

BEST PRACTICES IN CHANGE MANAGEMENT

2016 EDITION

Executive Summary

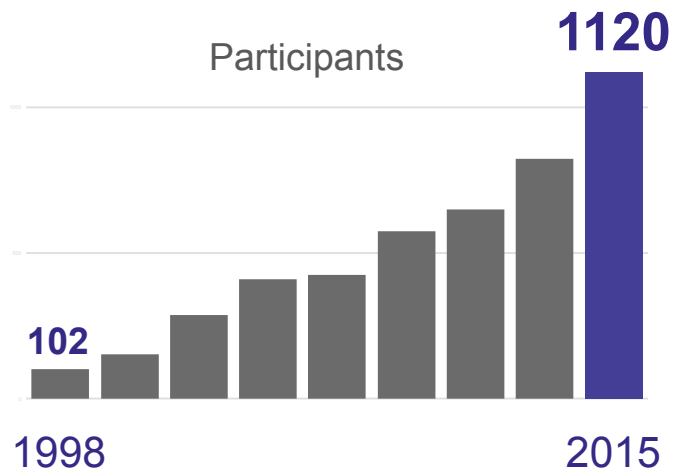
THE LARGEST BODY OF KNOWLEDGE ON CHANGE MANAGEMENT

Continuing to lead the discipline through research with real change leaders

Study purpose:

To uncover lessons learned from practitioners and consultants, so that current change management teams can benefit from these experiences. Emphasis is placed on what is working and what is not, in all areas of change management.

The 2016 report also presents emerging trends in change management, identifies changes that have occurred and describes the future direction of the discipline.



“

Whether you study specific topics as a learning exercise, use the book as a reference or rely on the tools and processes derived from the results, I trust that you will find insights that make your change management more effective, your projects more successful through better adoption and usage, and your organization more adept at managing its portfolios of change.

Allison Seabeck, Prosci President

INSIGHTS, EXPERIENCES AND BEST PRACTICES ORGANIZED SO YOU CAN FIND WHAT YOU NEED

*Prosci's 2016 edition of **Best Practices in Change Management*** is divided into four main parts, making the insights and direction easier to navigate and access.

Within each part, you will discover chapters, sections and findings you can apply in your change approach to increase the likelihood of delivering desirable change outcomes.

PART ONE: Current State of Change Management

- Insights
- Trends
- Organizational Change Capability

PART TWO: Change Management Application

- Motivation and Justification
- Effectiveness and Measurement
- Methodology
- Budget, Resources, Team Structure
- Change Management Activities
- PM and CM Integration

PART THREE: Roles in Change Management

- Sponsorship
- Managers and Supervisors
- Change Agent Networks
- Consultants
- Complementary Roles

PART FOUR: Adapting and Aligning Change Management

- Culture and Change Management
- Customizing CM by Industry
- Aligning CM with Specific Approaches
- Managing Complex Changes
- Saturation and Portfolio Management

PART ONE: CURRENT STATE OF CHANGE MANAGEMENT

CHAPTER 1: INSIGHTS

Foundational findings in change management benchmarking research

CHAPTER 2: TRENDS

What is happening at the forefront of a maturing discipline and how it is evolving

CHAPTER 3: ORGANIZATIONAL CHANGE CAPABILITY

Move past a project-by-project approach toward building change capability

To begin, we focus on the key obstacles faced by current change management practitioners around the globe and the tools they use to overcome these challenges. Next, participants identified the changes they expect to see in the discipline within the next 2-5 years, we report the trends they are observing.

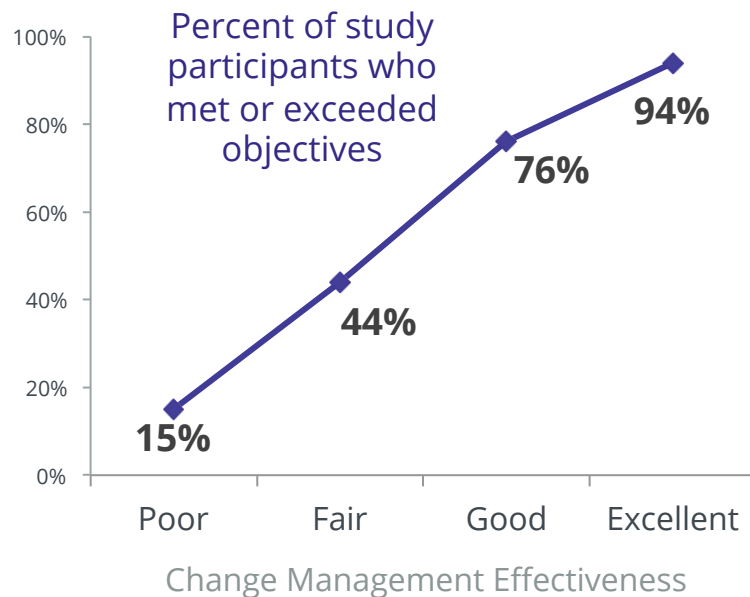
This part concludes with participants describing how they deployed change management capability projects within their respective organizations and how they might alter or improve deployment of change management capabilities.

EFFECTIVE CM DRIVES RESULTS AND OUTCOMES

Change management is a success enabler

Research on thousands of initiatives shows a direct correlation between how well the people side of change is managed (change management) and how successful the effort is.

Projects with improved change management had increased likelihood of meeting objectives, finishing on time and finishing on budget.



6x INCREASED
LIKELIHOOD
OF MEETING OBJECTIVES

RESEARCH INSIGHT

PART TWO: CHANGE MANAGEMENT APPLICATION

CHAPTER 4: MOTIVATION AND JUSTIFICATION

Build buy-in for the results you deliver with project teams and senior leaders

CHAPTER 5: EFFECTIVENESS AND MEASUREMENT

Projects with excellent change management are six times more likely to meet objectives

CHAPTER 6: METHODOLOGY

Increase change management effectiveness with a standard methodology

CHAPTER 7: BUDGET, RESOURCES, TEAM STRUCTURE

Size and secure the right resources for optimizing your efforts

CHAPTER 8: CHANGE MANAGEMENT ACTIVITIES

The specific steps effective change managers take to influence project success

CHAPTER 9: PM AND CM INTEGRATION

The power of complementary disciplines working in partnership toward a goal

This part focuses on the tools, techniques and methodologies used by change management practitioners to effectively implement change projects, specifically:

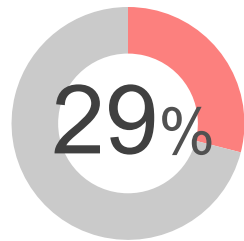
- Techniques for justifying change management within your organization
- Measurements of correlation between project success and change management effectiveness
- Strategies for applying change management methodologies

SPONSORSHIP CORRELATES WITH PROJECT SUCCESS

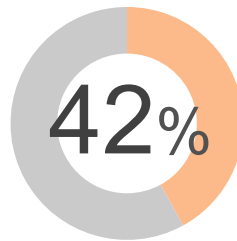
Better sponsorship = better results

Analysis of data from the 2016 research report shows a direct correlation between the effectiveness of sponsorship and the likelihood of meeting project objectives.

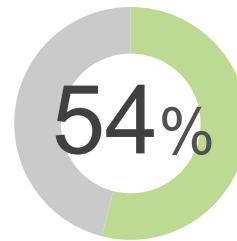
Percent of projects that met or exceeded objectives based on sponsor effectiveness



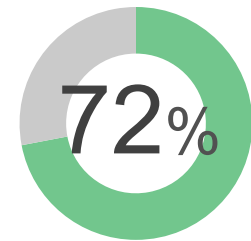
Very
ineffective
sponsors



Ineffective
sponsors



Moderately
effective
sponsors



Extremely
effective
sponsors

RESEARCH INSIGHT

PART THREE: ROLES IN CHANGE MANAGEMENT

CHAPTER 10: SPONSORSHIP

Active and visible sponsorship is the single greatest contributor to success

CHAPTER 11: MANAGERS AND SUPERVISORS

Managers and supervisors legitimize the changes impacting the teams they lead

CHAPTER 12: CHANGE AGENT NETWORK

Extend project support and credibility through an engaged group of advocates

CHAPTER 13: CONSULTANTS

Strategically leverage experienced change professionals to drive change performance

CHAPTER 14: COMPLEMENTARY ROLES

Collaborate with internal support functions to enhance change management outcomes

Part three explores the different roles that are present during a change project and the various ways in which they can aid change management as well as be affected.

Participants identified the most critical functions for each role as well as the potential challenges that can arise specific to each role.

SPONSORSHIP IS THE NUMBER 1 CONTRIBUTOR TO SUCCESS

Active and visible sponsorship is key to success

In each of Prosci's nine benchmarking studies, change leaders commented on the greatest contributor to success. 9 out of 9 times, effective sponsorship was identified as the top contributor to success. And, it wasn't even close – sponsorship beat out the second top contributor by a 3:1 margin.

Top contributors to success:

1. Active and visible executive sponsorship
2. Structured change management approach
3. Dedicated change management resources
4. Integration and engagement with project management
5. Employee engagement and participation
6. Frequent and open communication
7. Engagement with middle managers

RESEARCH INSIGHT

PART FOUR: ADAPTING AND ALIGNING CHANGE MANAGEMENT

CHAPTER 15: CULTURE AND CHANGE MANAGEMENT

Navigate the complexity of managing change within the context of culture

CHAPTER 16: CUSTOMIZING CM BY INDUSTRY

Adapt change activities to the unique challenges of your industry

CHAPTER 17: ALIGNING CM WITH SPECIFIC APPROACHES

Change management intersects with Program Management, Lean, Agile and CPI

CHAPTER 18: MANAGING COMPLEX CHANGES

How to adapt when the project presents difficult change management scenarios

CHAPTER 19: SATURATION AND PORTFOLIO MANAGEMENT

Mitigate the cumulative and collective impact of an increasing volume of change

Part four discusses the many ways in which change management can be - and in many cases must be - adapted and tailored to a specific organizational setting. Cultural context, industry setting and organization-wide goals are all factors that influence change management.

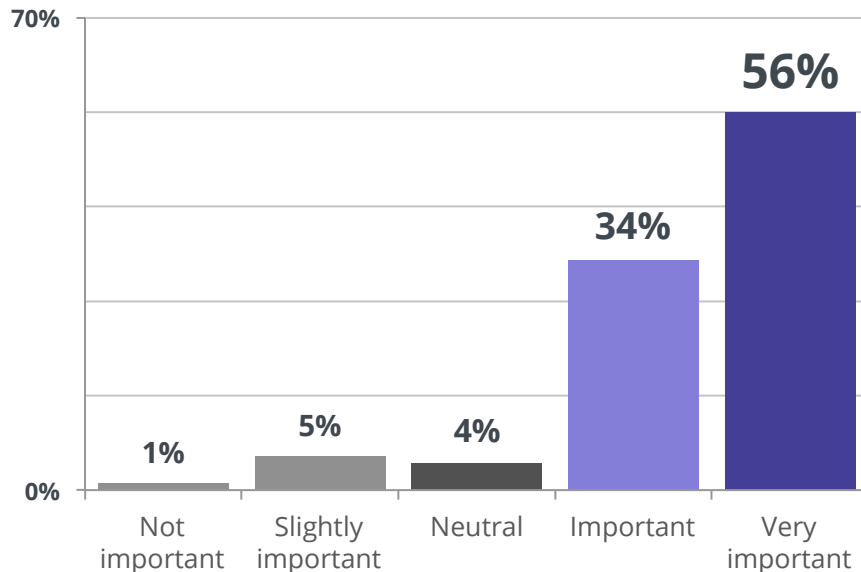
This part gives insight into how current change management practitioners adapt and change their techniques in order to effectively manage change in all different organizational and cultural settings.

9 OUT OF 10 RATED CULTURAL AWARENESS AS EITHER IMPORTANT OR VERY IMPORTANT

Cultural awareness can have an extremely important impact on change management

Culture is crucial, and the better we understand our culture the more effective we can be at implementing change.

Importance of cultural awareness



Analysis from Prosci's 2016 research report shows that not only is culture important, but there were four specific ways that cultural awareness influenced change management practices and approaches:

1. Opportunities for customization
2. Cultural-specific adaptations
3. Avoid cultural-specific obstacles
4. Communication needs to be thought through

RESEARCH INSIGHT

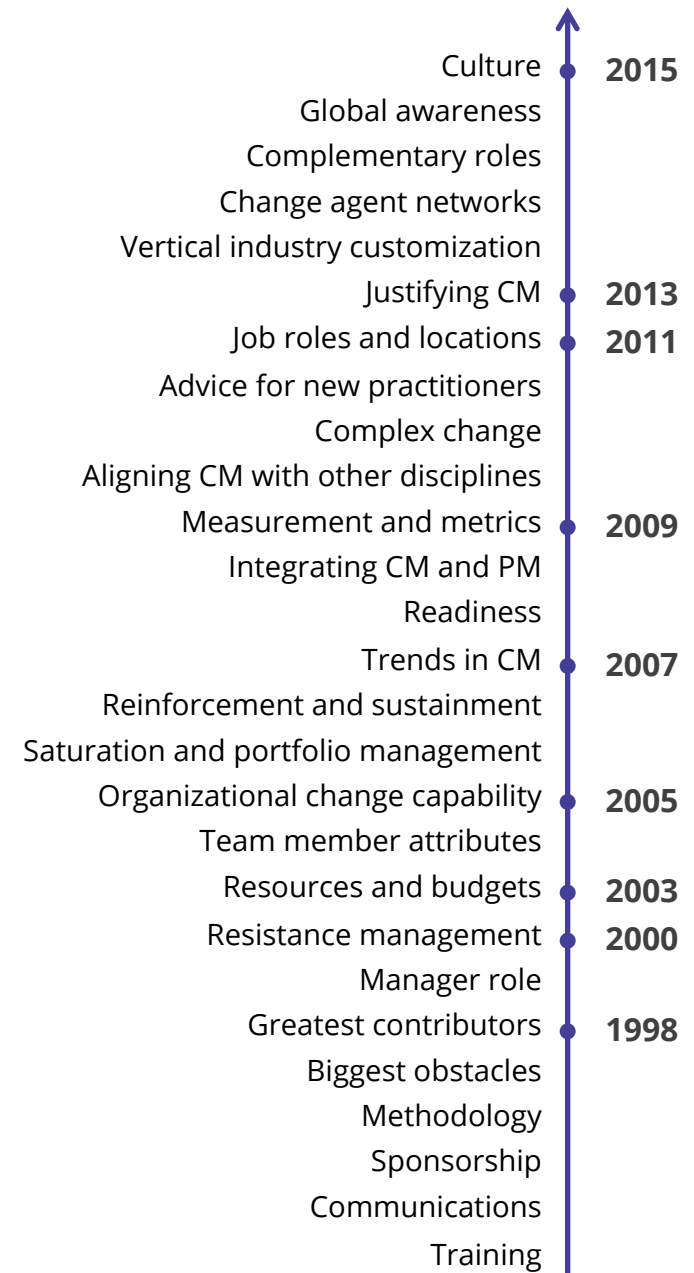
UNCOVERING NEW INSIGHTS ON EMERGING TOPICS AND ISSUES

In each study, Prosci explores topics and issues facing change leaders - 2016 is no exception

Since 1998, each of the nine benchmarking studies have enabled Prosci to expand and deepen the discipline of change management by focusing new questions and sections on the areas where practitioners are looking for research and direction.

The 2016 research report includes the following emerging topics:

- Culture
- Change Agent Networks
- Vertical Industry Customization
- Complementary Roles



CULTURE

Prosci took a unique approach to studying culture in the 2016 report. Research focused on answering the question:

How can I create more successful, positive change by understanding and adapting within the cultures I work?

We began by identifying six culture dimensions that have the greatest impact on how changes come to life in an organization, drawing from the works of GLOBE, Hofstede and Trompenaar.

Next, study participants provided three data points for each of the six cultural dimensions being studied:

Where do you fit on the cultural spectrum?

What specific challenges does this create in times of change?

What specific adaptations do you make because of this?

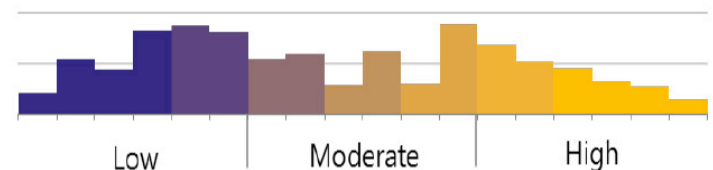
The resulting analysis provides change practitioners with concrete, specific adaptations to make given the culture of their organization or the groups they are engaging.

Six culture dimensions that impact change

- Individualism vs Collectivism
- Power Distance
- Uncertainty Avoidance
- Assertiveness
- Performance Orientation
- Emotional Expressiveness

Cultural Dimension Spectrum

Low Moderate High



Specific challenges
Unique adaptations

Specific challenges
Unique adaptations

Specific challenges
Unique adaptations

NEW TOPIC 2016

CHANGE AGENT NETWORKS

Leveraging networks to drive change

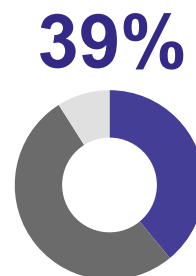
While change agent networks are talked about all the time, there was little research to support how they were being leveraged. Prosci studied the change agent network in significant depth.

Our findings explore:

- Definition of the change agent network
- Reasons to use a change agent network
- Building a change agent network
- Criteria for selecting members
- Change agent network roles
- Expectations of the change agent network

Finding: Study participants identified seven reasons to use a change agent network

1. Extend project support
2. Use resources efficiently
3. Enhance communications
4. Align consistent objectives
5. Increase knowledge
6. Build credibility
7. Boost ownership



of study participants leveraged formal change agent networks to support change implementation in their organization

NEW TOPIC 2016

VERTICAL INDUSTRY CUSTOMIZATION

Understanding and adapting change management based on your vertical industry

Prosci's 2016 research report delves into vertical industry customization.

We asked our participants:

- What are the **top changes** facing your industry?
- What are the **specific challenges** you face when implementing change management in your industry?
- What are the **unique adaptations** you make when implementing change management in your industry?

Example: Health Care industry findings

Top changes in Health Care

- Health care paradigm shift - including a move toward an individual or self-managed health care model, increases in regulations/legislation, industry consolidation through M&A and standardization of patient care
- Technological changes - including use of electronic records, new drugs and technology designed for patient care and automation
- Budgetary concerns - including cuts, loss of funding and a move toward profit-focused business models

Challenges for change management in Health Care

- Autonomous nature of employees
- Lack of designated resources

Adaptations for change management in Health Care

- Alignment with employee characteristics
- Communication adaptations

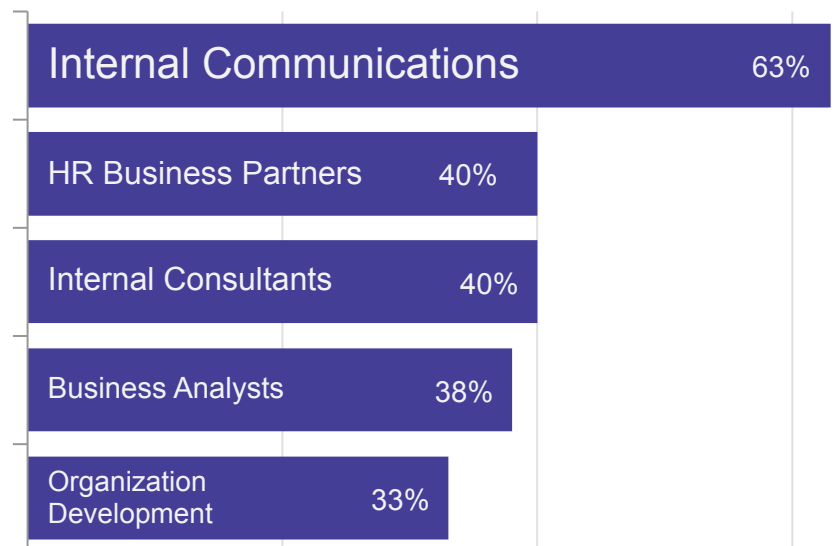
NEW TOPIC 2016

COMPLEMENTARY ROLES

Collaborating with other disciplines and roles to optimize results

Prosci studied the interaction of change management and other related disciplines, exploring the complementary roles that support successful change.

Study respondents reported engaging with the following complementary roles:



Top functions served by complementary roles

Internal Communications Group

- Key messaging
- Project team member

Human Resources Business Partners

- Coaching and support
- Project advisors

Internal Consultants

- Change management experts
- Subject matter experts

Business Analysts

- Impact assessment
- Subject matter experts

Organization Development

- Training
- Technical and cultural expertise

NEW TOPIC 2016

DEMOGRAPHICS SUMMARY: WHO CONTRIBUTED THE DATA?

18% less than 500 employees Number of employees: 19% more than 35,000 employees



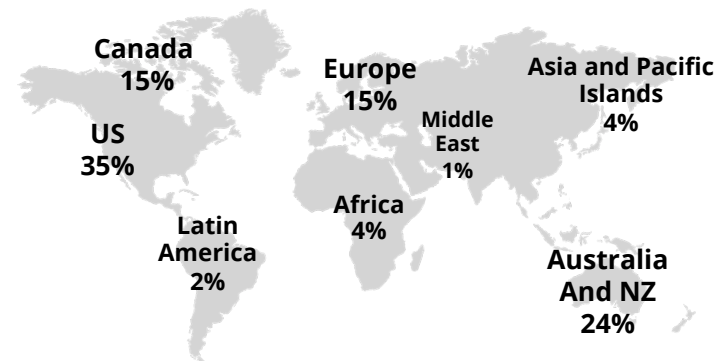
19% less than \$50 million Revenue: 27% more than \$5 billion



Top industries represented:

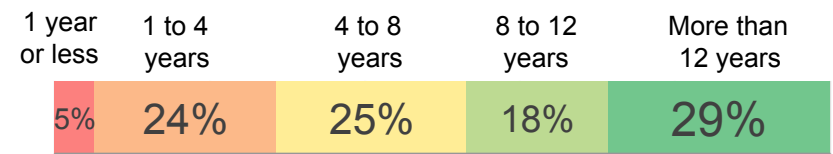
1. Health Care
2. Government – State
3. Banking
4. Finance
5. Consulting
6. Oil and Gas
7. Government – Federal
8. Insurance
9. Education Services
10. Manufacturing

Participants from around the world, representing 56 countries



74% of our participants had change management certification

Respondents were experienced practitioners





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Prosci's comprehensive research allows you to align your change management efforts with industry best practices, optimizing your approach to achieve results. Leverage lessons learned from thousands of change and project leaders.

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