Herein lies the purpose of this article; to define Essential Change Management Principles based on empirical data and theoretical foundations. First, let’s define OCM.

***Organizational Change Management is a structured set of processes that focus on socio-organizational collaboration aimed at improving business outcomes by gaining the buy-in and commitment of those impacted by the change.***

OCM encompasses a suite of processes that include both top-down and lateral communications, awareness training programs, effective sponsorship, and carefully defined processes for managing resistance (both overt and passive), just to name a few. While OCM can take different forms, OCM processes are most effective when implemented close to the start of change initiatives and projects. This is an important step for project managers to consider, since it provides stakeholders the critical opportunity to provide input on **‘how’** the change will be implemented, necessary for yielding the highest degree of commitment and buy-in to the change. On the other hand, project managers run the risk of alienating key stakeholder groups by not considering valuable inputs early in the project lifecycle. This explains why OCM is least effective when constructed in response to unanticipated issues, problems, or ‘fires’. As a result of this lack of preparation, an uncoordinated “shooting from the hip” approach often results in confusion and ultimately a downward spiral of commitment to the change. Let me also debunk a myth that has long undermined OCM efforts:

***OCM is not some soft ‘pie-in-the-sky’ process, but rather an essential project management success enabler that aligns the hearts and minds of people with the organization’s strategic direction.***

**Principle #1: Integrate OCM planning into every project milestone.** A review of the McKinsey study provides helpful insight of essential OCM principles. The first principle encourages project managers and change practitioners to: *“Integrate OCM planning into every project milestone, and for each stakeholder group represented on the project”*. Project managers must evaluate all project milestones answering the fundamental question: How does this milestone impact stakeholder group(s)? As a general principle: when there is a change to a process, tool, or system that impacts people, then OCM strategies must be defined and applied on the project.

**Principle #2: Incorporate input from all key stakeholder groups.** The second principle targets executives and sponsors, encouraging them to: *“Implement a top-down OCM strategy that incorporates input from all key stakeholder groups”*. Effective OCM strategies ensure that senior management, middle management, and frontline employees all understand the purpose for the change along with the fiscal and organizational ramifications. Additionally, frontline employees must receive consistent messages on how the change will impact them individually in order to secure their commitment in the near and long-term. In the McKinsey study, the 11 most successful companies also adopted OCM strategies at every level of the organization. These companies demonstrated visible sponsorship, embraced divergent thinking from stakeholder groups, and communicated consistent messages throughout their organizations with the commitment and support of their various stakeholder communities.

**Principle #3: Develop a strong sponsorship coalition.** The third principle is simple but profound: *“Develop a strong sponsorship coalition”*. The lack of visible sponsorship is often found to be the primary reason for project failures. Establishing clear roles of sponsorship is essential for effective top-down and strategic organizational communication. Strategic communication consists of messages that ensure the transference of high-level goals, program/project deliverable timeframes, impacts of decisions on various business entities, and levels of support needed in order to mobilize direction. Various communication approaches can be employed to achieve these objectives; however, without visible sponsorship, a communication gap will exist between senior management, business groups, and ultimately frontline employees. In my work as a project manager supporting Federal, State, and local governments, I have discovered that sponsorship is often lacking throughout many organizations, and also lacking throughout the lifecycle of highly visible projects. One may ask, what is sponsorship and why is it important?

Sponsorship is the visible act of a senior manager to engage and align the organization’s mission and vision with its business need, problem, or opportunity. Sponsorship is therefore an essential ingredient for the effective dissemination of time-bound, context-sensitive, and mission-driven messages.

***Sponsorship requires a visible presence!*** Sponsorship also requires collaborative effort to ensure the accuracy, timeliness, and relevance of message being communicated across various levels of the organization. Visible sponsorship increases the chances for the successful dissemination and reception of these messages. How does one know when the sponsor is on-board? Effective sponsorship is evident when the sponsor:

1. Clearly communicates expectations for the project, and hold those in authority responsible for deviations.
2. Attends program review meetings and reviews the collective successes of the team.
3. Allocates the necessary resources to critical projects, and manages individuals/groups who oppose the project.
4. Builds enthusiasm and camaraderie amongst team members by celebrating team successes, and recognizing the work that led to positive outcomes.

Therefore, in order for OCM strategies to be successful, there needs to be clear top-down and lateral communications; visible participation of managers and leaders; clearly defined roles and responsibilities; and genuine alignment between the organization’s goals and employee’s personal desires. When organizational leaders and project managers fail to adopt these principles, they inevitably encounter difficulty in implementing successful and meaningful change throughout their organizations.

Thus far I described essential OCM principles. In the next section I will explain how OCM strategies can be implemented, building on the principles presented thus far.

## The 'how' of OCM

*“As a leadership competency, change management is often lacking. The political environment combined with employee resistance stops many managers from being true leaders of change”* (Hiatt and Creasey 2003).

As a certified Prosci Change Management consultant, I have often seen many organizations make the fatal mistake of minimizing the role of change management. This is usually seen when executive leadership decides to eliminate budgets once committed to change management efforts. While this is regrettable, how does an organization begin the process of planning, implementing, and sustaining change, first at the project level, and second at the organizational level? This section describes three fundamental steps for planning and executing effective OCM projects.

According to Prosci’s research of more than 500 organizations, the most effective OCM process consists of three core phases that includes:

- **Phase 1 - Preparing for change**
- **Phase 2 - Managing change**
- **Phase 3 - Reinforcing change**

**Phase 1:** The first step in this model is crucial, since this phase is characterized as an essential awareness building step in which the change manager, along with his or her support staff engage in dialog for understanding why the change is necessary in the first place. Answering the question WHY is essential for grounding the change effort. This first phase is also important to initiate discussions with key stakeholders so as to create a coalition of support for the high-level OCM strategy. This phase is also comprised of various readiness assessments that investigate the size, scope, duration, social impact, and associated risks. Once these assessments are completed and a sponsorship coalition put in place, then the next step is to acquire the necessary resources that can help to effectively lead the change. These resources will usually stay in placed for the duration of the change effort, but more importantly, will wield great influence as a result of the trust they build with those most impacted by the effort.

**Phase 2:** The second step is a more tactical step in that OCM documentation is developed, and strategies for attracting individual support to the change are carefully crafted. OCM documentation includes:

- Communication plans
- Coaching plans
- Training plans
- Sponsor roadmaps
- Resistance management plans

Building an OCM document repository is important; however, implementing the various steps, processes, and strategies outlined in these documents are critical for managing the change. When managing organizational change, opposition to the effort can sometimes become fierce. That's why it is essential for communication mechanisms to be in place to communicate the benefits of the change to those most resistant to the change effort. I have discovered that those who perceive or fear the most disruption to their daily life, or interests, will usually be most vocal against the change. That's why I argue that change managers need to be effective leaders with the ability to influence behavior versus simply managing change processes. As a well known author, John Maxwell (1998) indicated, leaders must touch the heart before they ask for your hand.

During the "Managing Change" phase, new processes, systems, and tools also begin to emerge and the reality of a "new day" dawns. Adopters of the change begin to emerge and take more prominence, especially when the change produces the benefits as advertised. Conversely, those initially resistant to the change begin to reassess their positions, especially if they are perceived as opponents to the change or if punitive rewards are laid out for those opposing the change. At the end of this phase, the organization begins to develop some momentum and the change begins to take hold. In the next section we will transition from "managing change" to "reinforcing the change".

**Phase 3** – Similar to the "monitoring and controlling" phase consistent with PMI nomenclature, the third phase is important since it reinforces the changes that have been put in place. Reinforcement processes assess the outcomes of OCM planned activities, taking corrective action where outcomes do not align with the goals of the change effort. On the other hand, positive reinforcement, (i.e.: celebrating early successes, rewarding supportive behaviors, etc.) causes new behaviors to become more engrained and repeated. Celebrating successes, especially early wins and the accomplishment of targeted goals, is a critical change management enabler.

OCM practitioners must also work with down-line employees to conduct "after-action reviews and transferring ownership of the change from the change management team to the organization"(Hiatt and Creasey 2003). The after-action

review is the final, and arguably, the most important step in the change process. During this process, the team evaluates successes and failures, and identifies/recommends improvements for future engagements. Some teams refer to this process as a “post-project review session”, or “lessons learned sessions”. Regardless of the nomenclature, this is a critical continuous improvement step necessary for building OCM competency across the organization.

While a detailed overview of OCM is beyond the scope of this article, the principles presented will effectively serve as the foundation for building essential OCM competency within your organization. In the end, success is not measured by how much dollars were awarded to implement systems, tools, and techniques, but rather the positive impact those expenditures created in the lives of people—the core reason for change!

## References

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