LEADING CHANGE

Organizational Change Management (OCM)

A Critical Success Factor for Transformation

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Organizational Change Management is …

Discipline

- Academic Literature and Body of Knowledge
- Fortune 10 Global SAP Implementations
- Investment Banking M&A

Practice

- Art, Not a Science
- Reverse 80/20 Rule
- **Low Cost, High-Impact Assurance**

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OCM is Not…OCM Is…

- Technical Change Management
- A Solution to a Particular Problem

- OCM is a Means to an End – **Process with Steps**
- Changing Direction

When written in Chinese, the word "crisis" is composed of two characters. One represents danger and the other represents opportunity.

- John F. Kennedy

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Define: OCM

- … is a structured approach to shifting/transitioning individuals, teams, and organizations from a current state to a desired future state.

- It is an organizational process aimed at helping employees and stakeholders to accept and embrace changes in their current business environment.

- **Intellectually Reasonable, Are We Done?**

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The Microfilm Story

Crisis ✓
Solution ✓
Stakeholder ✓
Politics ✓
Wins ✓
Project Management ✓
ROI Jeopardized ☒

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Lesson: Organizations Find Ways to Resist Change

- Organizations are living Machines (more than steering)
- Unpredictable
- Psychological/Emotional - not Intellectual
- Takeaway: OCM as a Risk
- OCM Matters
- Low Cost Assurance of ROI
- **Mitigate the Risk by Considering OCM in Each and Every Non-Trivial Project**

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Why is Organizational Change Hard?

- Move Your Seat
- Newton's First Law of Government (vs. Profits)
- Unbalanced Forces Happen
- **Every Single Person Initially Resists Change** – even if it is good for them
  - You and Not Me
  - Fear of Unknown (Known Unknowns)
  - Living in the Present (Past & Future)

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Why Does OCM Matter?

- Insidious Qualitative Erosion
  - Productivity
  - Active/Passive Resistance*
- Insidious Quantitative Erosion
  - ROI: Speed, Utilization and Proficiency
  - Correlation, Causation
- Opportunity Cost (embrace vs. caveman)

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Who Owns OCM?

- "The task of the leader is to get his people from where they are to where they have not been.“ - Henry Kissinger

- "All of the great leaders have had one characteristic in common: it was the willingness to confront unequivocally the major anxiety of their people in their time. This, and not much else, is the essence of leadership." - John Kenneth Galbraith

- **"Leadership is the art of getting someone else to do something you want done because he wants to do it."**

- Dwight D. Eisenhower

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First Principles

- All People and Organizations Initially Resist Change
- Behavioral Change Happens at the Emotional Level, not Intellectual Level
  - Sales People: **Kirby Vacuum Cleaner**
  - Sell Today, Educate Tomorrow
- **Only Change Agents and Change Resistors** (the battle)
- Both Individuals & Organization Must Change

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Models & Frameworks

- One Size Does Not Fit All
  - Lewin's Model – 3 Steps (Tactical Project)
  - ADKAR Model – 5 Steps (Individual Change)
  - Kotter's Model – 8 Steps * **(Organizational Transformation)**

<u>Iterative Model in Government* Projects (less predictable)</u>

1. Motivate the Change
2. Develop Political Support
3. Socialize Vision
4. Manage Small Wins
5. Consolidate and Structurally Anchor ➔ #1

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1. Motivate the Change

If change is happening on the outside faster than on the inside the end is in sight. – Jack Welsh

- Awareness & Desire
- **Create Sense of Urgency**
- Energize Change Agents
- Short Circuit Change Resistors

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2. Develop Political Support

Coming together is a beginning. Keeping together is progress. Working together is success. - Henry Ford

- Prioritize Stakeholder Power and Negotiate
- **Organize into a Guiding Coalition**
- Cross-Functional Team
- Credible
- Joint Vision Development (to a degree, collaborative democracy)
- ID Change Agent vs. Change Resistors
- Quietly

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3. Socialize the Vision

"The greater danger for most of us lies not in setting our aim too high and falling short; but in setting our aim too low, and achieving our mark." – Michelangelo

- Bold and Shared Outcomes
- **60 Second Description of Future State**
- Can Line Managers Transmit?
- Multi-Channel Communication (audience and **repetition**)
- Stakeholder Earned Media
- What's In It for Me?
- What People Do When You're Not Around

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4. Manage Small Wins

"Celebrate what you want to see more of" – Tom Peters

- Provide Knowledge How to Change
- Empower Others to Implement Change
- Facilitate: Remove barriers and provide resources
- Plan, Create and Harvest "Small Wins" (sell them hard and often)
  - **Reward and Nourish Your Change Agents**
  - Strip-Lining Change Resistors (go underground, structural changes)
- Momentum

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5. Consolidate and Structurally Anchor

"The measure of success is not whether you have a tough problem to deal with, but whether it is the same problem you had last year." - John Foster Dulles

- **Embed Cultural Change**, Sustained ROI
- Line Managers Must Now Be On-Board
- Underground Organizational Resistance
- Don't Underestimate "Tradition"
- Promote and Recruit
- Cultural Anchors – Processes, Accountability or Technology **Artifacts** (microfilm job description)

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What Works ….

- Engineer a Sense of Urgency if Needed
- Engineer a Small Wins Schedule & Communicate
- Engineer at Least One Structural Cultural Anchor
- Attack and Convert Biggest Resistors Upfront
- OCM Can Alter Critical Path
- Reviewing Project Plans, Consider the OCM Perspective for 5 Minutes

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The Desmond Hotel & Conference Center

660 Albany Shaker Rd

Albany, NY 12211

April 18 – 19, 2012

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“Change is a constant”

Presentation to: CIO Academy
The Desmond Hotel & Conference Center, Albany, NY
April 18, 2012

Change

Change is inevitable.

How we manage change is variable.

The result of our effort is an outcome – good, bad, or indifferent.

The State of the Universe is constant *Change*

- Technology is a human endeavor, and so it can be tracked, predicted, managed and harnessed – yes, even "revolutionary" change.
- Especially in technology, we need to be smart enough to know how to embrace change and use change for our benefit.
- *Good Change* requires: an understanding of need, creative thinking, a plan, buy-in, governance, resources, quality execution, and follow-through.
- The biggest inhibitors to the successful adoption of change is lack of vision and fear.

An encounter with a Black Hole can change your entire day!

Even with the best of intentions, *Change* without a plan is just a pipe-dream.

NYC Health & Human Services

- Serving more that 2M citizens daily
- Administration of more than $20 Billion in benefits and services annually

HHS-Connect
A holistic approach to clients & client data

HHS Domain

- Administration for Children's Services & Department of Juvenile Justice
- Department for the Aging
- Department of Health & Mental Hygiene
- Department of Homeless Services
- Health and Hospitals Corporation
- Human Resources Administration
- Department of Correction
- Department of Probation

Partners

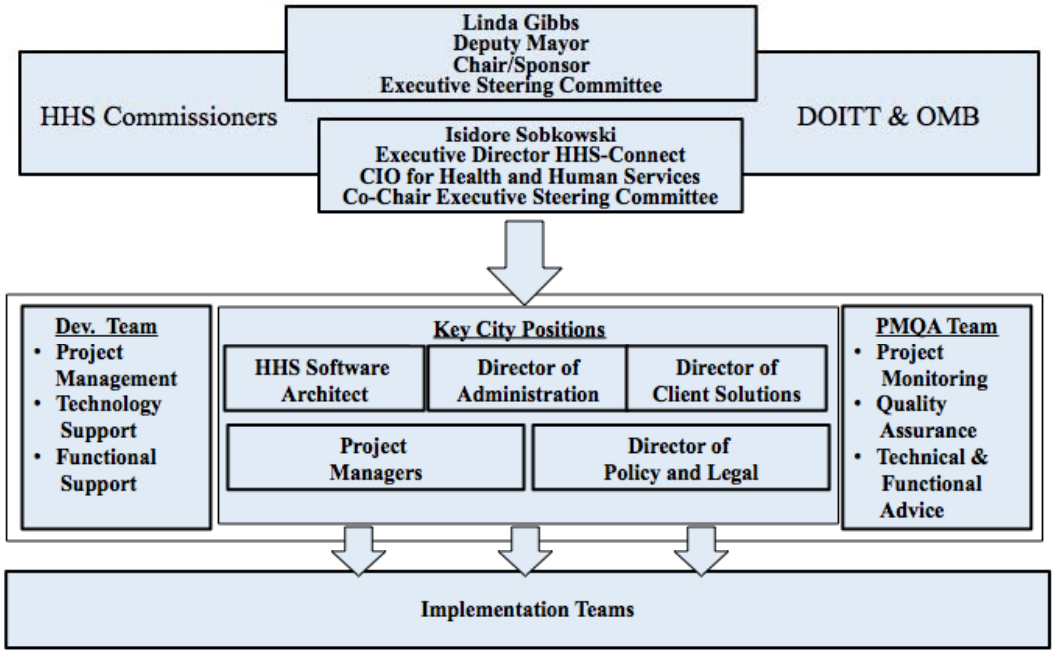
- Department of Information Technology & Telecommunications
- Office of Management & Budget
- Department of Youth & Community Development
- New York City Housing Authority
- Small Business Services
- Department of Education
- Department of Finance

HHS-Connect, an agent for Change

- Motivation for Change
  - Real business need (Case study: “Dad and two sons”)
- Learn from Failure; don’t be afraid to fail
  - First (unsuccessful) attempt had good intentions
  - Second (successful) attempt had a good plan (Case study: “Two children reunited”)
- Published Roadmap
  - Transparency
  - Confidence building
- Build upon success
  - Incremental “quick wins” build confidence and allow us to move along our roadmap
  - Think big, promise small, and deliver a quality product on time and on budget
  - Change is part of team’s job (“*How can I make it better?*”)
- Formal change management – taking the time to listen, educate, and build confidence in our management community and user community

Ability to effect Change

- Stakeholder Involvement and Commitment
  - City Hall, Deputy Mayor
  - Commissioner 1-1
  - Governance
  - CIO Round Table
  - OMB
  - Inclusive Staff Meetings



Getting it Done

Move From: System Integrators & PMQA

- Very High Cost
- No continuity (training, maintenance, enhancements, etc.)
- Pay per change model (e.g. “Close to Home”)

Move To: “Self reliance model”

- City Staff
- Consultants managed by City Staff
- Ability to design/build/run/modify/maintain our own systems

Impediments:

- Extremely slow on-boarding process (pensions, unions, Local Law 63, even “fast track” consultants)
- Discomfort with new methods
  - e.g. Waterfall SDLC makes sense to OMB, but cyclical development requires ongoing reassurance

HHS-Connect: Change is a Fact

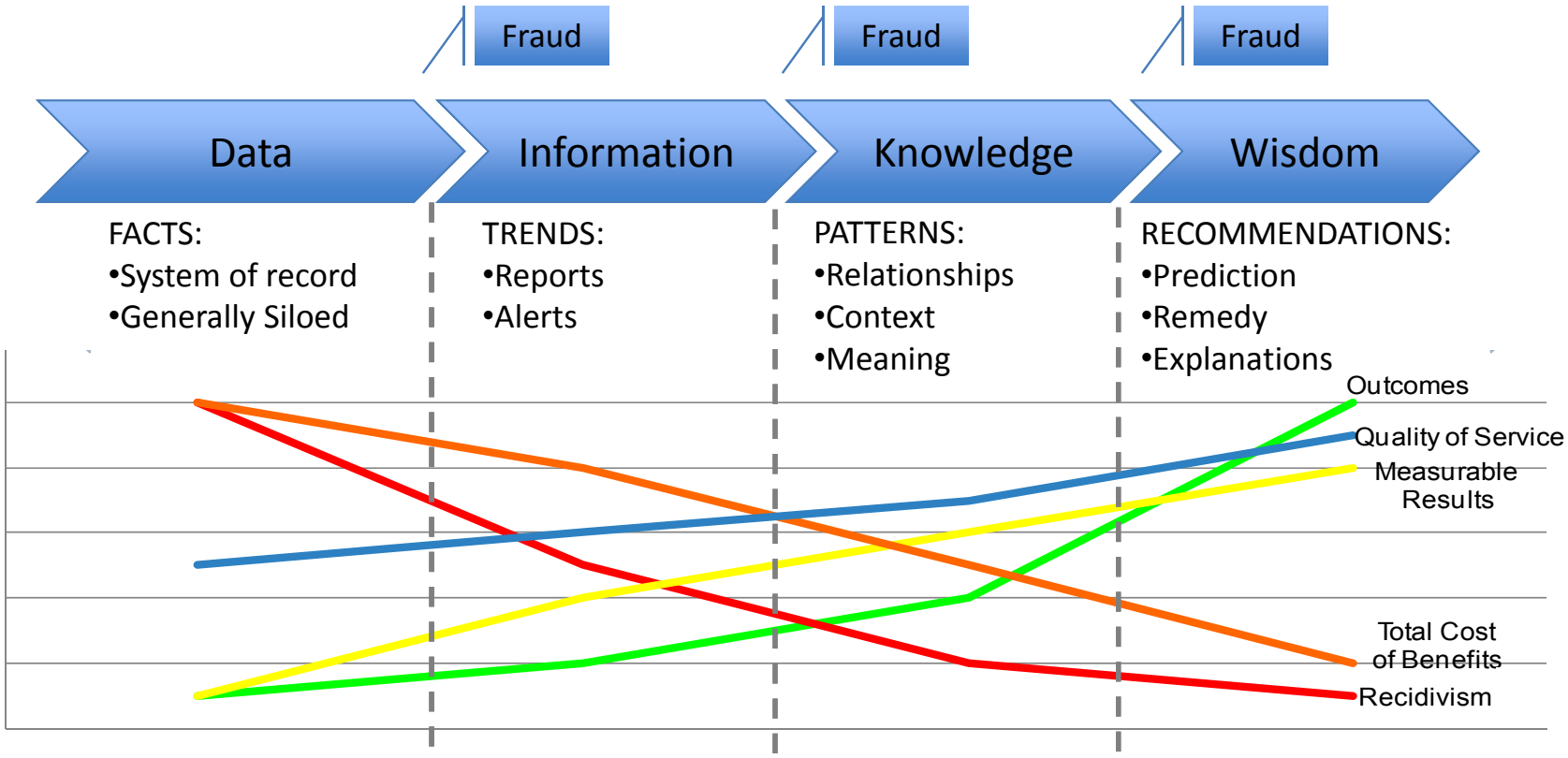
- Move from "programming-based infrastructure" to "configuration-based infrastructure"
  - Siebel for ECM II for ChildCare, Head Start, and Juvenile Justice
  - Demonstrated value ($36M vs > $96M)
- "System-of-systems"
  - Big Data: Data warehouse across all agencies
    - Exadata, EDQ, ODI, MDM, HDFS/Hadoop, HQL/Pig, Racket, Giraph
  - Business Intelligence: "Bloomberg terminal for HHS" (Visualization, Charts, Statistics, etc.)
    - Exalytics, OBIEE, R (ORE)
  - Artificial Intelligence: Ability to provide recommendations for improved and consistent real-time outcomes
    - Mahout, CBR, Expert Systems
    - Example: How to determine if a probationer is likely to reoffend violently?

HHS-Connect

- Break the silos
  Provide a 360 view of a client in order to effectuate the best possible outcome for our citizens
- Roadmap I
  - AccessNYC
  - WorkerConnect
  - Case management
- Roadmap II
  - Outcome model
  - Financial services

Intelligent Social Environment (ISE)

Moving from an ability to record, to an ability to measure and report; then to the ability to detect patterns, predict outcomes, and more intelligently react to them.



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Summary

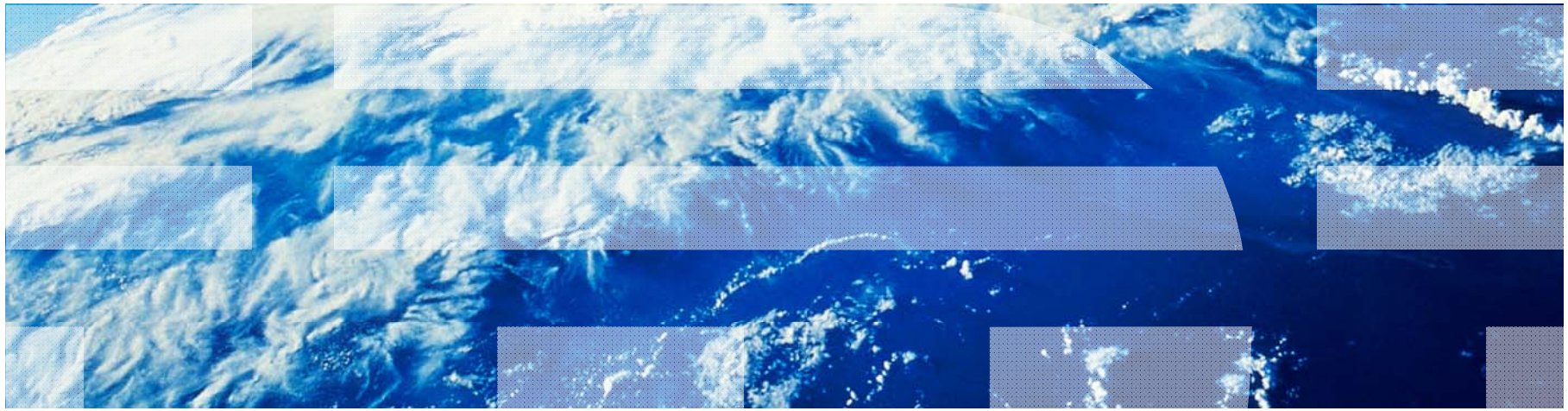
- Run a transparent and credible organization
- Understand the business need
- Envision a better mouse trap
- Create a plan
- Socialize the plan
  - Build internal support and vet the plan independently (Gartner, KPMG, etc.)
- Demonstrate value
- Build and deploy
  - Admit failure and capitalize on success

- Thank you and Questions?

Ed Lovely,
Vice President, Enterprise Transformation

IBM's Organizational Change Management (OCM)

CIO Academy
April 18, 2012



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Organizational Change Management

Why?

- IBM is in a **constant state of transformation**, engaged in a stream of **concurrent initiatives**
- Some IBM initiatives have experienced **uneven adoption and impact**
- **Need for a disciplined change management capability on key** transformational initiatives

betterchange for IBM

What we've done

- Launched a Center of Excellence to provide leaders with Organizational Change Mgmt. advisory services
- Deployed a common method and tools – *Better Change for IBM*
  - Vision and Goals
  - Leadership Commitment
  - Organizational Readiness
  - Employee Engagement
  - Organizational Alignment
  - Value Realization
- Strengthened change management capability of our leaders and teams, globally
- Embedded change management discipline into key transformation projects

***"Companies can no longer justify or afford an ad hoc approach to change management**...Improving project outcomes requires attention to a combination of acting on real insights, employing better skills, establishing solid methods and allocating the right investments."* *-Making Change Work Study, IBM Institute for Business Value*

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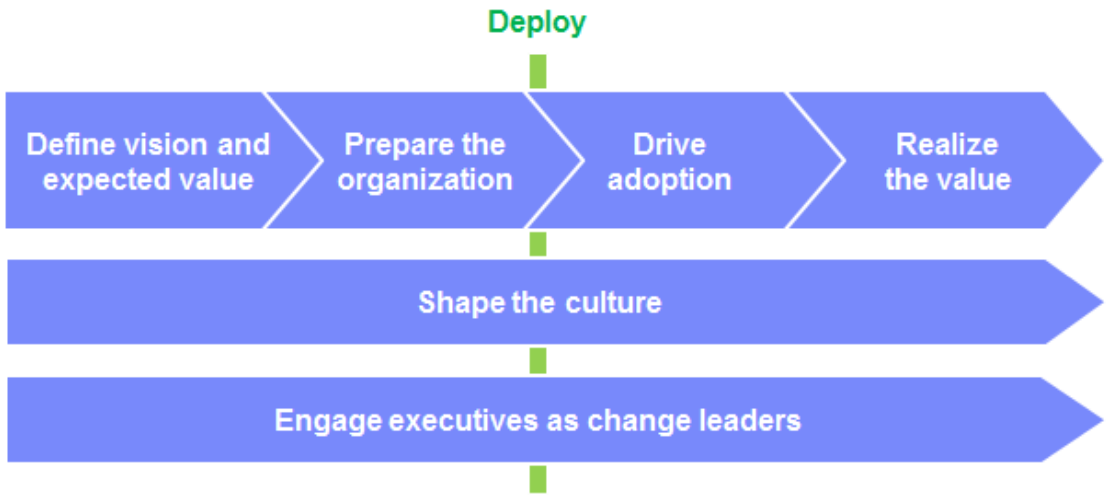
Change projects share the same key activities whether dealing with strategy, operation, organization, or technology



- Get the **vision and value** right…they are the essential, critical messages throughout the transformation
- Effective **adoption drives value realization** … both must be managed and monitored with rigor
- Shaping culture and **change leadership never stops** …continuing to reinforce adoption over time

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For the enterprise and the program, actions reflect an emphasis on executive leadership, culture, and value realization

IBM – the enterprise	Blue Harmony – the program
▪ Assigned senior executive for Transformation ▪ Established Integration & Values Team (I&VT) to engage executive population ▪ Trained over 1500 employees in change disciplines and tools ▪ Created a Center of Excellence on Change and Values ▪ Established 5-year roadmaps for focus on value ▪ **Sustained urgency and impatience** for results	▪ Established **principles** to encourage desired behavior ▪ Secured **senior executives** for steering committee ▪ Focused on **culture of accountability** within the program team ▪ Sustained **transparency** in communication with all stakeholders ▪ Focused stakeholder management on **executive leadership** for change ▪ Sustained focus on **Value Realization** since project launch ▪ Engaged **all stakeholders** as partners in design and deployment

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Among the lessons learned from IBM's transformation, two are key to effectiveness of change management

- Simplification and standardization on a global scale is **hard work**
- **Business-led** improvement is vitally important
- There's no such thing as too much **project discipline**
- There's no such thing as too much **communication**
- Start by **transforming your business processes** … don't automate your mess
- Be clear about your **compelling reason for change**...and that your entire organization recognizes it.
- Building a coalition for change is easy … **Keeping it together** is hard

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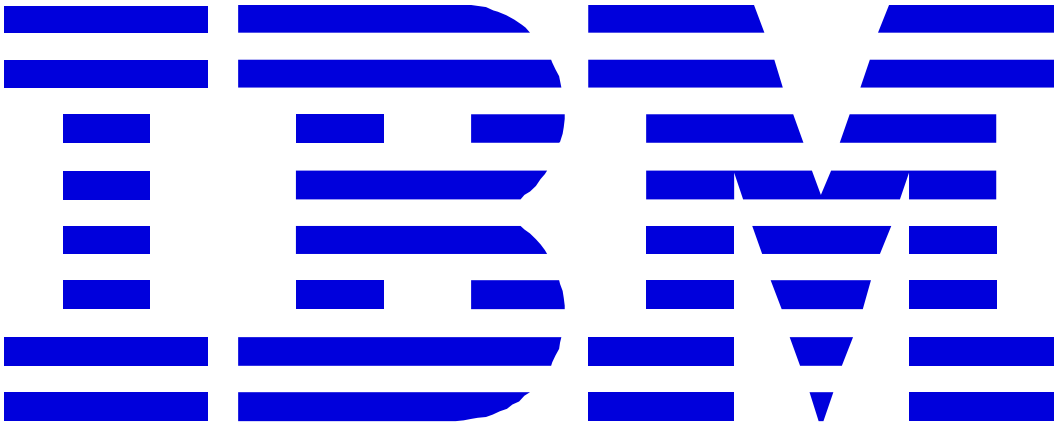

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