

Defining the Value of Change Management

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WEBINAR

Defining the Value of Change Management



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Tim Creasey
Chief Innovation Officer

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Two Sides of Change

Documented and optimized a critical process	People did not follow and adhere to the process
Announced a new mindset for growth	People did not demonstrate the necessary behaviors
Developed a new enabling technology	People did not adopt and use said technology

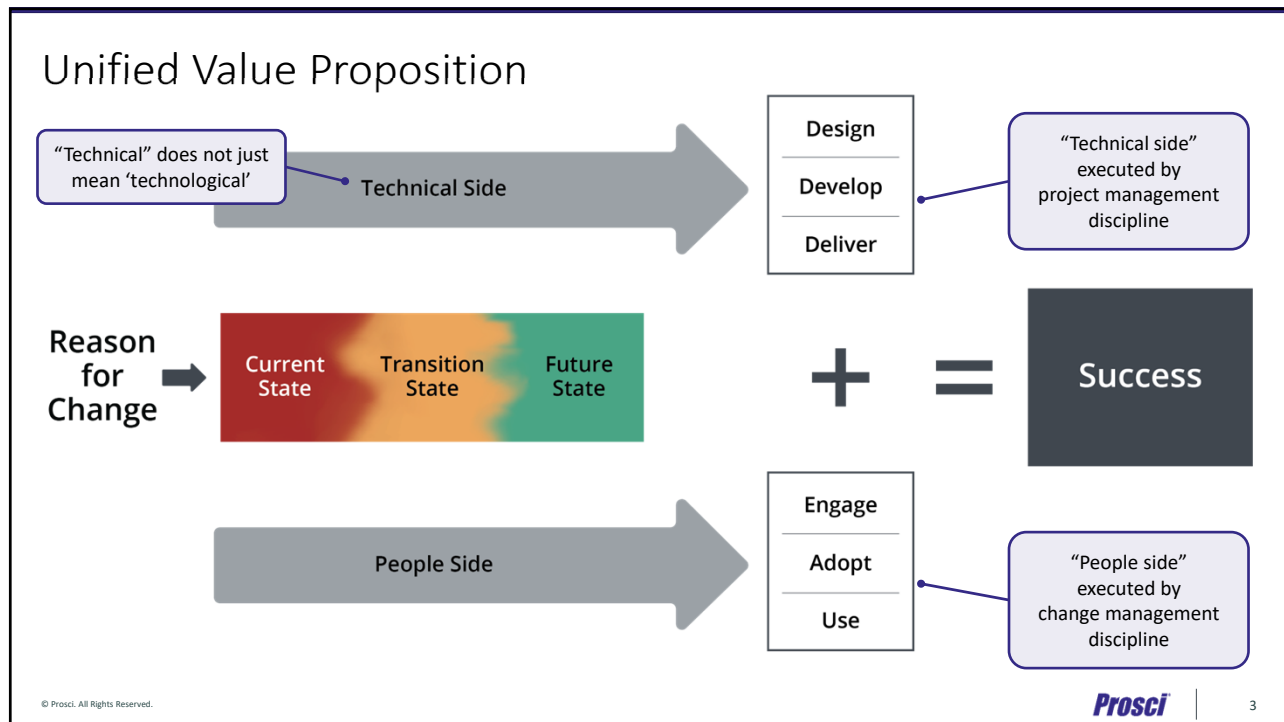
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Webinar Agenda

- Beyond Defining CM; Gaining Commitment to CM
- Five Approaches to Defining the Value of CM

1. CMROI
2. SUP
3. Costs and Risk
4. Probability
5. Language

To build commitment to and conviction in change management by defining the value in a compelling and relevant way

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~~Defining~~ the value of change management

Contextualizing

Positioning

Selling

Revealing

Personalizing

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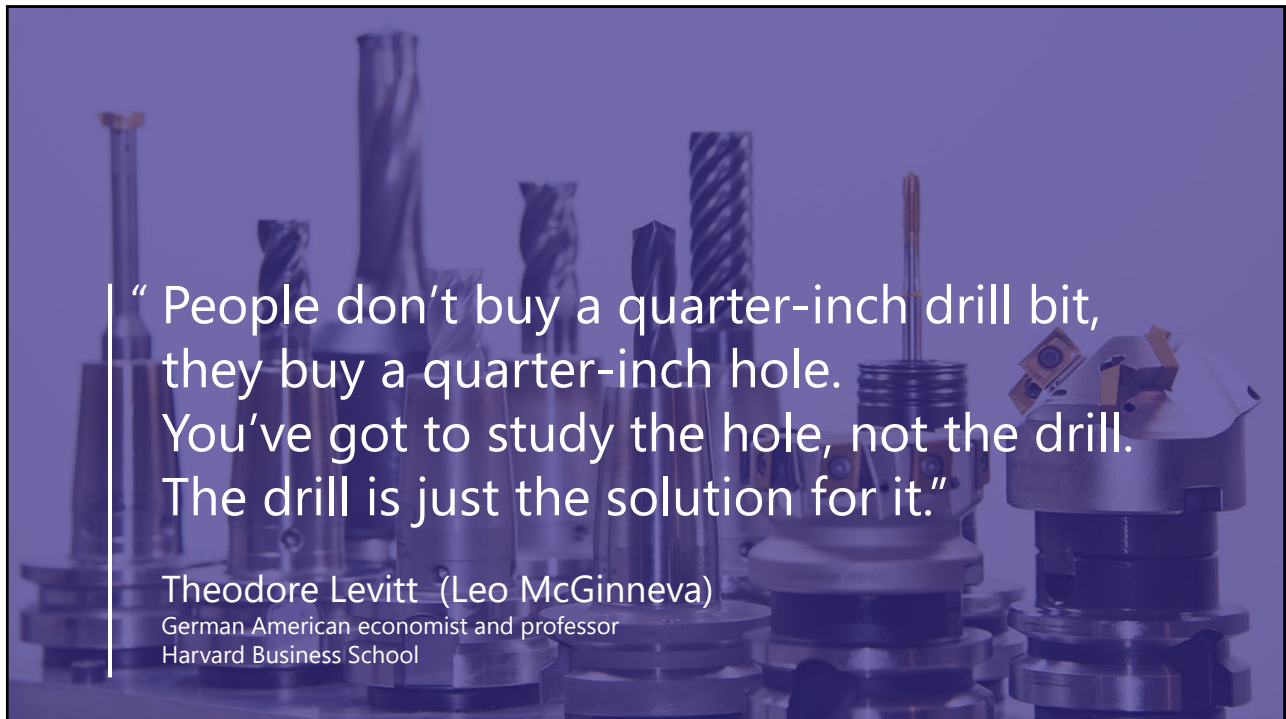
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“An ounce of context is worth a pound of isolated facts.”

@daveElf

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“People don’t buy a quarter-inch drill bit, they buy a quarter-inch hole. You’ve got to study the hole, not the drill. The drill is just the solution for it.”

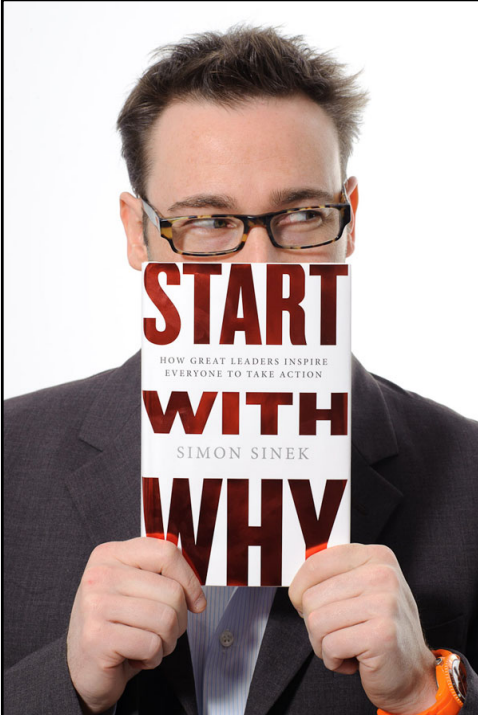
Theodore Levitt (Leo McGinnea)

German American economist and professor
Harvard Business School

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“People don’t buy what you do, they buy why you do it.”

Simon Sinek
American Leadership Author, Start With Why

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Laney	Lee	Ilesha	Jamal
Sponsors	People Managers	Project Managers	Change Partners
I want this initiative (and my investment in it) to deliver the results that are expected in order to help move our organization toward who we want to become.	I want my people to be successful – in their jobs, as people outside of work, and with this bringing this initiative to fruition in their day-to-day work.	I am navigating the Triple Constraint of cost, scope, and schedule while creating as much value out of this initiative as possible, because it's important.	I'm a SME or resource from a complementary discipline and am part of the team working to deliver this initiative as successfully as possible (IT, OD, HR, etc.)
How can change management help them succeed in their job and aspirations?			

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 Laney Sponsors	 Lee People Managers	 Iesha Project Managers	 Jamal Change Partners
What keeps them up at night? What gets them up in the morning?			
How do they define success, both professionally and personally?			
What is their past experience with CM? What are their current objections to CM?			
How can change management help them succeed in their job and aspirations?			

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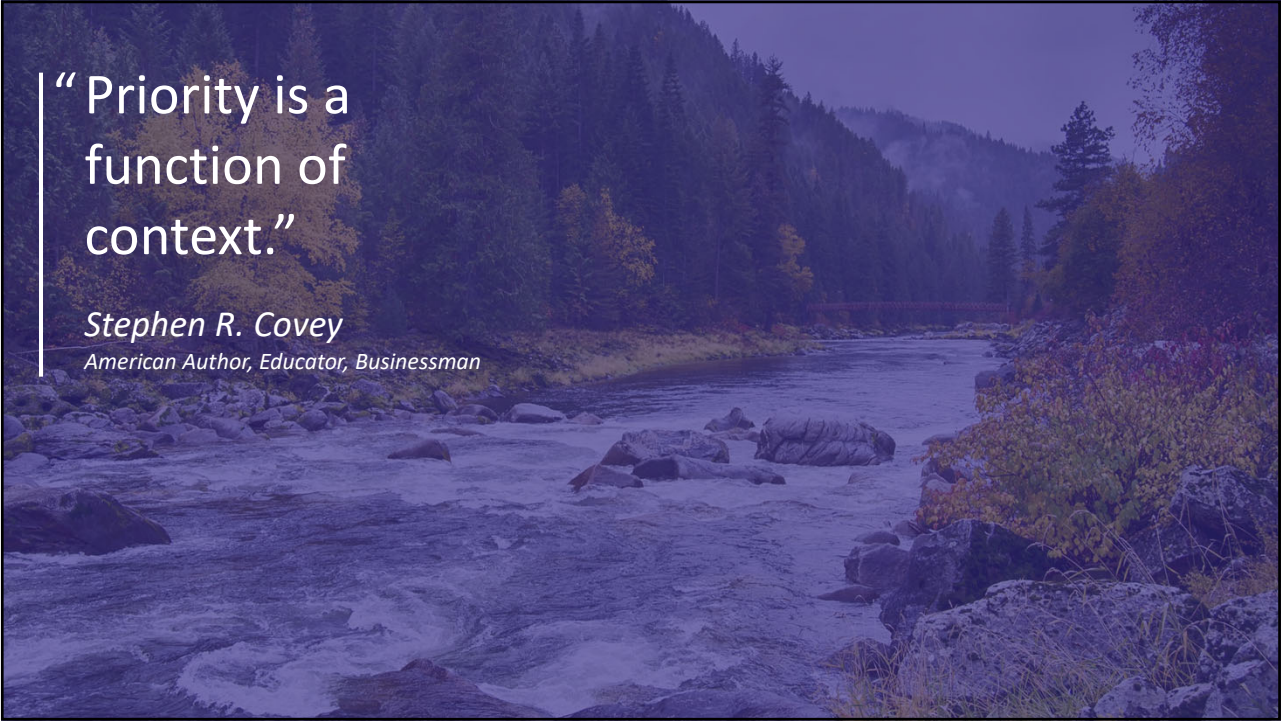
 Laney Sponsors	 Lee People Managers	 Iesha Project Managers	 Jamal Change Partners
Effectively defining the value of change management for each change role is critical for building Awareness of the need to support change success and Desire to participate and fulfill their role supporting change success.			
Prosci Methodology Reference: Role Roster Activation			

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“Priority is a function of context.”

Stephen R. Covey

American Author, Educator, Businessman

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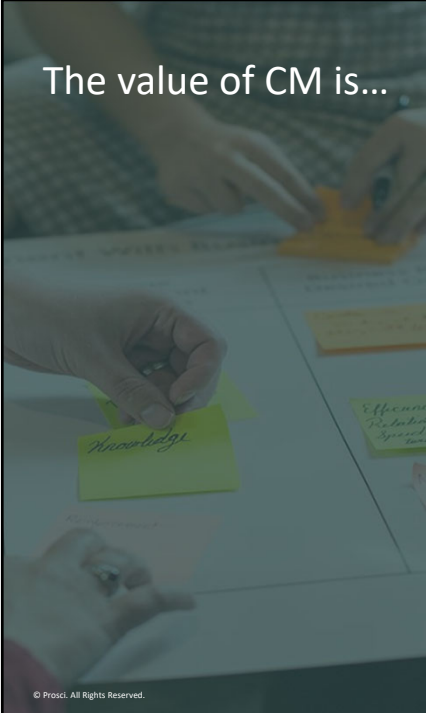
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The value of CM is...

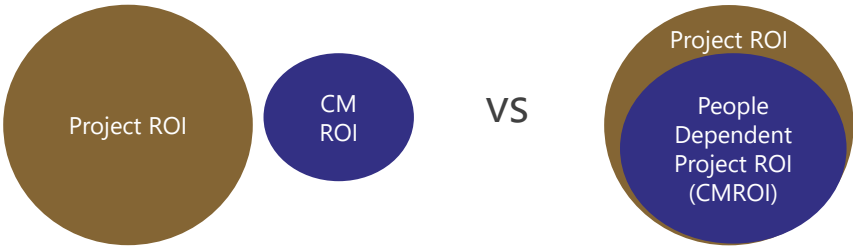
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- ☐ accelerating and delivering the people-dependent portion of project ROI/value.
- ☐ improving how quickly, how many, and how effectively people adopt the solution.
- ☐ reducing the costs and risks of poor adoption like resistance, conflict, and frustration.
- ☐ increasing the likelihood of meeting project objectives, on time and on budget.
- ☐ best served in your audience's language.

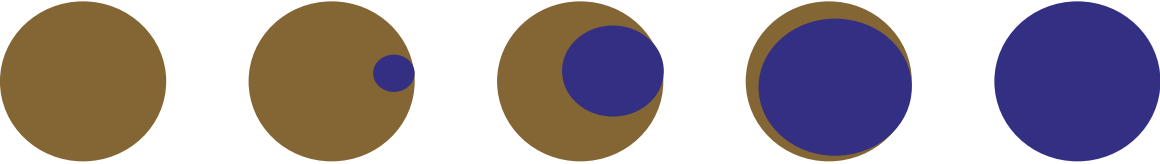
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The ROI of CM is the People-Dependent Project ROI



Different projects have different people-dependent ROI



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CMROI Calculation Example: EHR in ACME Health

		Relative contribution	Qualitative	Quantitative	
Organizational Benefits	1. Patient throughput and experience	9	All	0%	4) Quantitatively – how much of the benefit do we get if NO ONE adopts and uses the change?
	2. Lower cost, higher revenue	6	Low	75%	
	3. Risk and fine reduction	7	High	35%	
	4. Clinical best practices	3	All	0%	
	5. Patient empowerment	8	Low	65%	
Project Objectives	1. Meaningful use incentives	4	High	35%	3) Qualitatively – how much depends on adoption and usage (All-High-Med-Low-None)?
	2. One patient, one chart	6	High	25%	
	3. Billing and claim error reduction	6	High	35%	
	4. Physician communication	5	High	10%	
	5. Modernization of platform	3	Low	90%	

If no one adopts, we get ...

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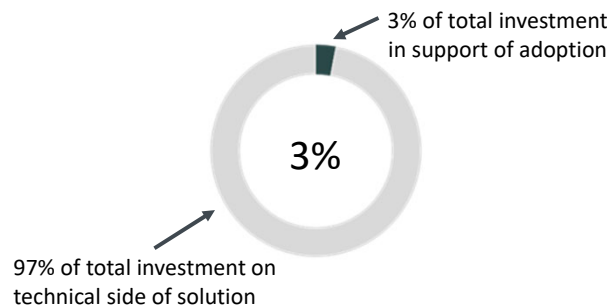
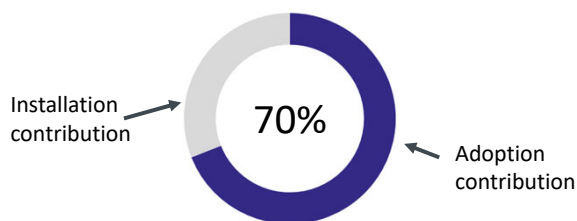
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The Key Question

For your project, what percentage of overall results and outcomes **depends on** employee adoption and usage of the change?

The follow-up question: How much are we **investing** (budget, people, energy) in driving and supporting employee adoption and usage?



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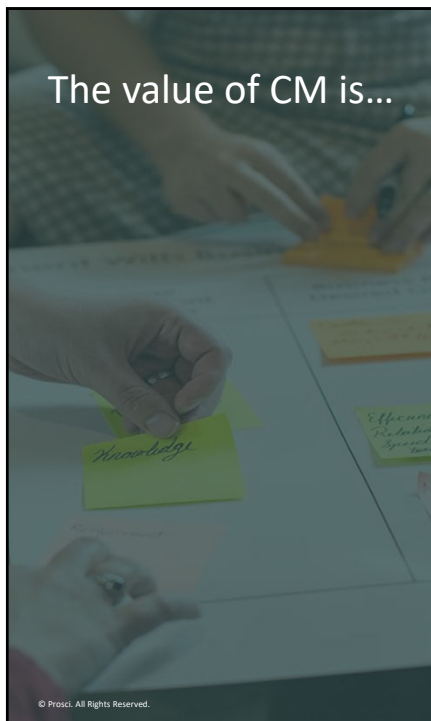


CMROI:

- ☐ For our project, what are the expected results and outcomes?
- ☐ What percentage of those results and outcomes depend on people changing how they do their jobs?

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The value of CM is...

- ☐ accelerating and delivering the people-dependent portion of project ROI/value.
- ☐ improving how quickly, how many, and how effectively people adopt the solution.
- ☐ reducing the costs and risks of poor adoption like resistance, conflict, and frustration.
- ☐ increasing the likelihood of meeting project objectives, on time and on budget.
- ☐ best served in your audience's language.

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“The achievements of an organization are the results of the combined effort of each individual.”

Vince Lombardi
Legendary head coach and general manager of the American football Green Bay Packers

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Success Through the People Side of Change

With Change Management



Without Change Management



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The 3 Human Factors That Determine ROI



Speed of Adoption

How **quickly** are people up and running on the new systems, processes and job roles?



Ultimate Utilization

How **many** employees (of the total population) are demonstrating “buy-in” and are using the new solution?



Proficiency

How **well** are individuals performing compared to the level expected in the design of the change?

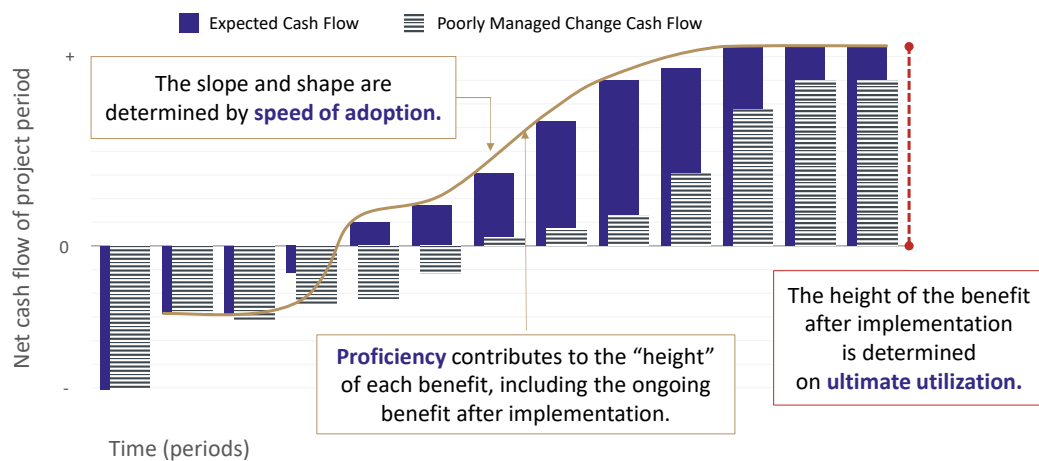
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Cash Flow Illustration of the 3 Human Factors (SUP)



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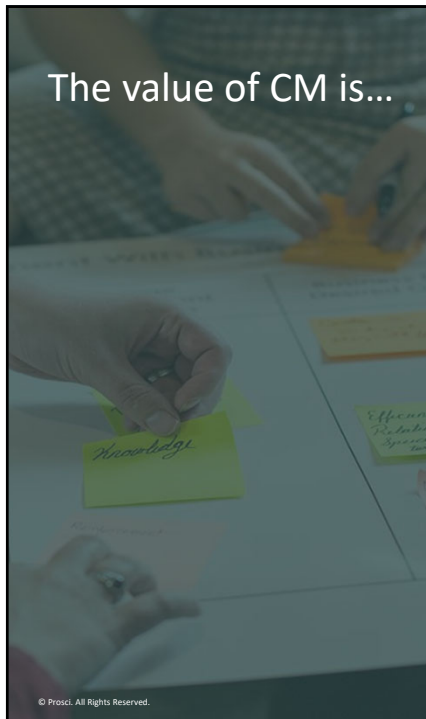


SUP

- ☐ For our change, how would we define speed of adoption, ultimate utilization and proficiency from the people side perspective?
- ☐ What assumptions have we made about how quickly, how many, and how effectively people will adopt the solution?

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Avoidable Costs and Mitigable Risks from Failing to Prepare, Equip and Support our People to Adopt Change

	Costs	Risks
To Individuals		
To Initiatives		
To Organization		

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Costs and risks of poor adoption and usage

- abandoning of service/tool
- abandonment of truly good change
- additional project costs
- additional time
- additional training
- additional travel
- alienation of team members
- ambiguity
- anger
- **attrition**
- audit failures
- audit findings
- bad attitudes
- bad data
- bad decisions
- budget cuts affecting project support staff
- buying new technology - over and over
- canceled project
- cash flow
- change calendars
- change overload
- change requests
- changing requirements
- changing timelines
- complications
- conflict
- confusion
- contractual penalties
- cost of a new technology tool
- customer dissatisfaction
- cycle of project failures
- cynical employees

- cynicism
- declining morale
- decreased confidence in management
- delayed implementation
- delayed results
- delayed rollout
- **delayed timeline**
- delays
- dissatisfied customers
- distrust in leaders
- domino effects on other projects
- duplication
- egg on leader's face
- employee disengagement
- employee experience
- employee frustration
- employee loss
- employee resistance
- excess time spent on task
- extended contracts
- extended project schedules
- extended utilization post implementation
- failed efforts
- failed project results
- failed projects
- failure to deploy a major implementation
- failure to provide accurate details
- fear of new systems
- fines
- frustration
- further organizational 'scar tissue'
- going back to the drawing board

- go-live delay
- halting project
- "here we go again"
- high turnover
- hyper-care costs
- impact to customer
- inconsistent ways of working
- incorrect information
- initiative failure
- lack of adoption
- lack of comprehension of roles and responsibilities
- lack of transparency
- lack of trust from end users of tool
- lengthened time to ROI
- less delivered for more money
- longer delivery to market
- losing excellent employees
- losing key team members
- losing resources
- losing the audience of change
- loss of clients
- loss of credibility
- loss of customers
- loss of efficiency
- loss of high performing talent
- loss of institutional knowledge
- loss of key accounts
- loss of key talent
- loss of market value
- loss of money
- loss of moral
- **loss of productivity**
- loss of staff
- loss of time
- loss of trust
- low adoption
- low morale

- miscommunication
- mis-integration
- missed implementation dates
- missed requirements
- missed target ROI
- missing key milestone dates
- missing revenue goals
- morale degradation
- morale issues
- more hand holding
- more training
- negative comments
- negative customer impacts
- negative employee morale
- negative impact to reputation of the project and sponsors
- negative impacts to future change
- negative impressions of program
- new system not used
- **no results**
- no usage
- over budget
- overtime costs
- plummeting service levels
- poor customer experience
- poor customer service
- poor marketing
- poor results
- poor service offering
- productivity drops
- project delays
- project failure
- pull out of part of functionality
- pulling in consultants to help post-change
- reboot
- re-communicate

- re-design
- re-development
- redo
- reduced confidence in future
- reduced trust in process and project team
- re-engineer
- re-explaining
- regret
- regulatory impacts
- re-implementation
- re-launch
- remediation
- re-organization
- repeated training
- replace resources
- replace the entire software with a new one
- replace with new system
- re-planning
- reputational risk
- re-scope
- resentment
- resignation
- **resistance**
- resistance to future change
- resistance when it didn't exist initially
- resources
- resources undesignated
- re-start of projects
- re-train
- re-training
- reverting
- rework
- rogue solutions and shadow systems
- ruined relationships
- rumors

- salary costs
- schedule change
- scope change
- scope creep
- shadow systems and all maintenance costs for those
- silos between teams
- silos within integrator team
- **skepticism**
- staff dissatisfaction
- staff turnover
- stagnant workers
- stakeholders not available
- starting from square one again
- terminations
- time away from work to deal with system errors
- travel
- trust issues with leaders
- turnover
- uncertainty
- underdeveloped requirements
- unfilled vacancies
- unhappy leaders
- unnecessary processing
- unnecessary software development
- unorganized training
- unrealistic deadlines
- unused systems
- using incorrect success measures
- wasted man hours
- wasted production time
- weak sponsorship
- "we've had enough"
- work disruption/stoppage

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Costly R's & E's



REtrain REtreat

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❑ For our change, what are the biggest costs and risks to the project if people do not effectively adopt and use the solution?

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The value of CM is...

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- ☐ increasing the likelihood of meeting project objectives, on time and on budget.
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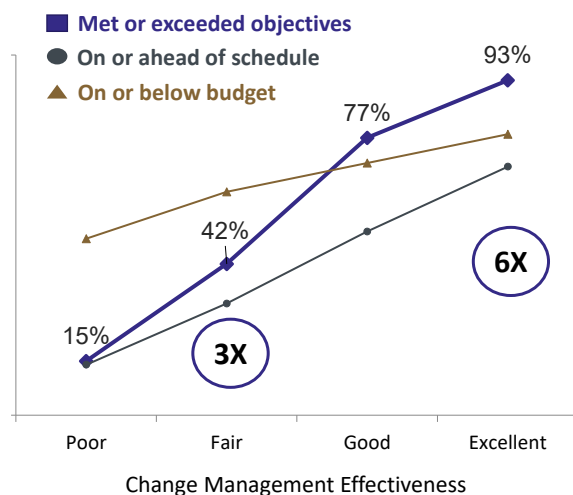
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Change Management Effectiveness Correlations



- More effective change management results in increases in:
 - Meeting objectives
 - On or ahead of schedule
 - On or ahead of budget

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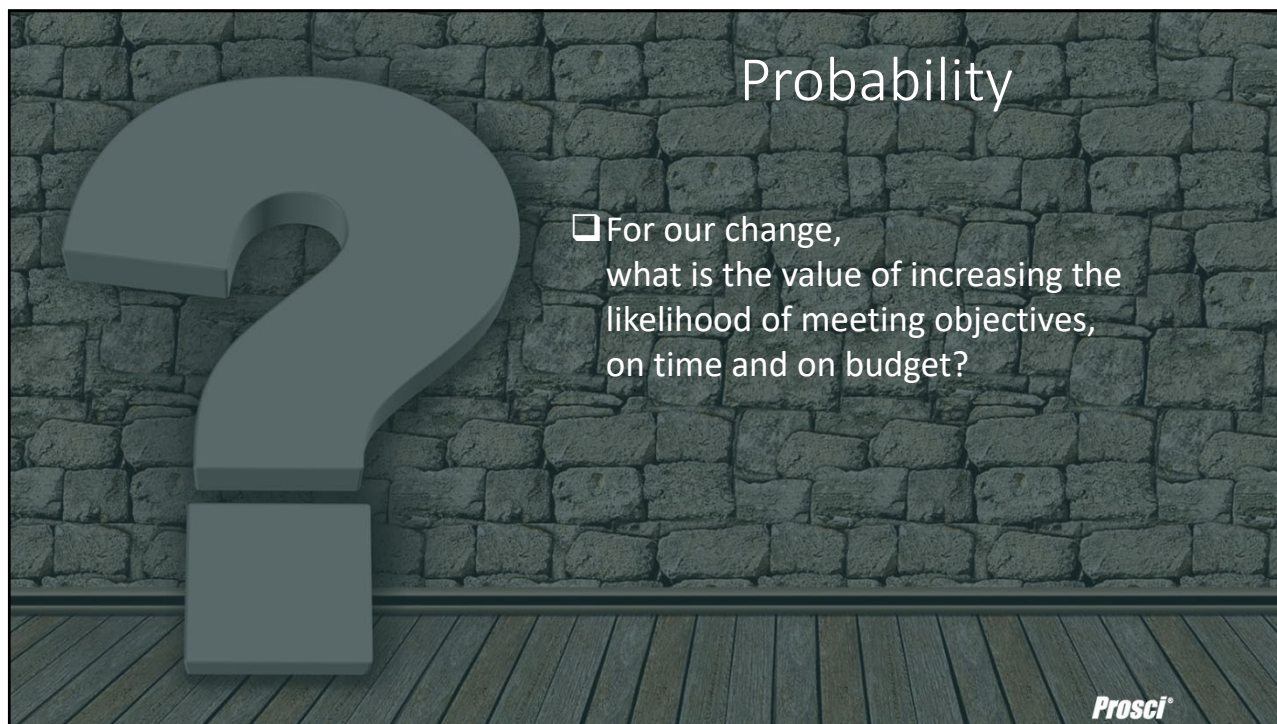
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“ If you talk to a man
in a language he
understands, that
goes to his head.
If you talk to him
in his language, that
goes to his heart.

Nelson Mandela

South African Anti-Apartheid Leader,
President 1994-1999



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Speak Their Language

“Executives speak three languages:
finance, finance and finance.”

Jeff Hiatt, Prosci Founder

- + Strategy execution
- + Core competency
- + Competitive advantage
- + Their own legacy

Your job: express the value of CM in their language

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In the Words You Use

Communications
Training
Stakeholders
Resistance
Resilience
Assessments
Templates
Change Management

Success

Return on Investment

Benefit Realization

Results

Outcomes

Objectives


Sustainment

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Language

- ☐ Which specific words and phrases should you START using to define the value and impact of change management?
- ☐ Which specific words and phrases should you STOP using when defining the value change management?

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Summary: *The value of change management is:*

CMROI	accelerating and delivering the people-dependent portion of project ROI/value.	<i>For our project, what are the expected results and outcomes? What percentage of those results and outcomes depend on people changing how they do their jobs?</i>	
SUP	improving how quickly, how many, and how effectively people adopt the solution.	<i>For our change, how would we define speed of adoption, ultimate utilization and proficiency from the people side? What assumptions have we made about how quickly, how many, and how effectively people will adopt the solution?</i>	
Costs and Risks	reducing the costs and risks of poor adoption like resistance, conflict, and frustration.	<i>For our change, what are the biggest costs and risks to the project if people do not effectively adopt and use the solution?</i>	
Probability	increasing the likelihood of meeting project objectives, on time and on budget.	<i>For our change, what is the value of increasing the likelihood of meeting objectives, on time and on budget?</i>	
Language	best served in your audience's language.	<i>Which specific words and phrases should you START using and STOP using to define the value and impact of CM?</i>	

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“Getting Past the Head Nod”

Passive Buy In

Change management
as an EXPENSE

“Sure. That stuff sounds
great. Go do what you
need to do.”



Active Buy In

Change management
as an INVESTMENT

“Wow. What do you
need from me?”

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The value of CM is...

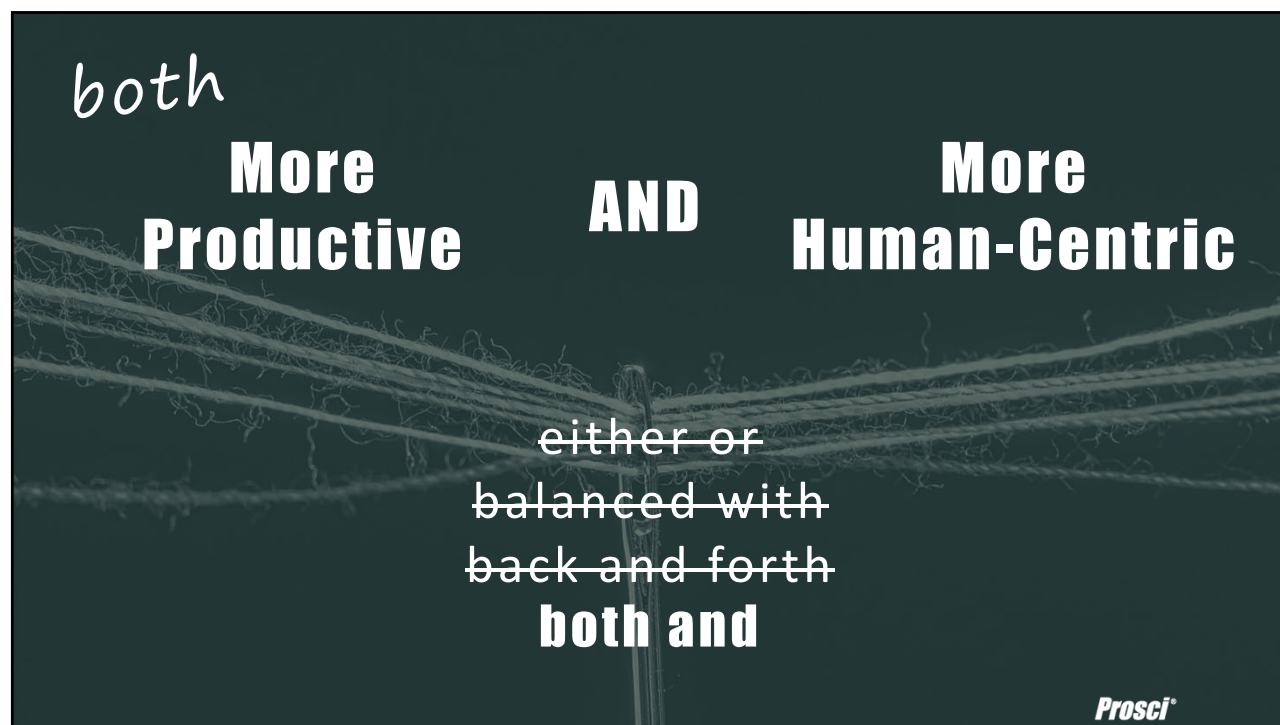
- ☐ accelerating and delivering the people-dependent portion of project ROI/value.
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- ☐ increasing the likelihood of meeting project objectives, on time and on budget.
- ☐ best served in your audience's language.
-  ☐ achieving both more productive AND more human centric change outcomes.

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both

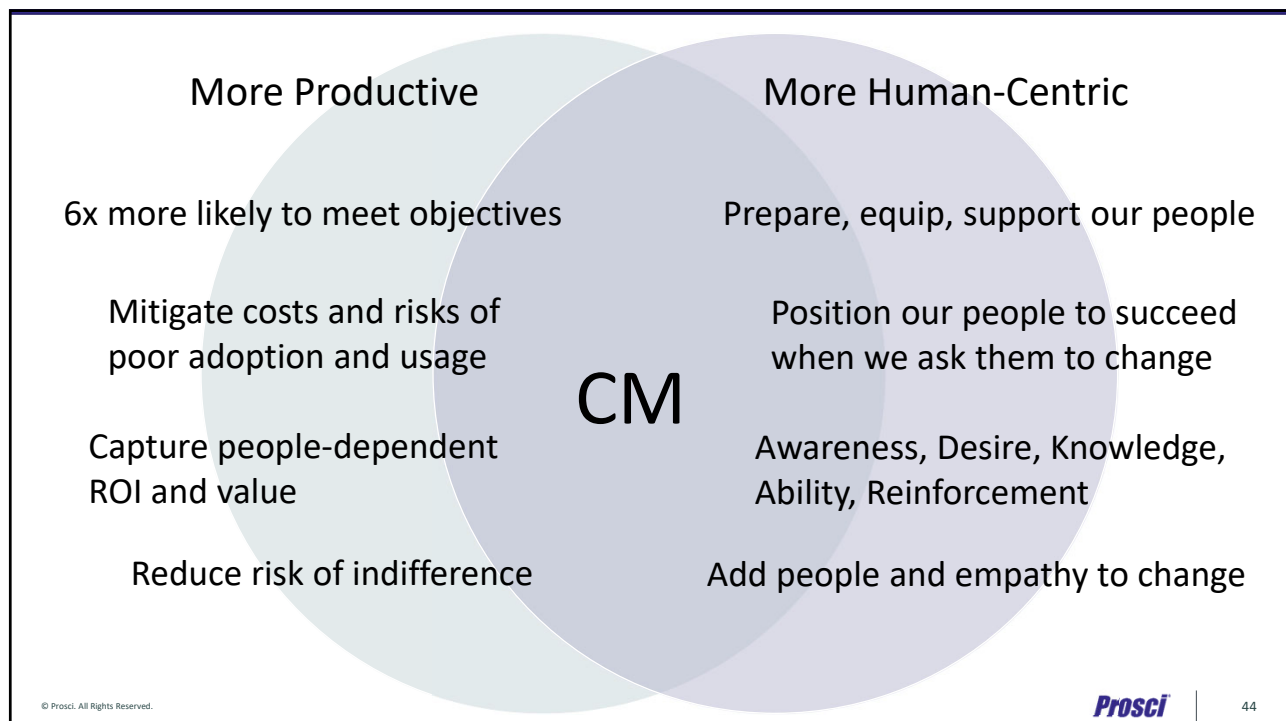
More Productive **AND** **More Human-Centric**

CM?

Does the discipline of change management help us be both **more productive** and **more human-centric** when we implement change in the organization?

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