Change Management Workshop

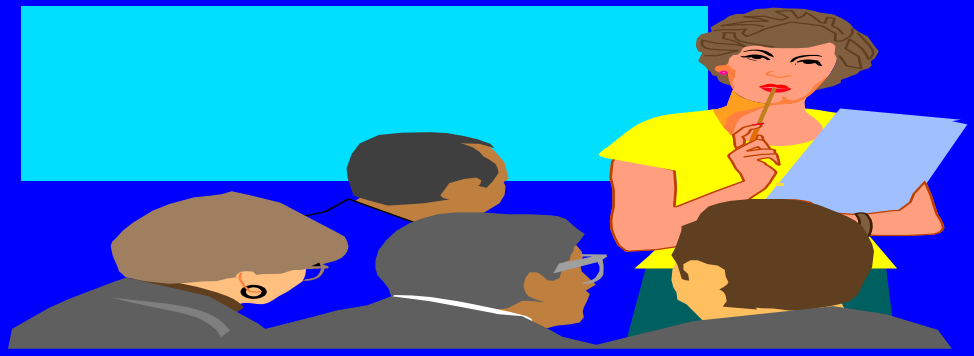
Introduction

Change Management Workshop

Critical Success Factors (CSFs)

CSFs

- Role of CSFs in achieving Strategic Mandates
- How to develop a CSF set
- Brainstorming and evolving CSFs



Role of CSFs

- Critical success factors (CSFs) are those few items which are critical to the success of an organization in terms of achieving / excelling the strategic mandates
- Basis for CSFs is the strategic mandate set (strategic goals and objectives)

Change Management

Performance Management

- What are PMs & PTs
- How to develop a PM set and PTs
- Performance Management steps in the project

What are Performance Measures & Targets ?

- **Performance measures (PMs) are a set of parameters linked to the CSFs, and used to measure the success level of CSFs achievement using performance targets (PTs) attached to these PMs**
- **Together with Performance Targets (PTs), it can be used to**
  - Drive strategy within the organization
  - Motivate employees to attain high levels of achievement
  - Track progress against CSFs through PTs
  - Initiate & institutionalize continuous improvement capabilities
- **PTs can be 'one leap' or 'stretched'**
- **PMs & PTs must be a balanced set**
  - Internal & external entities
  - Financial & Non Financial
  - Short-term and long-term

How to evolve PMs & PTs ?

- Jot down any measure you can think of
- Validate through the CSFs / Strategic Mandates
- Consolidate / Fine-tune
- Segregate process & IT based PMs from others
- Evolve the method to derive (data & logic) PMs - optional now
- Fixed targets against each of the measures (can be selectively now, fully later)

Performance Management Role

Managing the business performance in line with the target scenario by way of the following steps

- Evolve PMs in line with CSFs

- Fix targets against PMs

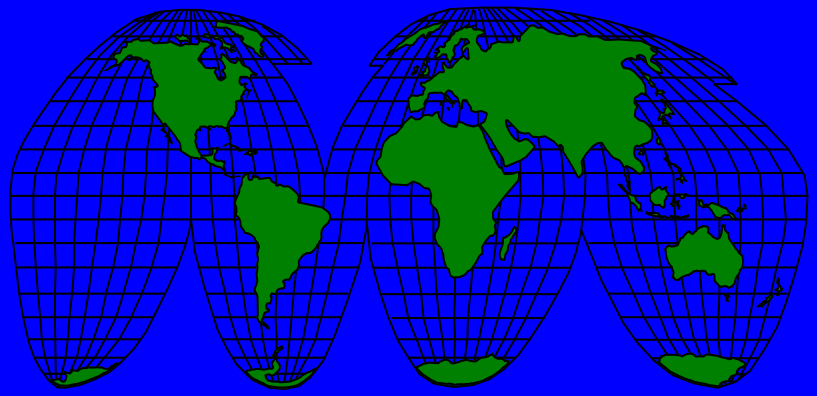
- Re-engineer business processes to achieve these

- Course correct PMs & PTs where required

Change Management

Change Management - A brief

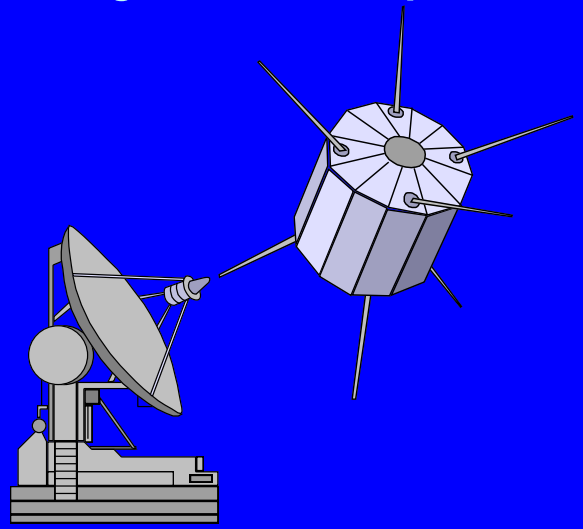
The Winds of Change, Beyond the Mid 90's



Local presence of global players - JV, local manufacturing, easy imports

Regulatory changes

Increasing customer expectation



Greater value for money

Internal customer now important

The 12 Fastest Growing Business Issues In The 90's

- Focus on cost reduction, not on value building
- Incomprehensive customer service, since not all employees feel the same way
- Integrated planning not available
- Empowerment not feasible due to power centers problem
- Creative corporate vision not available or not understood by lower levels
- Long term results not focussed
- New products introduction not effective
- QA not fully implemented, still a buzz word
- Workforce quality not upto the mark, can't retrench old hands
- New technology adoption & mastering - not complete
- Right info. availability not fully available / utilized
- Accountability for failures, not seen at different levels

Paradigm Shift in Managing Today's Corporations

- Increased customer focus-Delight
- Increased perceived value of product including services
- Big is better - mergers and acquisition
- Reduced cycle time
- Competition on costs
- Quality Assurance is in demand
- Introduction of new products, that the customer wants
- Yesterday’s tools of managing today’s business are no longer valid !

What do manufacturers wish

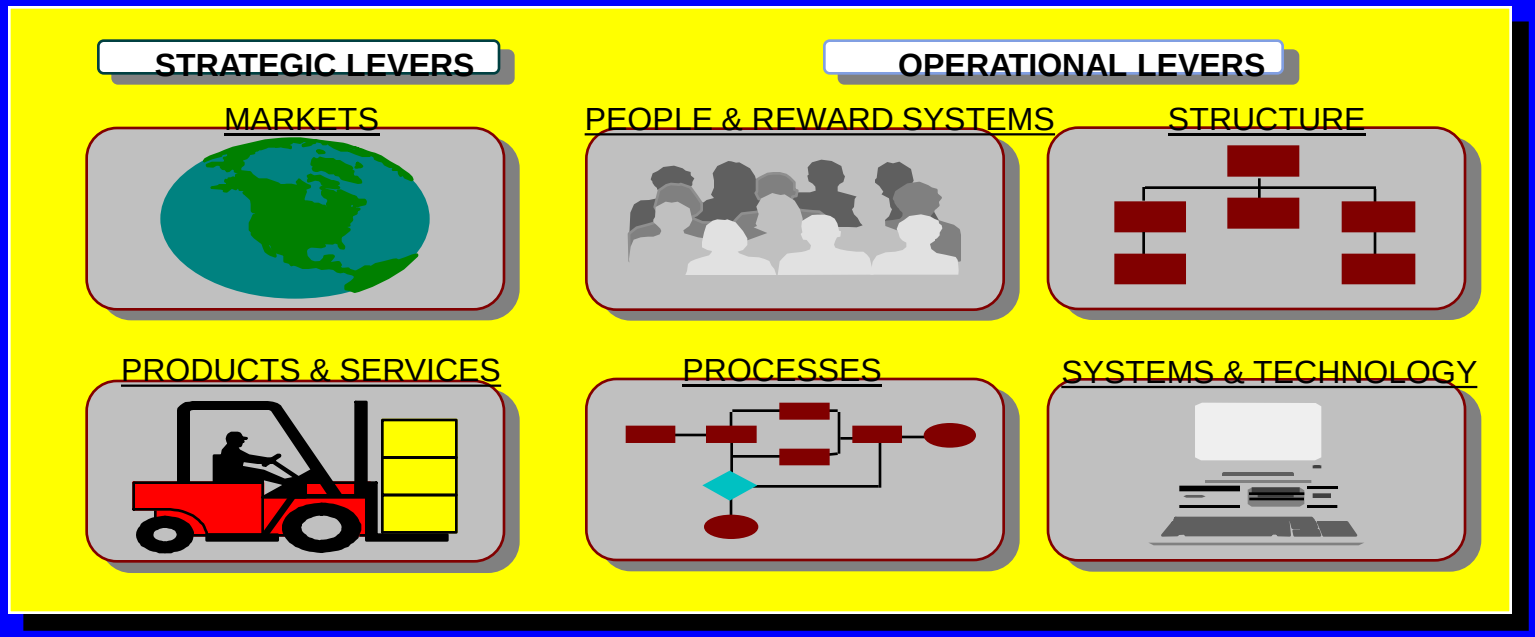
Manage cost, quality,speed, flexibility and service by :

- **Making supply follow demand as closely as possible**
- **Integral planning and control of bids,procurement, execution, erection**
- **Control on financials**
- **Use of configured product**
- **Produce as closely as possible to delivery date**
- **Work at maximum effectiveness**
- **Employ core competence, offload the rest to 3rd parties**
- **Decentralize power - delegate**

To

Ensure customer delight and hence Growth & Profitability

New Processes and Systems Alter Organizational Activities, Creating New Potential As Well As New Problems



The key is knowing what organizational components these new processes and information systems affect and how these components must be changed in order to maximize the advantage.

One Overwhelming Insight :

OO + NT = EOO

Old Organization + New Technology = Expensive Old Organization

The 2 Models

Model 1 : BPR Driven IT Solution

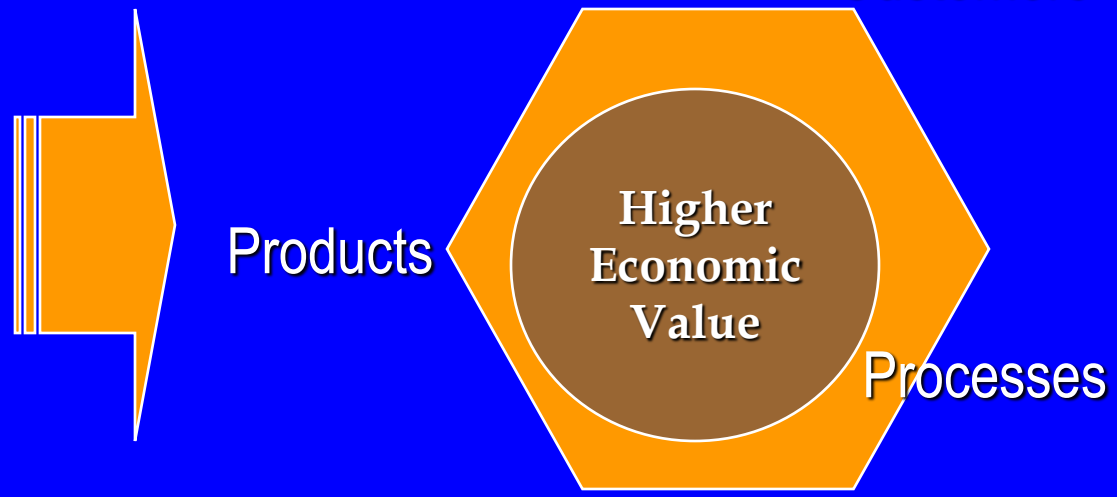
A holistic re-engineering is attempted here considering both current *as-is* business and non value added activities on one side and the re-engineered envisioned *to-be* business processes, on the other. The entire exercise is focused to achieve strategic initiatives and critical success factors, and available benchmarks/best practices. Subsequently, an ERP is selected to get a reasonable fit with the envisioned processes. Organization alignment towards the new processes is also done simultaneously

Model 2 : Package enabled BPR

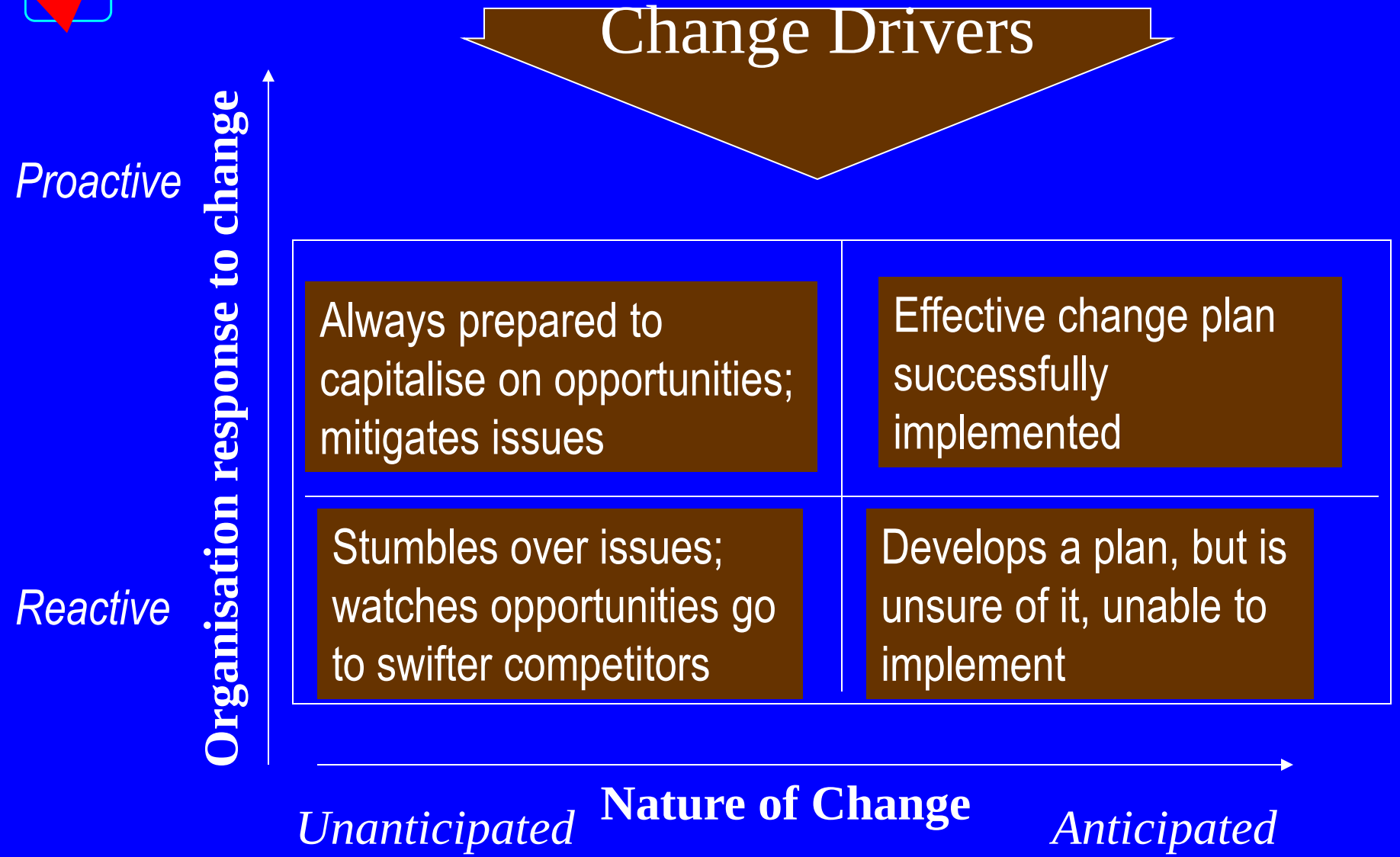
A business model is developed first on the basis of templated industry processes and best practices. Then company specific requirements are defined as a set of performance targets and Critical Success Factors at a broad level. IT strategy is then developed and ERP is selected. Detailed strategic compliances are then defined . Best practices built within the ERP functionalities are employed along with possible re-engineering of businesss processes. ERP is then implemented along with redesigned business processes

Change Integration

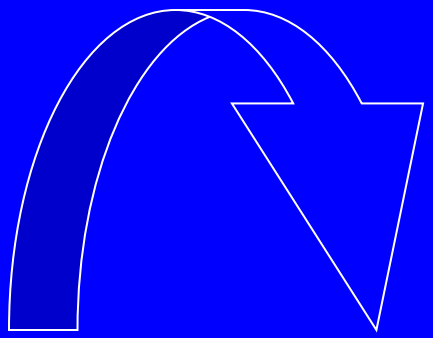
- Strategic Change
- Organizational Change
- Process Change



Means of Managing Change

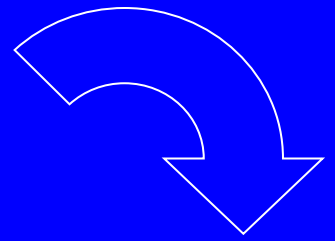


The 4 Stage Approach



Envision

Visioning, PMs & PTs
Process Redesign
Target Environment Design (TED)
Change Implementation Plan



Evaluate

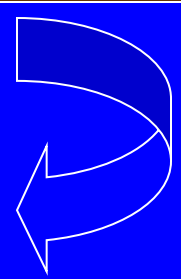
Challenge Strategy/Mission
Identify CSFs
Identify Change Drivers
Change Readiness
Assess Current Environment
Issues / Opportunities

4 E's:

* Evaluate
* Envision
* Empower
* Excel

Empower

Implement Target Environment Design
Empower People



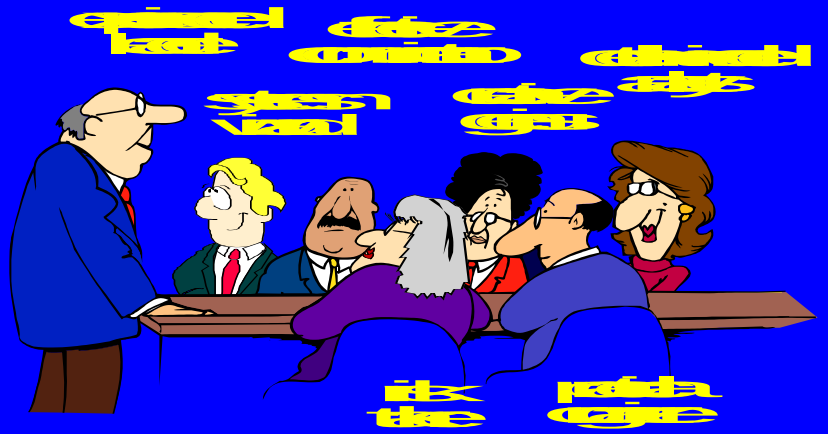
Excel

Periodic Review
Continuous Improvement

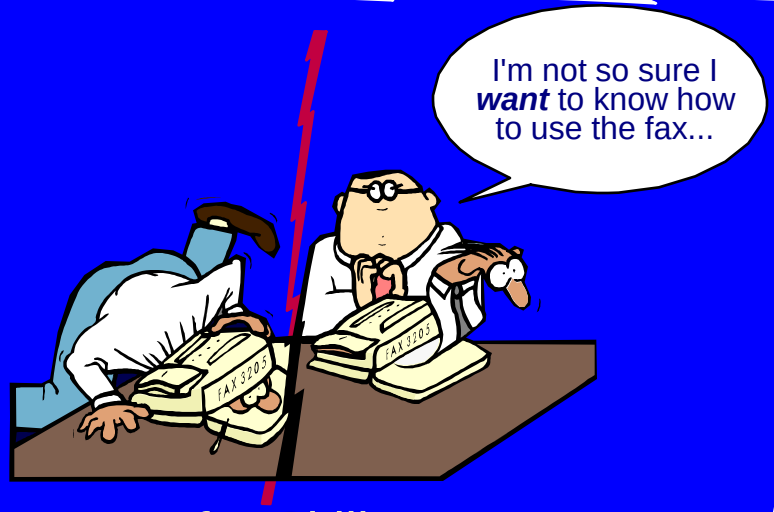
Transition Management Activities

Transition Management

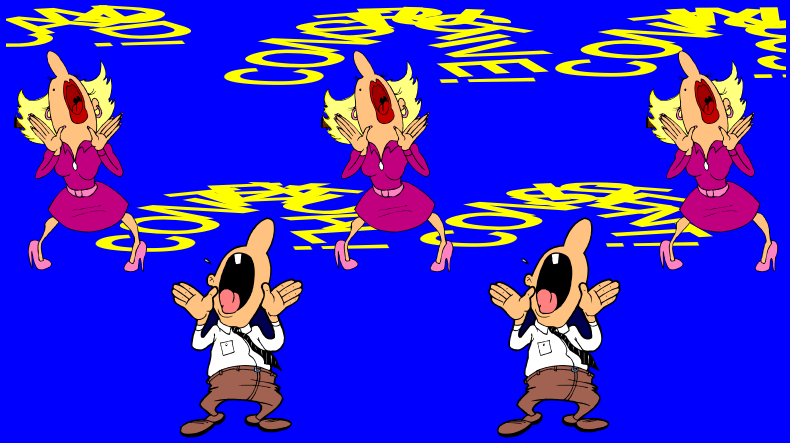
Manage Stakeholders



Build Teams to Leverage Diversity



Transfer Skills



Manage Communication

Transition management - Stakeholders

Who are Stakeholders ?

Individuals/Entities who can influence or are affected by changes in the organisations are stakeholders e.g. shareholders, employees, senior management, middle management, suppliers, customers, etc.

Their Interests

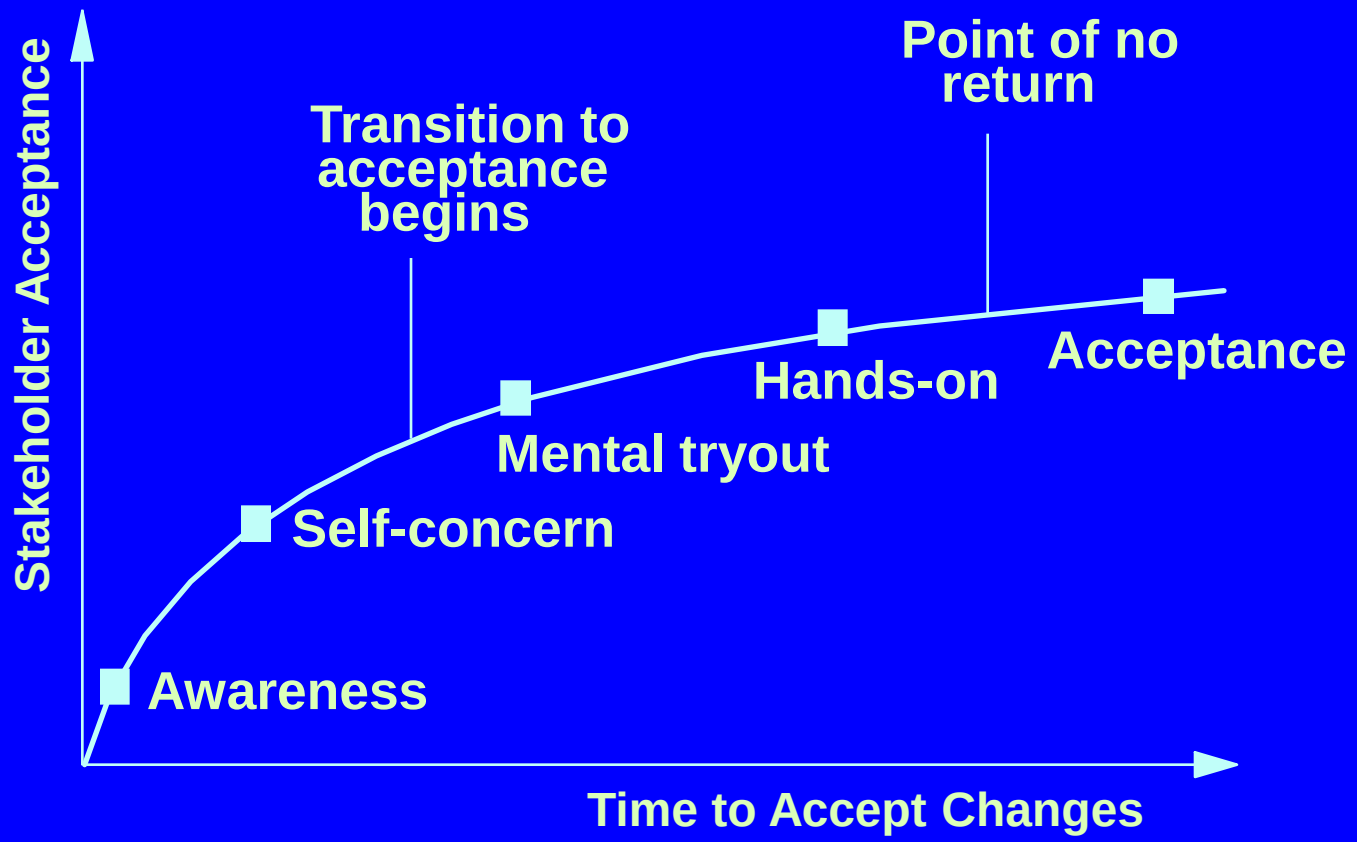
The varied interests that stakeholders harbour in an organisation can be - maintain status quo, push for/drive change, exercise control over information, resist change, etc. These interests need to be handled sensitively.

Why Transition Management ?

Transition Management Activities (TMA) enable change initiative to be driven through organisations by softening stakeholder resistance.

Successful Organisationwide change can only be achieved by effective
management of stakeholders and their interests.

Transition Management - Stakeholder Acceptance Curve



How to manage different stages in the transition

Awareness

- **Develop CSFs & Performance Measures (Consensus based)**
  - **Enterprise & Function / Cross function levels**
  - **On cost, quality , speed, service, flexibility**
- **Establish change readiness through awareness sessions**

Handle Self-concern :

- **Handle resistance**

-Eliminate the 'Fear of the Unknown'
-Clarify 'What 's in it for me ?'
- Stress on overall comforts

- **Communicate about**

-SAP implementation project
-Benefits accruable
-Need to change

Mental Try-out

- **Develop change leaders**

- **Communicate specific changes due to**
  - Redesigned processes
  - Enabling IT

  In terms of

  -New ways of working
  -New places of working
  -Work on more than one thing (Cross functional)
  -Decision making

- **Hands on demos on SAP Functional pilot**

Hands on

- **Demonstrate the power of SAP/ Re-engineered processes**

-Hands on, using the prototype
-Within & inter functional groups

- **Communicate on early Hits/Benefits**

- **Build skills (specific)**

CI Milestone Activities in SAP Implementation

A) Analysis stage

- Establish Team, Vision and CSFs
- Develop performance measures
- Establish change readiness
- Communicate (generic)

B) Design stage

- Create Change leaders
- Communicate (specific)
- Hands on training/Demos (pilots)

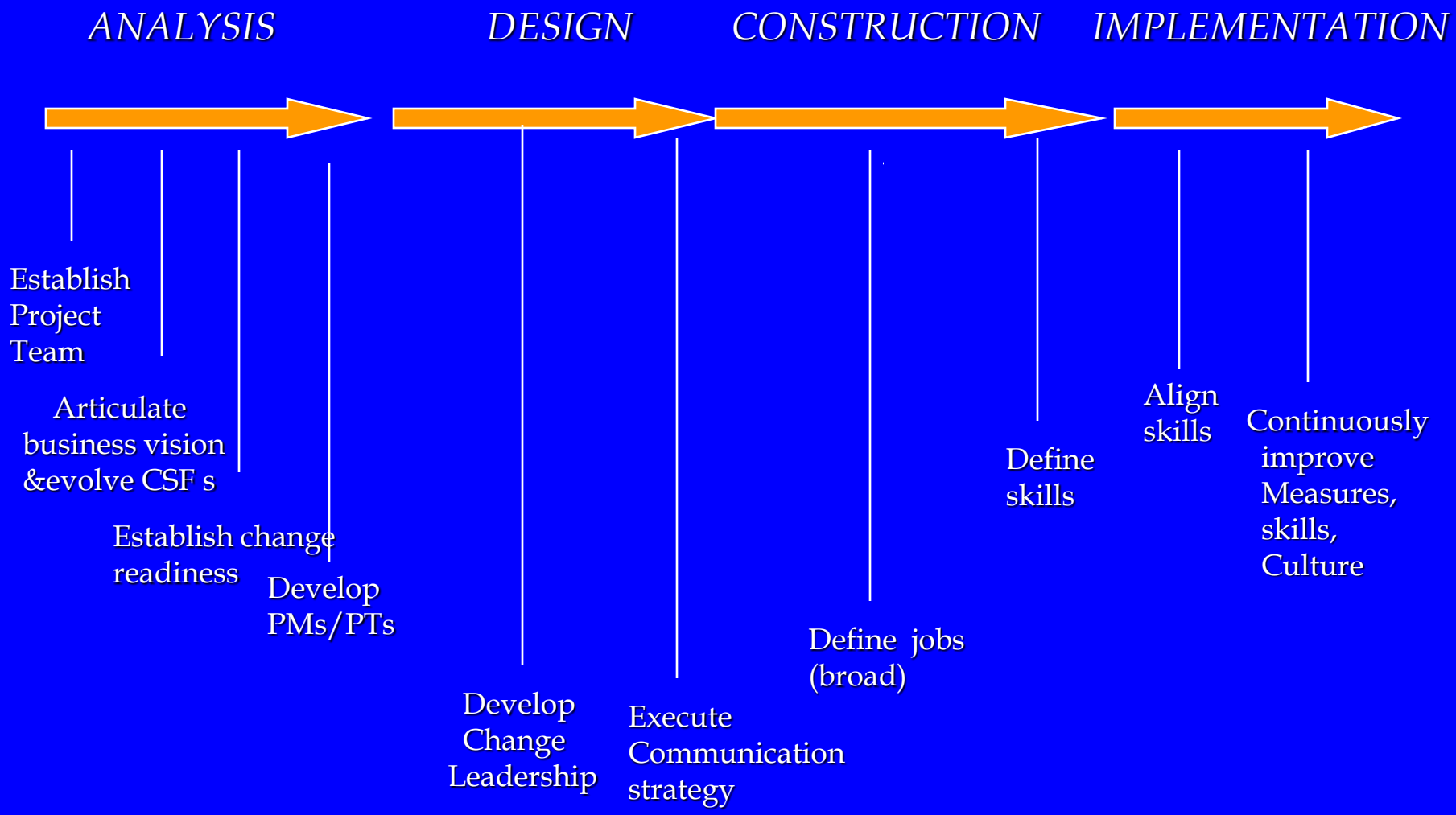
C) Construction stage

- Demonstrate benefits
- Communicate (Further specifics)
- Define jobs and skills
- Build skills

D) Implementation

- Align skills
- Review results
- Go on continuous improvement mindset

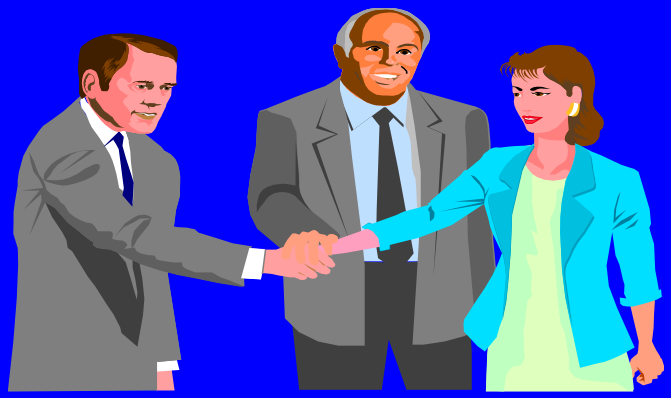
Transition Management Activity Steps



Facilitation - what

Joint Problem Solving

Reflection



Training & Education

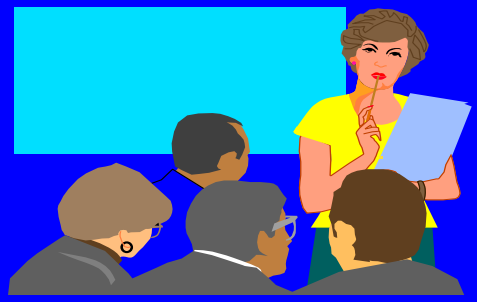
Process Counseling

Alternative Identification and Linking

Fact Finding

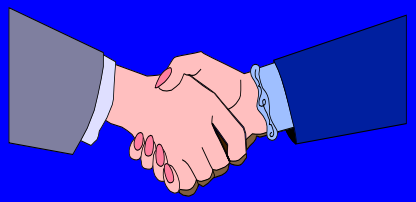
Facilitation - Why

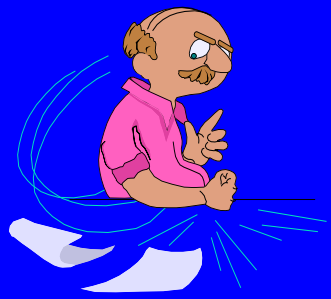
Buy-in is more effective - group ownership is easy to establish



We can do it ! - Employees confidence level booster

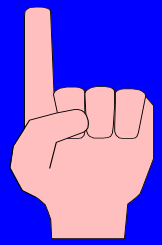
Fosters team work



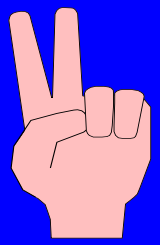


Opportunity to debate/differ is provided

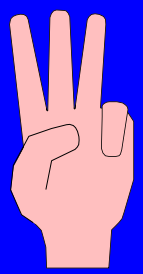
Why ERP implementations fail?



Perception of ERP to be a computer system rather than a people system made possible by computer

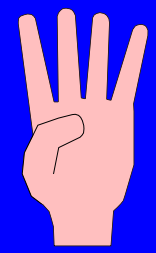


Failure to recognize that the major challenge will be for a lot of people to make the transition from the informal or semi-formal to a formal system

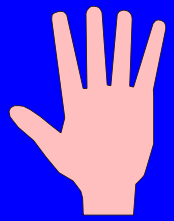


Failure to gauge the impact of introducing Information Technology on other dimensions(e.g. business processes, structure) of the organisation, and manage the transition

Why ERP implementations fail? (Contd..)



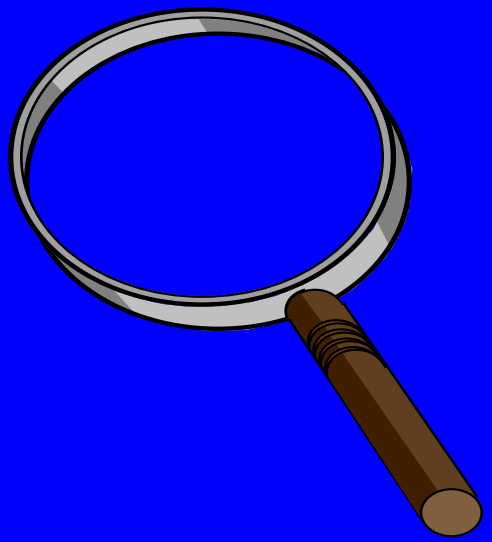
Unless data accuracy and operation disciplines are observed strictly, no reliability can be expected from an ERP



Loss of management commitment during the long implementation period, Installation is different from implementation

Guidelines of Successful Change

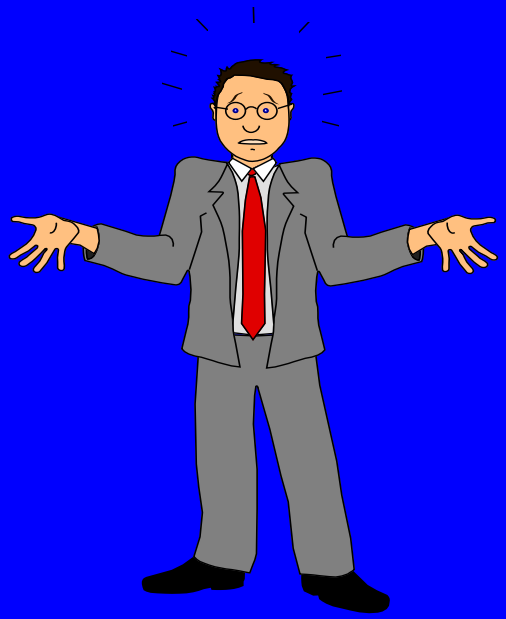
1. Confront reality
2. Focus on strategic contexts
3. Summon a strong mandate
4. Set scope intelligently
5. Build powerful case for change
6. Let the customer drive change
7. Know your stakeholders



8. Communicate continuously
9. Reshape your measures
10. Use all of the levers of change
11. Think big; think new
12. Leverage diversity
13. Build skills and empowerment
14. Make a plan
15. Integrate your initiatives

Pitfalls to be wary of ...

1. Failure to deliver early, tangible results
2. Talking about breakthroughs, drowning in details
3. Everything is set at high priority
4. Old performance measures
5. Failing to connect the dots
6. Voice of customer absent



7. Voice of employee not heard
8. Senior management wanting to help but not knowing how
9. What is in it for “me” - unclear
10. Too much conventional wisdom
11. Same old wine, same old bottle

Critical Success Factors

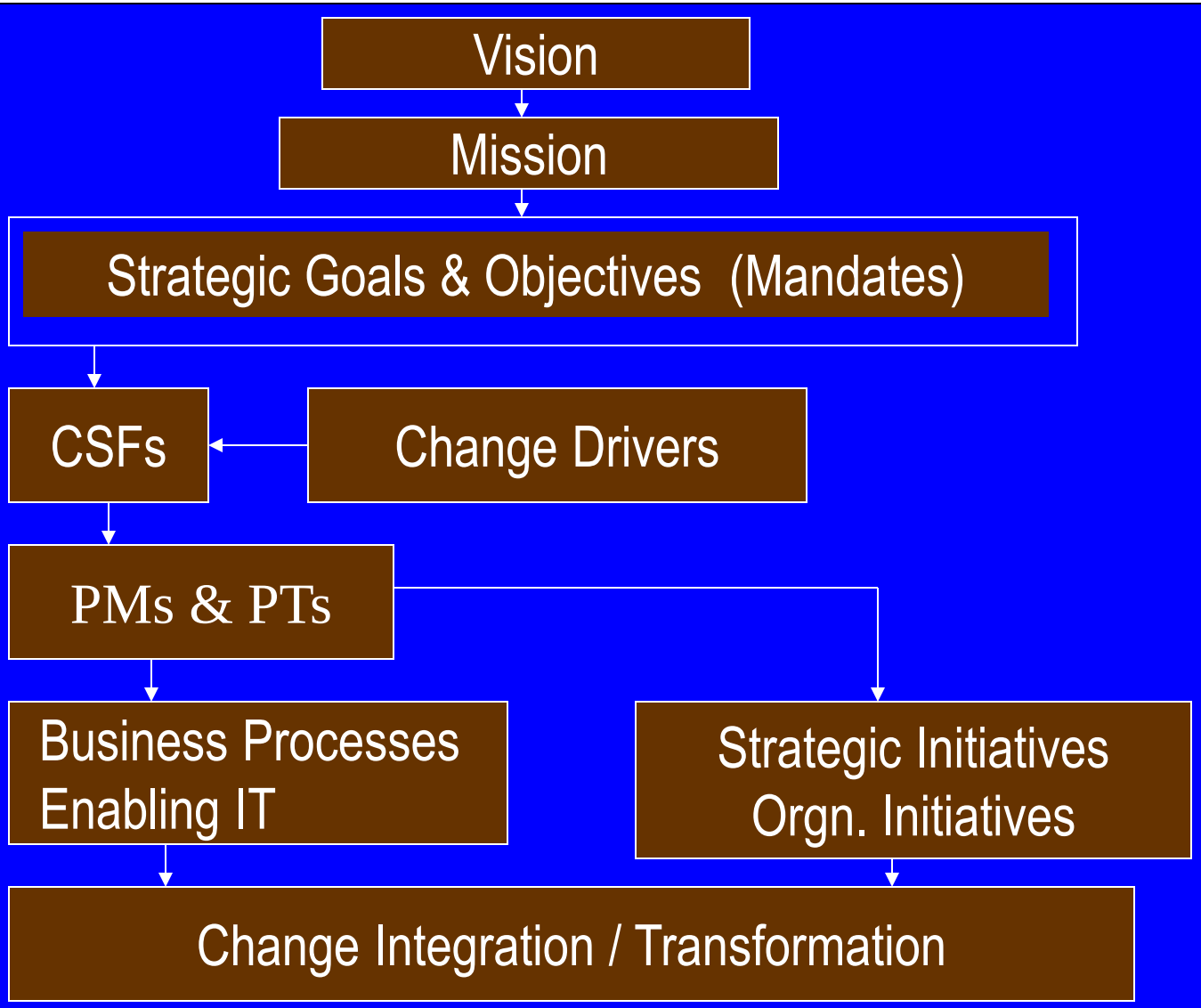
- Senior Management must be committed to the project
- Scope and business process decisions and issues must be resolved quickly
- Key business executives must own the configuration for their respective processes
- ‘Core-team’ members, both functional and IT, must be of high quality and committed to the project 100%
- Package must be implemented ‘as delivered’; no modifications except for legal or regulatory reasons

CHANGE INTEGRATION
Practical Hints

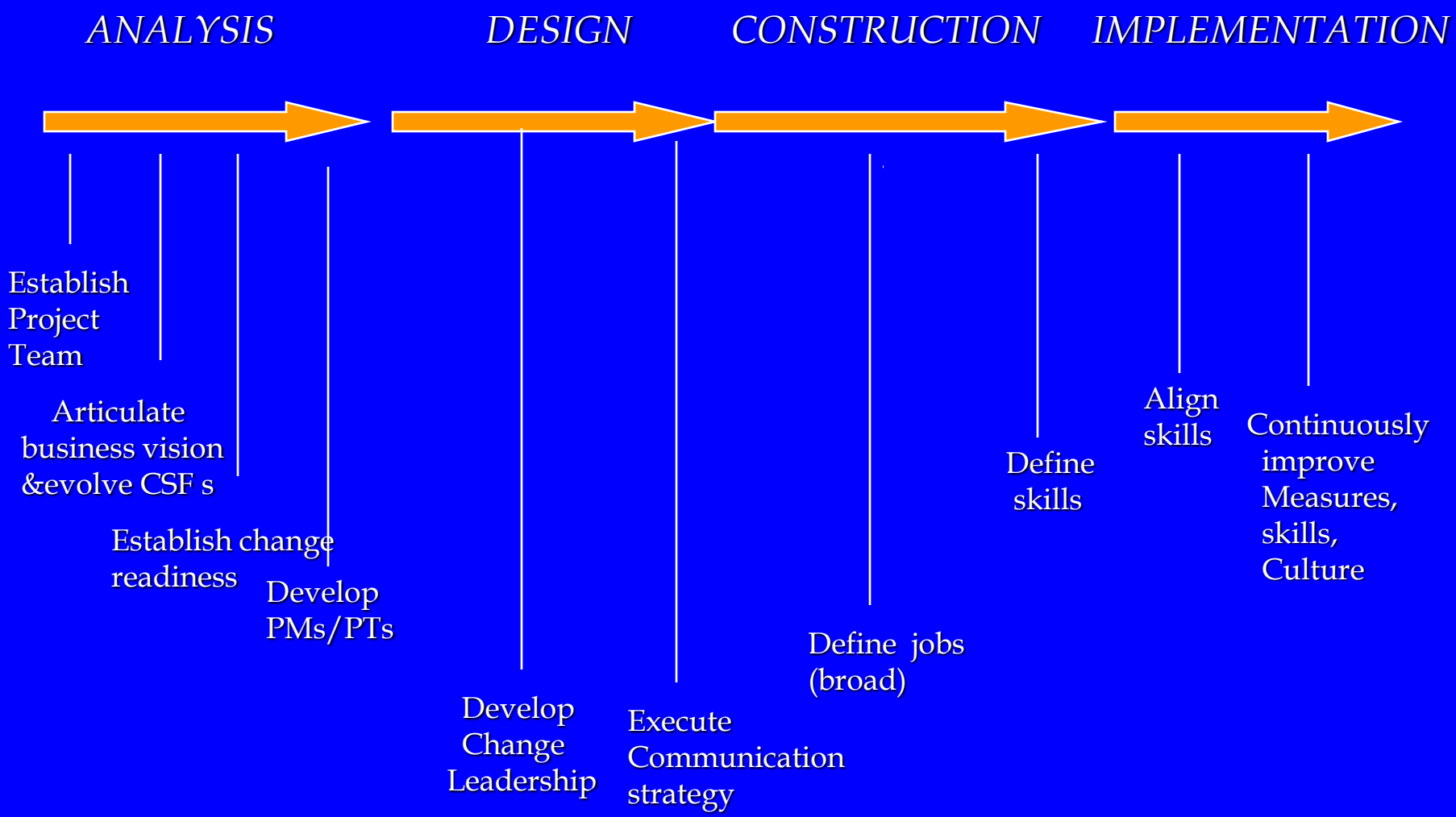
- ERP & Business processes are only a subset of business dimensions
- ERP is only the enabler , people determine the success
- ERP requirements are defined by users, and implemented by them using IT professionals for support
- ERP alters organisational activities , creating new opportunities as well as challenges . Hence critical thing is to know what will be altered and how to cope with
- ERP alters - decision making processs
  - decision making authority levels
  - people activities i.e. how work gets done
- Six critical components to be addressed :

- empower management
- communication
- training & skills
- change leadership
- commitment
- CSFs performance measures

The Chain


Vision
Mission
Strategic Goals & Objectives (Mandates)
CSFs
Change Drivers
PMs & PTs
Business Processes Enabling IT
Strategic Initiatives Orgn. Initiatives
Change Integration / Transformation

Transition Management Activity Steps

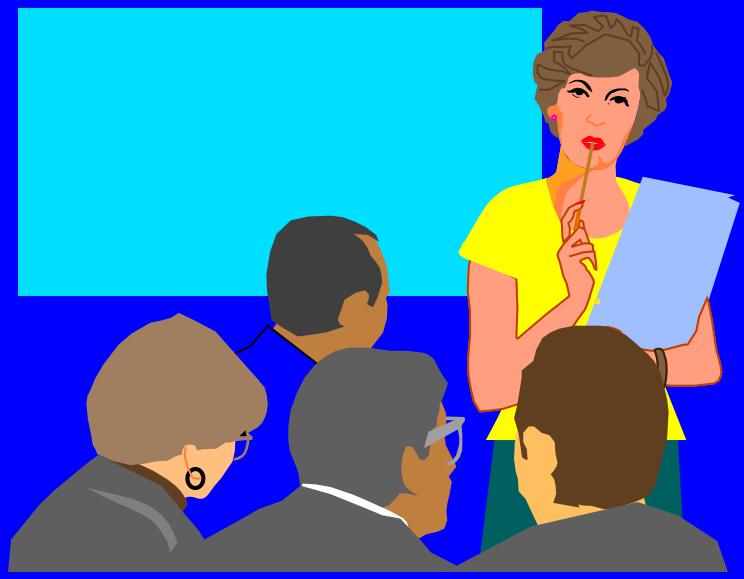


Manage Communications
Why ?

- Helps eliminate risks associated with misinformation
- Seeds communication pathways with accurate information
- Encourages feedback regarding changes
- Facilitates integrated project management

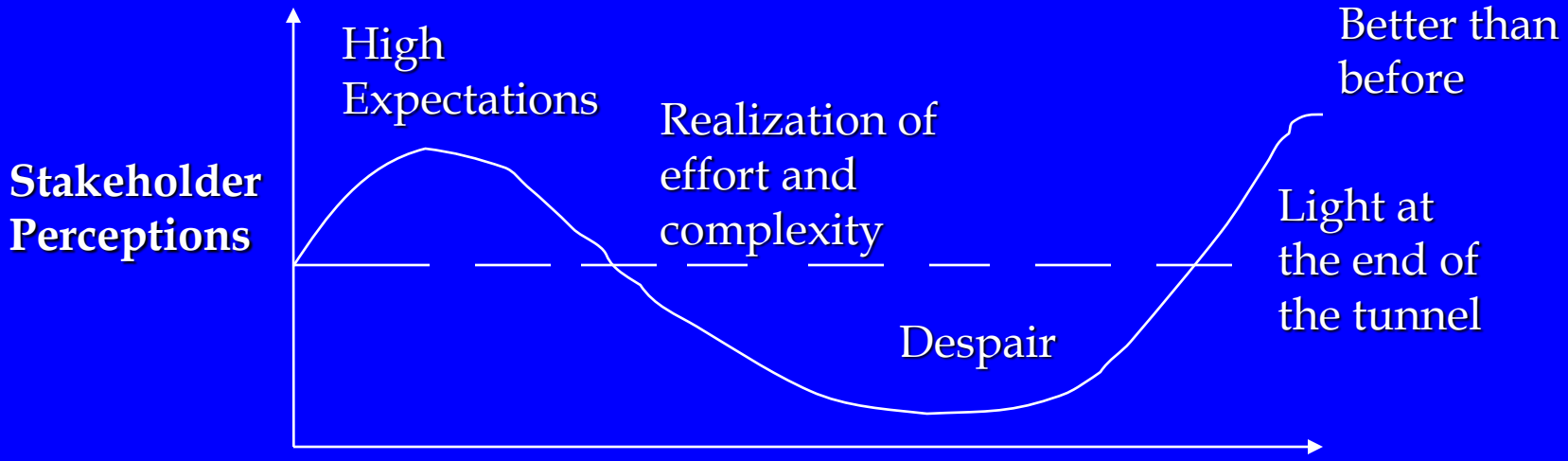
Manage Communications
What to do

- **Develop project team communication**
  - Among team members
  - Project Management focus
- **Develop stakeholder communication**
  - Build commitment
  - Manage expectations
  - Solicit feedback



Secure Commitment to Change
Why ?

- **Builds stakeholder sponsorship of change idea**
- **Ensures dedication of appropriate resources**
- **Mitigates/lessens resistance to change**



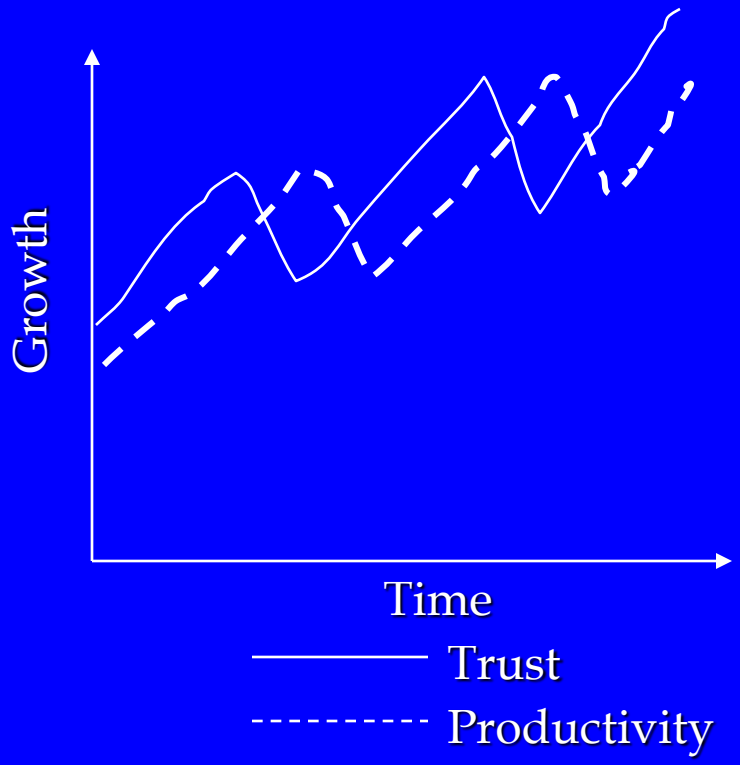
Secure Commitment to change

What to do

- Advertise the "business case"
- Understand the stake-holder "wins" and link to project goals
- Communicate with stakeholders

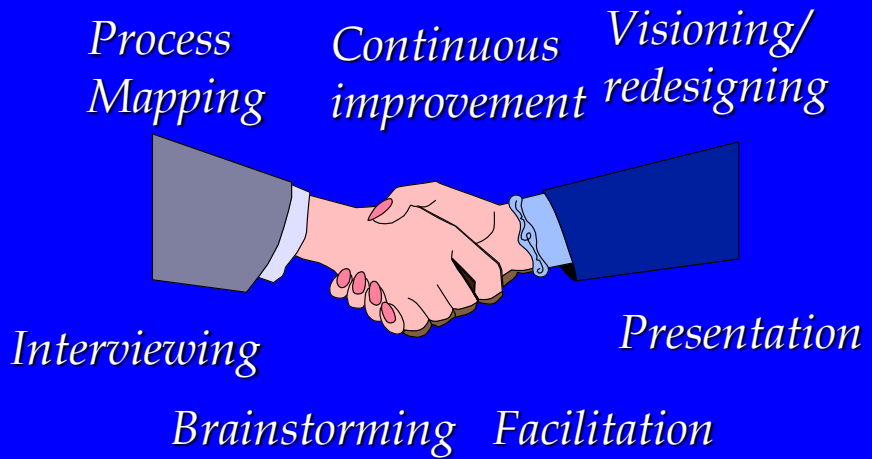
  - share project information
  - listen to feedback
  - Advertise successes

- Broaden involvement across organization
- Reiterate activities



Build Teams and Transfer Skills
Why ?

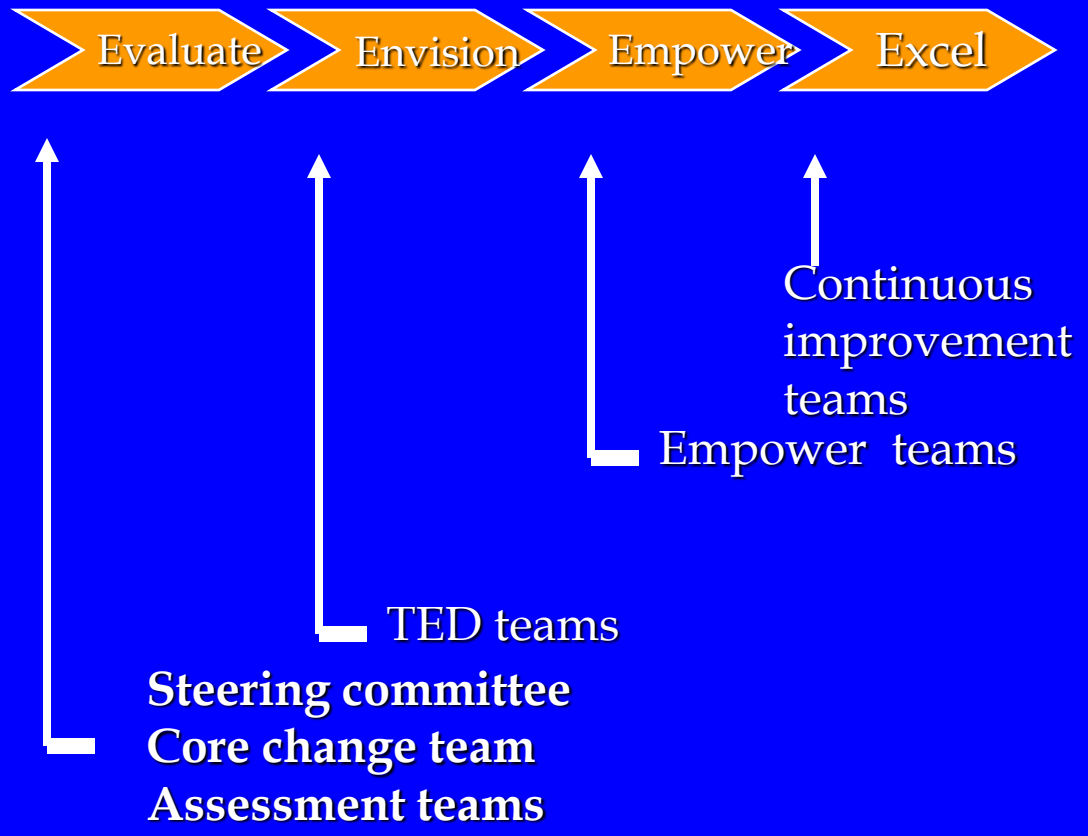
- **Build effective teams**
  - **- Leverage organization's expertise**
  - **- Address multi-functional problems**
  - **- Foster commitment**
- **Transfer CI skills to enable continuous improvement**



Build Teams and Transfer Skills

What to do

- Determine number and scope of teams
- Determine skills required
- Train teams
  - Close skills gap
  - "Just-in-time"
- Constant on-project skills transfer



CSF - An Example In The Chain (Contd.)

B. Segregate

* Segregate the CSFs /PMs & PTs into

  - To be achieved by improved business processes and SAP

  - Others

Change Management

Managing

- Communication
- Commitment
- Stakeholder
- Skills Transfer

Change Management

Change management tools and techniques will be applied during all phases of the implementation lifecycle