UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

MIGRATION PLANNING GUIDANCE INFORMATION DOCUMENTS

CHANGE MANAGEMENT BEST PRACTICES

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UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Working for America

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1. Purpose

Change management practices are intended to apply a structured, organized framework to the often disordered and confusing world of organizational change. Effective change management techniques help managers plan, organize, and negotiate successful changes in the organization.

This document outlines many important elements of change management, including the objectives of change management, how to prepare for change, how to establish and foster a change vision, and how to manage stakeholders. However, as agencies begin the transformation process to Shared Service Centers (SSC), this document should not limit the change efforts undertaken by the organization.

2. Change Management Approach

2.1 Change Management Objectives

As agencies begin the process of organizational change management they should maintain focus on the following objectives and continually review their progress:

The overall objectives of change management are:

- To increase readiness for change;
- To increase the speed and effectiveness of change and minimize associated disruption or loss of productivity during a transition; and
- To enable change to be sustained including delivery of targeted business benefits.

Efforts which cannot be traced directly to these objectives may result in wasted time and resources.

2.2 Establishing a Change Vision

In most organizations, change typically creates uncertainty and sometimes opposition. Certainly the transition to a SSC will be no exception. It is therefore imperative to quickly communicate a vision for the change – particularly a vision key stakeholders can accept and promote. An effective change vision clearly communicates:

- A compelling need for change;
- Commitment to the change, despite the uncertainty change brings;
- How the organization will be better able to deliver business benefits;
- Appropriateness of the change strategy; and
- Leadership roles and resolve.

- Capacity to manage people performance
- Alignment of attitudes and values in organizational culture
- Design of the new organization

In order for the change vision to be successful, it requires that:

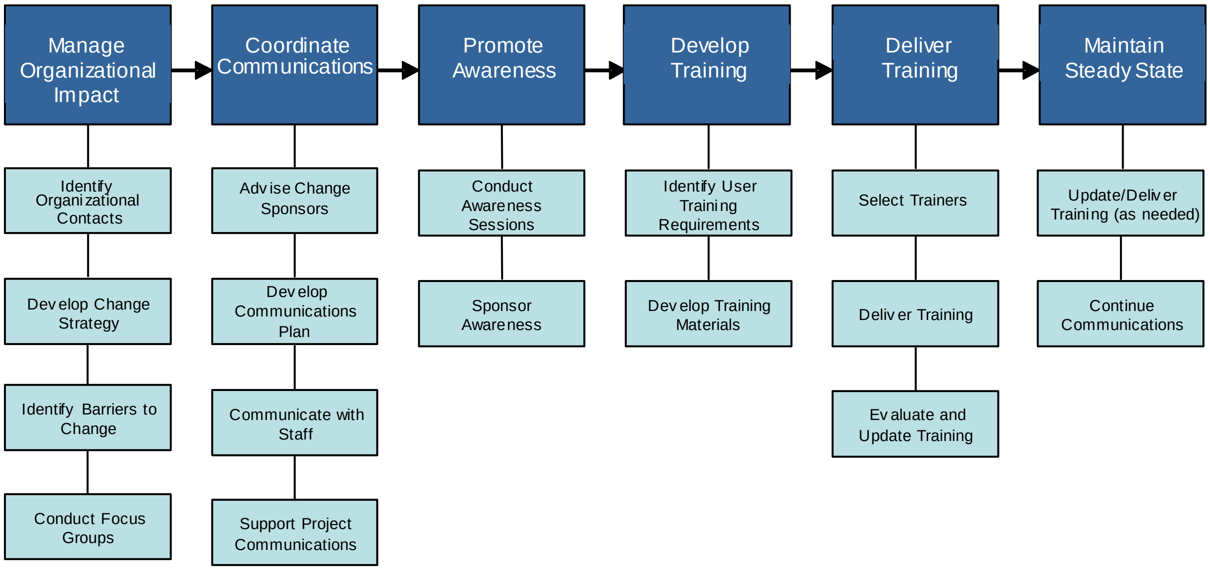
- People understand the strategic vision
- The vision is comprehensive, operational, and realistic
- The need for change is compelling

2.3 Change Management Methodology

Appropriate change management techniques and methodologies should be followed when effecting organizational change. The following elements of change management are essential to ensure a smooth transition:

- **Manage organizational impact** – develop a change strategy that minimizes disruption to operations and puts the organization on a track to quickly implement the change.
- **Coordinate effective communication** – poor communication is most often the cause of failed change efforts. Communication must be frequent, targeted, carefully planned, and compelling.
- **Promote awareness** – stakeholders and employees deserve to be informed. Lack of general awareness can stifle an otherwise comprehensive change/transition plan. When properly executed, promoting awareness will often lead to greater support.
- **Develop and deliver training** – workforce competencies and skills must be constantly strengthened and updated, particularly after a workforce transition. To gain full benefit of the transition, employees must be trained in new processes, systems, etc.
- **Maintain the steady state** – once a transition has been accomplished, great effort must be expended to realize the business benefits of the new state and to resist reverting back to old, unproductive modes of operating.

The following chart outlines these change management elements:



2.4 Organizational Impact Analysis

Performing an organizational impact analysis is an essential part of conducting any form of organizational change – whether the change is large or small in scope. Impact analyses help to identify potential problems and negative effects before they arise, allowing for comprehensive contingency planning. Anticipating, recognizing, and planning for potential problems often means the difference between success and failure in the change initiative.

To conduct an effective organizational impact analysis, use the following steps:

- Clearly define the change effort, the purpose for change, and the project scope.
- Identify departments of the organization to be most affected. Describe how they will be affected and to what degree. How much/in what ways will the change affect the operations of these departments?
- Identify groups of people (both internal and external) who will be affected by the change. Describe how they will be affected and to what degree.
- Identify and define anticipated impacts on the operations and business processes of the organization.
- After completing the preceding four bullets points, identify all potential positive and negative impacts of the change. Determine the scope of the impacts of the change.
- Determine whether the anticipated impacts and consequences of the change effort warrant abandonment of the change.

Note: when following the above steps, use a brainstorming approach; eliminate ideas only after full consideration.

2.5 Change Readiness Assessment

Change readiness refers to an organization's ability and willingness to change. This ability can be assessed in a variety of ways, but should focus primarily on the following questions:

- Have key stakeholders accepted the change vision? Do they understand the need to change? Do they feel compelled to offer support? Will they openly sponsor it?
- Are organizational goals and resources aligned to support and manage it?
- Will HR policies and practices inhibit or support it?
- How will people respond to the proposed change? Will there likely be widespread support or opposition to it? Are people likely to understand and commit to it?
- Are there any cultural or organizational barriers to implementing it?
- Does the organization foster a culture of change?

The Change Readiness Assessment describes and measures ten risk factors, or dimensions, which can subvert the change process. They are:

- **Clarity –** the extent to which people affected by the change are aware of the specifics of what will be happening and when, and how they will be personally affected. A lack of clarity leaves those affected with disrupted expectations about their roles, relationships, competence, and even futures. People fear such uncertainty, and usually act in self-serving ways rather in those that support the change. This has little to do with whether the change is perceived as positive or negative.
- **Sponsorship –** the extent to which people believe that there is a key leader supporting and driving the change, and whether the change will "stick". The sponsor provides legitimacy, vision, resolve, and resources for the change. He/She must articulate the reasons for the change and a vision that is perceived as compelling and achievable by the members of the organization. They also must apply meaningful positive and negative consequences in order to achieve support for the change. A lack of sponsorship can lead to a lack of focus and continuity for the change implementation. The sponsor (which can be a team or committee) must also commit the necessary financial and human resources to accomplish the change.
- **Change History –** the extent to which previous change initiatives have been implemented well. Key factors include resources committed, timely, accurate, two-way communications, and execution to match the change rhetoric. A less than positive change history leads to negative expectations about the current and future changes, and inconsistent support from the organization.
- **Competing Initiatives –** Change is disruptive, requiring individuals to readjust expectations, build new skills, and assimilate new measures of personal and organizational success. If there are too many initiatives being implemented in a given period of time, people become "saturated" and unable to adapt successfully.
- **Urgency for Change –** the extent to which this change is imperative for the future of the organization vs. being one of a number of promising ideas. Because of the disruptive nature of change, care must be taken to use the organization's change resources wisely. Investing organizational energy in initiatives which do not solve important problems or

create strategic advantages can limit the organization's potential to meet future challenges and damage management's credibility.

- **Alignment with Strategy –** Change will be easier to implement if it complements an established strategy of the organization. Both the rationale and available resources should be more advanced in an aligned situation. Without this alignment, significant additional effort will be required to sell the change, and perhaps to "re-learn" assumptions and behaviors. This may involve a more expensive and time-consuming education effort, both internally and externally.
- **Alignment with Culture –** When culture – the beliefs, behaviors, and assumptions held by the customer agency's personnel as being "the way we do things around here" – is challenged by a counter-cultural change, the change faces low chances of smooth implementation. As with strategic alignment, significant additional time and effort will be required to get the organization to embrace the change.
- **Customer Focus –** the extent to which this change can be directly linked to benefiting the organization's key customers (internal or external). A lack of customer focus can lead to expending change energy and resources to satisfy internal measures without bringing additional value to customers.
- **Skills Available –** the extent to which change-related skills are available within or accessible to the organization. These include sponsorship skills (public and private influence, empathy, and consequence management, etc.) and agent skills (project management, training, and a variety of other skills). Gaps or shortages in these areas will mean additional time and resources required to implement the change.
- **Resources Committed –** the extent to which the sponsor(s) have made adequately skilled and motivated people available to concentrate on planning and implementing the change initiative. A lack of dedicated resources can lead to a lack of both commitment and follow-through regarding change activities, and a lack of skill transfer to enable the client organization to sustain the current and future changes.

3. The Change Challenge

3.1 Organizational Scope

Determining the scope of a change is important because it indicates the breadth and reach of the change within the organization. The greater the scope of the change, the greater the number of stakeholders to motivate and manage, the wider communications efforts must reach, and the more resources are needed to implement the change, and so on. As organizations begin to transition to a SSC environment the scope of the change will vary from agency to agency. Recognizing the scope of the change in the organization will prepare managers to understand the true change challenge they are facing.

3.2 Enablers to Change

Brainstorm, identify and describe those people, groups, departments, organizations, business processes, programs, IT systems/ infrastructure, etc. that will serve to enable the change to a SSC. Describe the ways in which these things will enable change, and how they can be leveraged in the change process.

3.3 Barriers to Change

Brainstorm, identify, and describe those people, groups, departments, organizations, business processes, programs, IT systems/infrastructure, etc. that will serve as barriers to the transition to a SSC. Describe the ways in which these things will be a barrier to change. List potential approaches to address and remove (or diminish) these barriers.

A significant barrier to change is often a lack of funding. However, by establishing a compelling change vision and achieving stakeholder buy-in early in the process, this can often be overcome.

3.4 Change History and Lessons Learned

Evaluating the history of change in an organization provides a significant foundation for the planning of future change efforts. Lessons Learned should always be compiled following any change effort, and these are a valuable tool when preparing for new changes. The following items should be evaluated when beginning new change efforts:

- Reactions of others to past change efforts, including employees, other organizations, the public, etc.
- What went well during past change efforts? Why?
- What went wrong during past change efforts? Why?
- How disrupting were the changes to the organization's operations? How quickly were disruptions overcome?
- How long did past change efforts take to actually implement compared to projected timeframes?

When all of these items have been completely considered and answered, look for patterns in past change efforts that would warrant special attention or consideration.

4. Stakeholders

Stakeholders are those individuals, departments, and organizations that have a direct interest in the change effort and will be directly affected by, or have influence over, the change effort. Stakeholders have the power to sustain or derail a change initiative. Because of the complexity and uncertainty associated with transitioning to a SSC (whether as a provider or a customer), receiving full stakeholder support and buy-in is paramount.

4.1 Stakeholder Identification and Analysis

Stakeholder analysis is important because it:

- Identifies who has the greatest interest in the transition to a SSC

- Lays the groundwork for preventive work during the transition
- Gains buy-in, consensus, and sponsorship of the change to a SSC
- Leverages sponsor networks
- Reduces the impact of negative responses of a change to a SSC
- Provides understanding of the different perspectives on the project and their impact.

Step 1 – Identify stakeholders

To identify stakeholders, use a brainstorming approach. Consider those individuals, departments, and organizations that have a direct interest in the transition to a SSC, that will be directly affected by the change, or that have influence over the effort. Consider who could significantly promote or block the transition to a SSC.

The following may be stakeholders in a SSC transition effort, depending on the scope of the change:

By Position

- Human Resources Officers in agencies that will become customers of the SSC
- Supervisors and managers that will oversee the transition to a SSC
- Supervisors and managers in departments directly affected by the transition to a SSC
- Senior executives, particularly those overseeing human resources and financial functions
- Executives and managers that oversee compensation management, benefits processing, and personnel actions processing
- Procurement officials
- Workers unions
- The public
- The press
- The local community
- Business partners

By Power and Influence

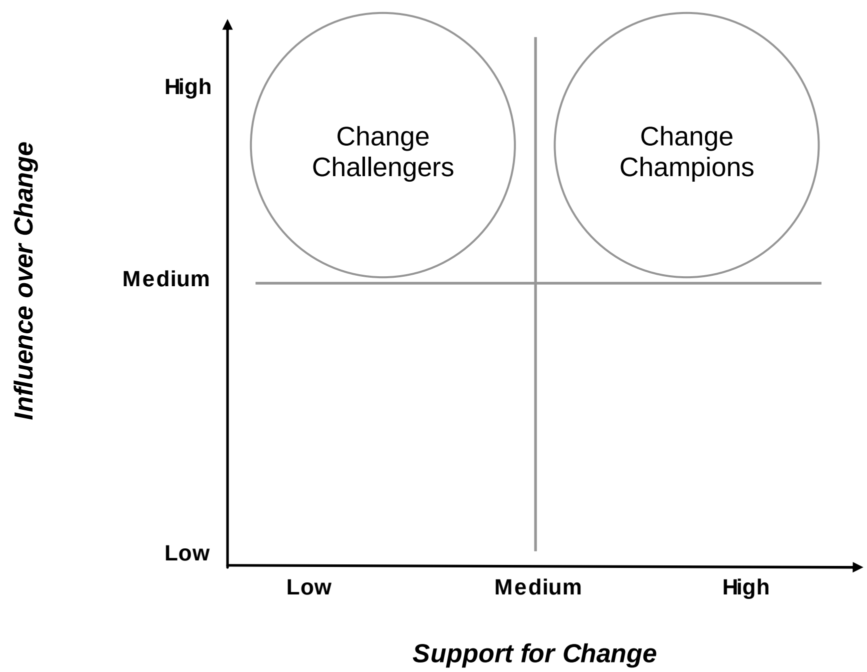
- Executives and managers with direct influence over compensation management, benefits management, and personnel actions processing
- Technical/functional skills
- Legal/policy control
- Hierarchical status and authority
- External influence or credibility
- Access to others or control of communications
- Opinion and Leadership
- Control of resources.

Keep in mind that although stakeholders may be people or organizations, ultimately you must communicate with people. Identifying the appropriate individual within a stakeholder organization is essential.

Step 2 – Evaluate Stakeholders

After identifying key stakeholders, it is useful to evaluate stakeholders in terms of the amount of anticipated support or opposition to the transition to a SSC, as well as their power/influence relative to the transition. The following table will help in evaluating stakeholders. This evaluation serves as preparation for interaction with stakeholders in the most appropriate manner.

Stakeholder Evaluation Table



There are two groups of stakeholders that need to be managed most closely:

- **Change Challengers –** those with low support for the change, but with high influence over the change. These individuals could potentially derail the change effort.
- **Change Champions –** those with high support for the change, and high influence over the change. The support of these individuals is essential to complete the change effort.

Step 3 – Understand Stakeholders

Every effort should be made to understand key stakeholders and how they will react to the transition to a SSC. The better the understanding of the key stakeholders, the easier it will become to engage them in the transition effort and communicate with them.

Answering the following questions will provide a deeper understanding of key stakeholders:

- What interest does the stakeholder have in the outcome of the transition to a SSC?
- What does the stakeholder expect of the project management team?
- What would motivate the stakeholder to take an active role in the transition to a SSC?
- What generally motivates the stakeholder in the workplace?
- Is the stakeholder typically a team player?
- Who has influence over the stakeholder? In what way?
- Whom does the stakeholder trust in the organization? Can those people be leveraged to support the SSC transition effort and influence the stakeholder?
- Who does the stakeholder have influence over? Will they negatively influence other stakeholders that currently support the SSC transition effort?
- What is the best method of communicating the change vision to the stakeholder?
- What is the stakeholder's opinion of the project team (and the project manager in particular)?
- How can you best manage the stakeholder's opposition to transitioning to a SSC?
- How can you best leverage the stakeholder's support for transitioning to a SSC?

Often much of this information can be obtained through direct contact with the stakeholder. Direct communication is an important part of building a relationship of trust with the stakeholder.

4.2 Stakeholder Impact Assessment

For stakeholders to buy-in to any change, the anticipated effects of the change on the stakeholder must be considered. Ultimately, it is important to understand if the impact of the change on the stakeholder would diminish or increase their involvement and support for the change.

Once stakeholders are identified, evaluated, and understood, it is possible to perform a qualitative assessment of how the changes will affect the stakeholder. When considering a transition to a SSC, determine the following:

- What elements of the change to a SSC will impact the stakeholder?
- What is the magnitude of these impacts: high, medium, or low? The higher the impact on the stakeholder, the more effort required to manage that stakeholder

Recognizing the magnitude of the impact on the stakeholder, coupled with their position on the *Stakeholder Evaluation Table*, provides a clear picture of their commitment to the change, and provides a way to identify potential sources of discontent and opposition from the stakeholder.

4.3 Stakeholder Management

Stakeholder management is the process of executing plans to win stakeholder commitment to the change effort, and subsequently maintaining commitment through the life of the change effort. Additionally, stakeholder management involves managing the opposition of those who disagree with the change efforts. Because of the complexity associated with transitioning to a SSC, significant planning and diligent effort must be devoted to stakeholder management.

Because enterprise-wide acceptance for transitioning to a SSC will not be achieved without stakeholder commitment, those managing the change effort should consider the following elements of effective stakeholder management:

- Maximize involvement of stakeholders in the effort throughout all phases of the SSC transition.
- Seek to maintain stakeholders' strong and active sponsorship for the project.
- Place key stakeholders at the forefront of the change to allow them to guide the transition effort.
- Manage stakeholder expectations of a SSC transition through open, frequent communication.
- Continually keep track of the stakeholder's level of support for, and commitment to, the SSC transition effort. Subtle changes in stakeholder involvement could signal an impending change in their outlook.

Perhaps the most effective means of stakeholder management involves employing targeted messages and strategies to influence them to support a SSC transition. This can be done by consistently and constantly demonstrating the benefits of transitioning to a SSC, which include:

- **Improved Management –** improve the governmentwide strategic management of human capital through:
    - Faster decision making
    - More informed policy making
    - More effective workforce management
    - Knowledge sharing and exchange
    - Better alignment of resources to agency missions
- **Cost Savings/Avoidance –** achieve or increase cost savings/avoidance for HR activities through:
    - Increased competition
    - Reduced duplication of labor and IT resources
- **Improved Customer Service –** improve customer services and increase customer satisfaction through:
    - Increased focus on client and on client value
    - Improved communication and responsiveness
    - Enhanced quality
    - Enhanced timeliness
    - Enhanced accuracy
    - Enhanced consistency

- **Operational Efficiencies –** achieve or increase operational efficiencies in the operation of human resources services through:
    - Reduced cycle times
    - Improved access to information
    - Improved servicing ratio and response times

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