Leading Transformational Change

CHALLENGES AND INSIGHTS.

MOZAIC

Leading transformation?

Here are 10 key questions to ask, to increase the likelihood of transformation success.

1. Is the strategic intent and change narrative clear?
2. Are sponsors and change champions providing strong and visible leadership?
3. Is the right governance in place, with leaders empowered to make strategic decisions in a timely manner?
4. Does the governance structure include a forum for architecture and design?
5. Has a formal design process been undertaken to set the program up for success?
6. Are robust people, culture and change initiatives embedded in the program?
7. Does the program team and organisation have the capability to deliver and embed the transformation?
8. Does the organisation have the capacity to deliver and embed the transformation?
9. Are risks and issues clearly identified and proactively managed?
10. How will the expected business benefits be captured and realised?

1. Is the strategic intent and change narrative clear?

It is vital that a clearly identified and articulated problem or opportunity has been targeted, and that the whole rationale for the programme is supported by data and driven by measurable objectives.

The activities associated with this area are often referred to as strategic intent management and includes the development of the change narrative.

Once articulated, the strategic intent should be tested against several key criteria including:

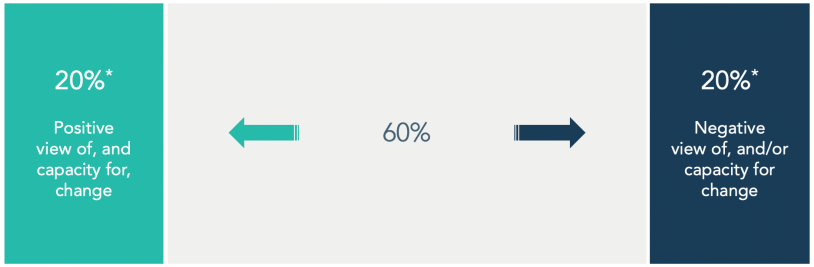
- Is the intent clearly defined ?
- Is there a compelling reason (burning platform) to make the change ?
- Is the intent shared by all key people ?
- Have we articulated measurable goals ?

The strategic intent and change narrative provide the "North Star" to help align leaders and staff with the proposed change.

The strategic intent and change narrative (the 'why'), is an essential element of helping staff to be comfortable with the proposed change and ideally inspired to be part of it .

2. Are sponsors and change champions providing strong and visible leadership?

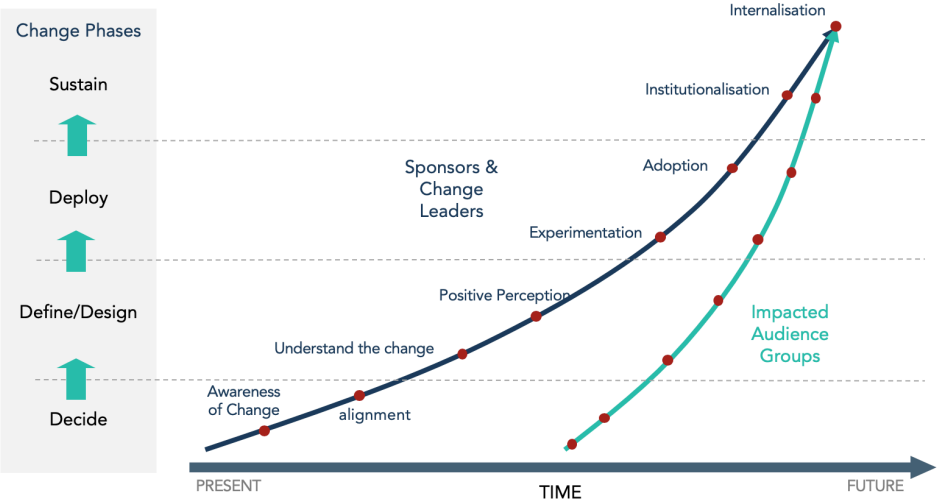
Understanding how people respond to change and how to influence that response, is key to ensuring successful change implementation. Sponsors and change leaders are central to influencing this outcome.



When organisations face change, particularly at a large scale, impacted staff typically fall into one of three categories; those who tend to embrace change and have a positive attitude and capacity for it; those who are inclined to be negative or unable to effectively deal with change, and; those in the middle who may be indifferent or unsure and influenced by their peers, by leadership, culture and messaging. The key question here, is how to shift sentiment in the middle cohort toward the positive end of the spectrum.

** The percentage split varies between and within organisations, depending on key factors such as organisational culture and the nature and volume of changes.*

Sponsors and change leaders are central to influencing this outcome and must provide strong and visible leadership to support and guide the transformation journey and reinforce the strategic intent.



Transformational programs, by their nature, require multi-level, cascading sponsorship and change leadership. Championing change needs to occur at all levels of the organisation – from the executive team to influential staff in impacted teams. First-line managers, often overlooked in change initiatives, have a critical role to play; it is this cohort that impacted staff take direction from – if they are not on-board and empowered to lead their team through the planned changes; change success is greatly compromised and will likely fail.

3. Is the right governance in place, with leaders empowered to make decisions in a timely manner?

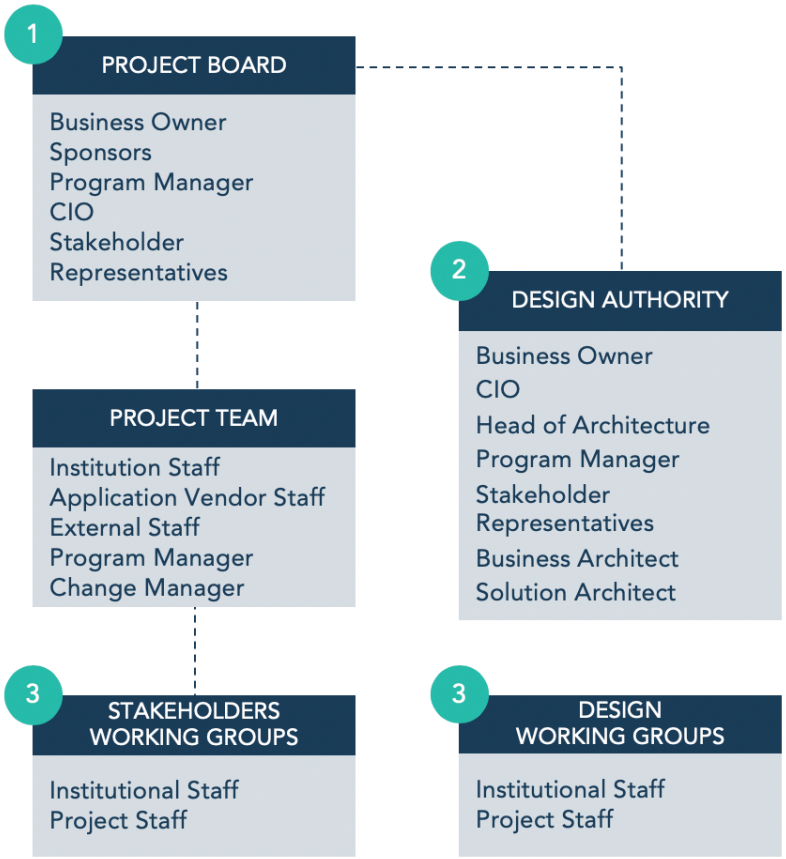
Transformation programs need strong executive oversight and leadership to succeed. The **Transformation Board** should be integrated into the existing governance model with formally agreed terms of reference. Depending on the nature of the program, the experience of the sponsor(s) and the maturity of the organisation it may be worth including external representation on the board.

As part of its governance the board should ensure projects are aligned to strategic intent; prioritised; benefits are calculated appropriately; and assumptions outlined. The transformation board should have delegated authorities in areas such as initiation for enhanced agility.

In our experience a three tiered governance model is most effective in the delivery of large strategic programs. The governance model comprises the following:

- The Project (Transformation) Board
- The Design Authority and
- Stakeholder and Design Working Groups

The membership and terms of reference of these governance forums and key members should be documented and agreed early in the project lifecycle by the sponsor and the program manager.

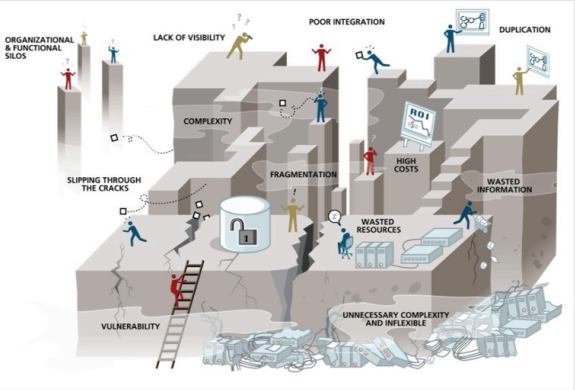


4. Does the governance structure include a forum for architecture and design?

A technical body (The Design Forum), should be established to focus on design and architectural governance.

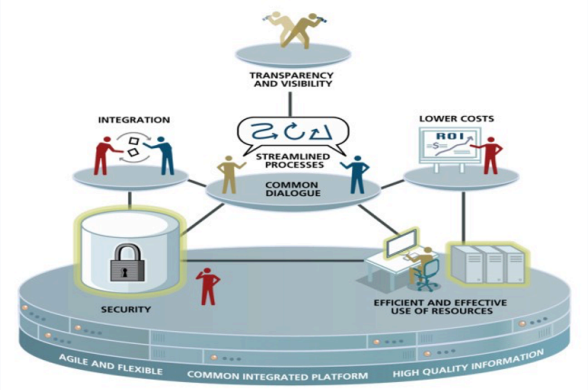
This diagram illustrates the importance of an effective design governance structure.

Without Design Governance



- Confusion and debate on scope and design of solution
- Technology, business and functional issues and risks manifest
- Design decisions made informally and without approval
- System/solution doesn't meet business needs
- Unsatisfied stakeholders and disengagement

With Design Governance



- Common understanding and agreement of solution
- Technology, business and functional issues identified and managed
- Defined design governance, decision-making and resolution model
- System designed and built to be "fit-for-purpose"
- Engaged and committed stakeholders

5. Has a formal design phase been undertaken to set the program up for success?

A formal top-down design and planning phase should be conducted at the transformation program level.

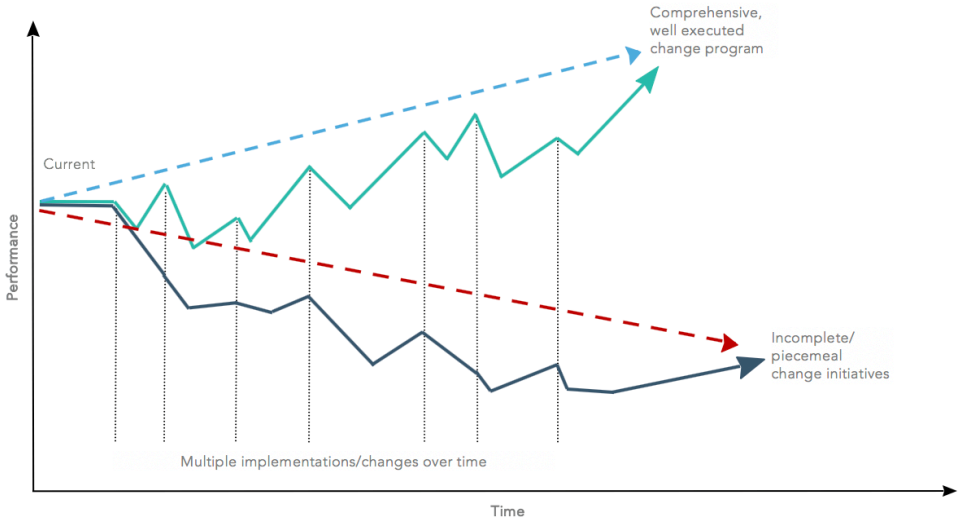
Taking a formal approach to mobilisation ensures the program is set up for success and headed in the right direction.

Stage	1. Program Preparation	2. High Level Design & Planning
Program Phases	Decide	Define / Design
Key Deliverables	▪ Future state vision "The Light on the Hill" ▪ Governance including program sponsor and the willing coalition of execs ▪ High level Target Operating Model ▪ Benefits realisation measures ▪ High level structure of the transformation – work streams to be included ▪ High level budget ▪ Commitment of design resources	**Program Change & Communications** - Building the case for change – strategy & artifacts - Communications strategy - Setting the context for a successful program - Identifying areas of program resistance and strategy to address **Program Delivery Schedule including Project interdependencies** - Smoothing delivery schedule according to technology and change constraints and based on: o bringing benefits forward and delivering benefits often o managing risk o steady state milestones **Target and Steady State Operating Models & Roadmap** - Business and technology – what will the business look like at the end of Year 1, Year 2 ,Year 3 - Roadmap detailed for year 1 and less detailed for year's 2 and 3 - Project and Program Stage gate definitions **Benefits** - Benefits ownership - Benefits measurement o Benefits / Cost profiles - Benefits Reporting **Risk Profile** - identification of program strategic risks **Governance Structure** - Integration between Program and Project Governance - Project funding governance - Project Sponsors and Steering Groups - Program Steering group - Role of the Design Authority - Role of the Enterprise Architecture Review Group **PMO** - Reporting at Project and Program Level - Quality assurance approach - Corporate Project Services e.g. Procurement, Vendor Management - Competency Centres **3 year high level resourcing profiles** - identifying resource peaks and - recommending resourcing strategies (partnering, outsourcing etc) - resourcing operating model – who owns the resources and how will they be allocated

6. Are robust people, culture and change initiatives embedded in the program?

The benefits of a robust approach to people and change are substantial. Poor change management implementation is consistently cited as one of the major contributing factors to disappointing returns.

Transformation programs have a prolonged impact on staff and the organisation as a whole. Poorly managed change can have a compounding effect that is not sustainable. Sponsors and change.



The program level change management approach outlines how the transformation program will drive and assist the organisation to build both readiness and ability to change, accept and own the new processes and systems, as well as create a positive and seamless experience for staff and customers.

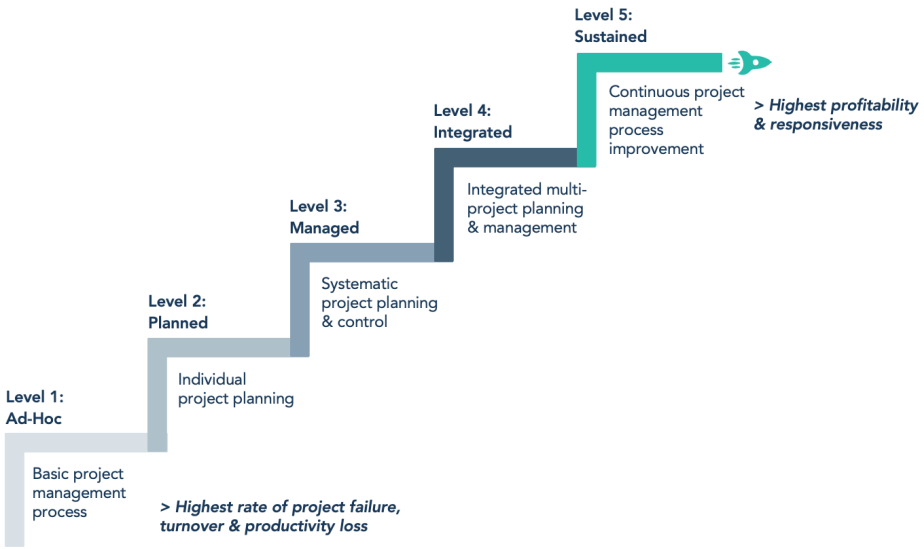
A top down approach is essential to understanding the full extent of change impact, readiness and interdependencies, whilst ensuring optimal deployment of resources.

Change management planning must be closely aligned with broader program planning, to ensure a wholistic approach and realistic expectations from the outset.

7. Does the program team and organisation have the capability to deliver and embed the transformation?

Project Maturity

To effectively deliver transformation, organisations and program teams need a high level of project maturity. As a minimum, organisations must operate at level 3 and continue to build maturity to optimise profitability and performance.

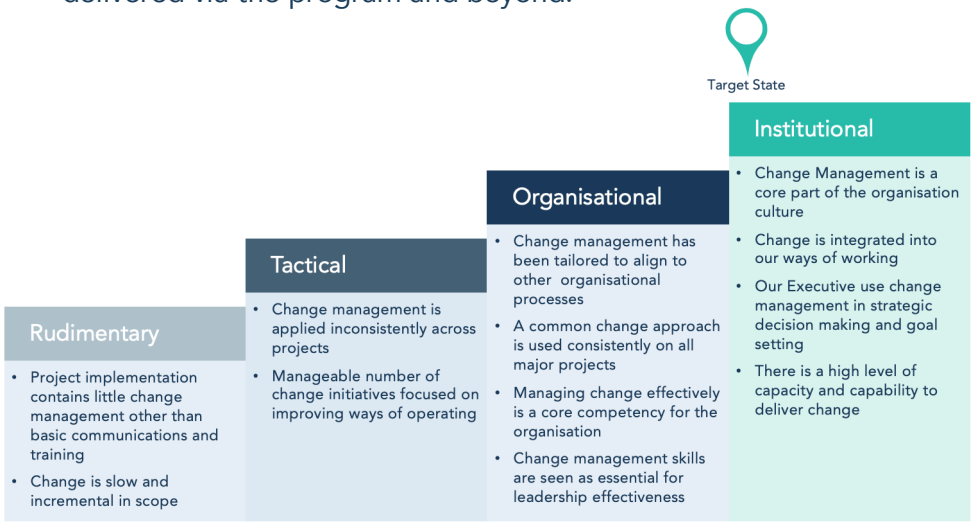


Sample Project Delivery Maturity Scale

Change Management Maturity

In addition to project maturity, organisations also need a commensurate level of change management maturity. Change management capability not only helps in the delivery of specific programs, it also builds much needed change capacity and resilience across the organisation.

Assessing organisational change maturity at commencement of any transformation program helps identify the necessary capability development needed to ensure successful integration of changes delivered via the program and beyond.



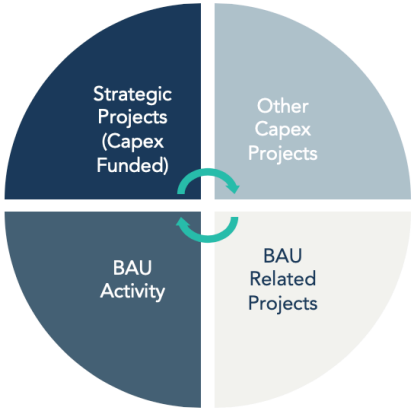
8. Does the organisation have the capacity to deliver and embed the transformation?

The Pareto Effect

In our experience nearly all transformation programs suffer from the *Pareto* issue: where a small proportion of internal SME's account for 80% of project demand and consequently cause resource bottlenecks for transformation programs.

Organisations should instigate robust pipeline and capacity management (i.e. workforce management) that considers all dimensions of demand to obtain an accurate view of available capacity.

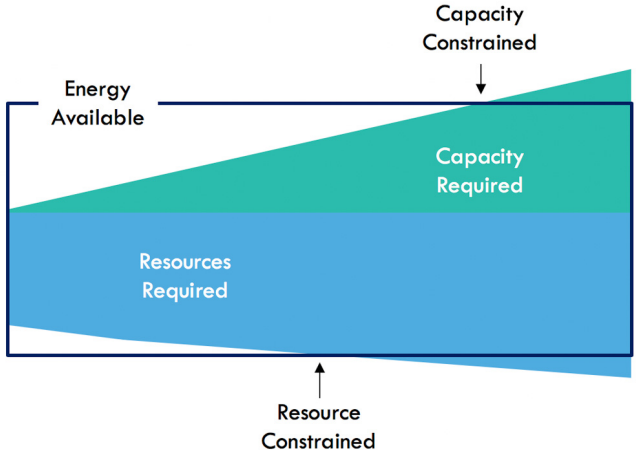
Taking this approach will mitigate against the negative potential of the *Pareto* effect.



Capacity ≠ Resources.

Understanding the capacity of impacted staff (how much change they can absorb before displaying dysfunctional behaviours and mindsets) and resource constraints (the amount of resources – people, money, technology, etc. – available vs the required) is of vital importance, yet regularly underestimated.

Whether the constraint is capacity related or resource related, the success of an initiative is at risk any time either one is exceeded by the demands of the change.



9. Are risks and issues clearly identified and proactively managed?

Too often we see programs neglect to properly plan for and manage risks.

Risks and issues should be:

- made visible,
- pro-actively managed and
- mitigation activities documented and initiated as required

Some of the key risks and issues often encountered in transformation programs are identified in the following table.

Area	Risk Indicator
Intent	
Clarity	We lack a clear, concise, well-articulated vision of the desired and result and why its important
Alignment	Some key leaders and groups are not united around the intent of the project.
Solution	We lack a solid approach to support achievement of the desired intent
Enrolment	We have not effectively cascaded buy-in to the intent throughout the organization
Integrity	We are not staying aligned with our original intent
People	
Sponsorship	The organization's leaders are not providing the required level of support for the initiative
Culture	The organization's culture is not aligned with what is needed to succeed with the change
Resistance	Individuals affected by the change are not displaying commitment to the new way of operating
Capacity	The change is imposing a level of demand that people cannot absorb
Delivery	
Oversight	We are not making timely and effective decisions as we implement this initiative
Portfolio	We are not managing the connection among the various projects and initiatives that affect or are affected by this initiative
Critical Path	We are not effectively managing timelines and resources towards achievement of our intent
Resources	We are lacking in the means required to implement this initiative
Partnerships	Our relationships with vendors and other external parties do not support achievement of our intent

10. How will the expected benefits be captured and realised?

The ultimate goal of transformational change is realisation going beyond the installation of new approaches and ensuring benefits are truly realised.

Benefits should not be an afterthought, but rather an integral part of the planning, execution and operationalisation of the transformation program.

Achieving realisation requires a rigorous approach to benefits identification, tracking and delivery and should include the following key activities:

1. Project Initiation and Justification

- Benefits Driven Business Cases
- Robust cost/benefits analysis
- Credible benefits realisation plan
- Rigorous delivery planning approach
- Prioritisation

2. Tracking

- Planning incl benefits lead/lag indicators
- Risk management incl benefits obstacles
- Variation management preserving benefits
- Status tracking incl benefit indicators
- PIR and Project Completion Reporting
- Benefits expectation review

3. Realisation

- Benefits Oversight (during and after delivery)
- Portfolio Benefits Tracking and Realisation

ABOUT MOZAIC.

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