

ITSM Solution Projects Need Organisational Change Management

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ABSTRACT

This document explores the need for organisational change management (OCM) as an integral part of an ITSM Solution project i.e. ITSM tool implementation. It discusses the benefits to be gained from using OCM to prepare the organisation for the change, manage the change and reinforce the change to ensure it becomes embedded into the fabric of the organisation.

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1 Overview

The IT service management industry is experiencing what I have termed “groundhog day in service management”.

A considerable investment is made in the selection and implementation of ITSM tools and then two to three years later, another considerable investment is made in the selection of another tool.

The previous technology and vendor is blamed for the failure of service management to deliver on its specified goals and objectives and deliver improved service to the business.

Therefore a replacement tool is implemented and history repeats itself. Two to three years later (and in some cases even less!) the new tool and vendor is again targeted as the cause of the failure of service management to deliver.

Now whilst there may be some ITSM tools on the market that do not have the rich array of features that other tools have and therefore may not meet the organisation's needs, if due diligence was conducted when the technology was selected, the technology should have all the capabilities required by the organisation.

So why are organisations acquiring the “right” tool for their needs and yet in less than two to three years it is deemed to be the wrong solution?

It is my belief that one of the key causes of ITSM Solution projects failing to deliver is that the organisation keeps repeating the same approach to project management and implementation. There is no consideration given to the need for an organisational change management (OCM) capability on the project that will ensure the changes being brought about through the introduction of new technology become truly embedded into the organisation.

Without ensuring that all impacted employees are aware of the need to change and have the desire and capability to change, the project is just another piece of technology. It will be no different to the last one and can become shelf-ware very quickly.

This paper will explore what is meant by organisational change, ITSM Solutions projects and how organisational change can increase the speed of adoption, utilisation rate and proficiency of employees with the new technology so that the project has increased chance of success.

2 What is Organisational Change?

Organisational change is difficult to accomplish because it involves people! Every one of those people is different. They have different values, different beliefs, different assumptions, different behaviors, different goals and aspirations.

Organisational change may require people to change values, beliefs, and behaviors that have been in place for a long time.

For over two decades the industry research has been telling us that 70 percent of organisational change fails. These researchers include names such as Kotter, McKinsey and Blanchard. This means that 70 percent of organisational change fails to recognise a return on investment and achievement of the stated goals and objectives. The research identifies that failure isn't necessarily due to poor technical solutions but the result of poor project planning and more importantly the lack of organisational change management.

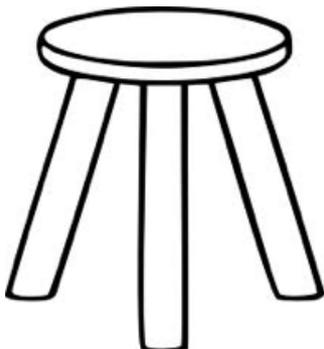
Organisational change management is a structured approach in an organisation for ensuring that changes are smoothly and successfully implemented, and that the lasting benefits of the change are achieved.

Organisational change management manages the people side of the change and transitions individuals, teams and organisations from the current state to a desired future state.

It employs a set of processes to ensure that changes are implemented in a controlled and systematic manner. It works to align the people and culture with the strategic shifts in the organisation and overcome resistance to change in order to increase engagement and the achievement of the organisational goal of effective transformation.

Organisational change management begins with an understanding of the current state of the organisation, followed by the implementation of appropriate and targeted strategies. These strategies are aimed at raising awareness of the need to change, creating a desire to change and equipping employees with the ability to transition to the future state. This will involve strategies for identifying resistance to change and managing that resistance as well as reinforcement strategies to ensure that the change becomes embedded and people do not revert to the old ways of working.

Typically there will be resistance to change. People are afraid of the unknown. Many people think things are already just fine and don't understand the need for change. Many are inherently cynical about change. Organisation-wide change often goes against the values held dear by employees in the organisation, that is, the change may go against how employees believe things should be done.



An organisational change needs three aspects to be in place. It can be considered like a three-legged stool. Take one leg away and the stool become unstable and fails to be able to fulfill its goal and objective.

Leg one is **project management** to carry out the fundamentals of managing the project including planning, organising, securing, managing, leading, and controlling resources to achieve specific goals including on time and on budget.

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Leg two is **leadership and sponsorship** to create the vision set the strategy/direction for the organisation and set the wheels in motion.

Leg three is **organisational change management** to help employees move from the current state (unfreeze), transition and move to the future state (freeze).

All three aspects need to be in place and to be effective to ensure that the project meets its goals and objectives; is completed on time and within budget and realises the return on investment.

3 What is an ITSM Solution Project?

An ITSM Solution Project is (or should be!) initiated when the organisation needs to improve its delivery of service to the business and its customers.

The project will involve the selection of technology that will support and deliver service management processes that meet the organisational needs.

The organisation may be selecting a proprietary solution for the first time or replacing an existing solution that no longer meets business requirements.

Along with the solution selection there will be considerable work to be undertaken to design new, or re-engineer existing service management processes that will enable the delivery of quality IT services to the business. The change may also involve the creation of new roles and responsibilities, changes to existing roles and responsibilities and perhaps some organisational restructure.

The technology solution selection process will generally involve some or all of the following activities.

- Creation of a specification of requirements
- Creation of a Request for Information (RFI) to be distributed to potential vendors
- Evaluation of responses
- Shortlisting the vendors
- Creation of a Request for Proposal (RFP) to the shortlist
- Evaluate responses
- Vendor presentations and demonstrations
- Reference site visits / calls
- Provision of a proof of concept, and
- Final selection.

All of this takes considerable time, effort, resources and money, and that's even before purchase of the solution.

Then there is the purchase. For most IT organisations, the purchase of an ITSM solution is a significant item of expenditure.

Then there is the implementation, which again takes more time, effort, resources and money.

So overall the ITSM Solution Project is a considerable investment and there will be corresponding pressure on the project team to deliver the return on investment and meet the goals and objectives of the project.

The project is going to be tasked with not only implementing a new technology with new processes but also changing the way in which people work, driving new behaviors and embedding these changes into the fabric of the organisation.

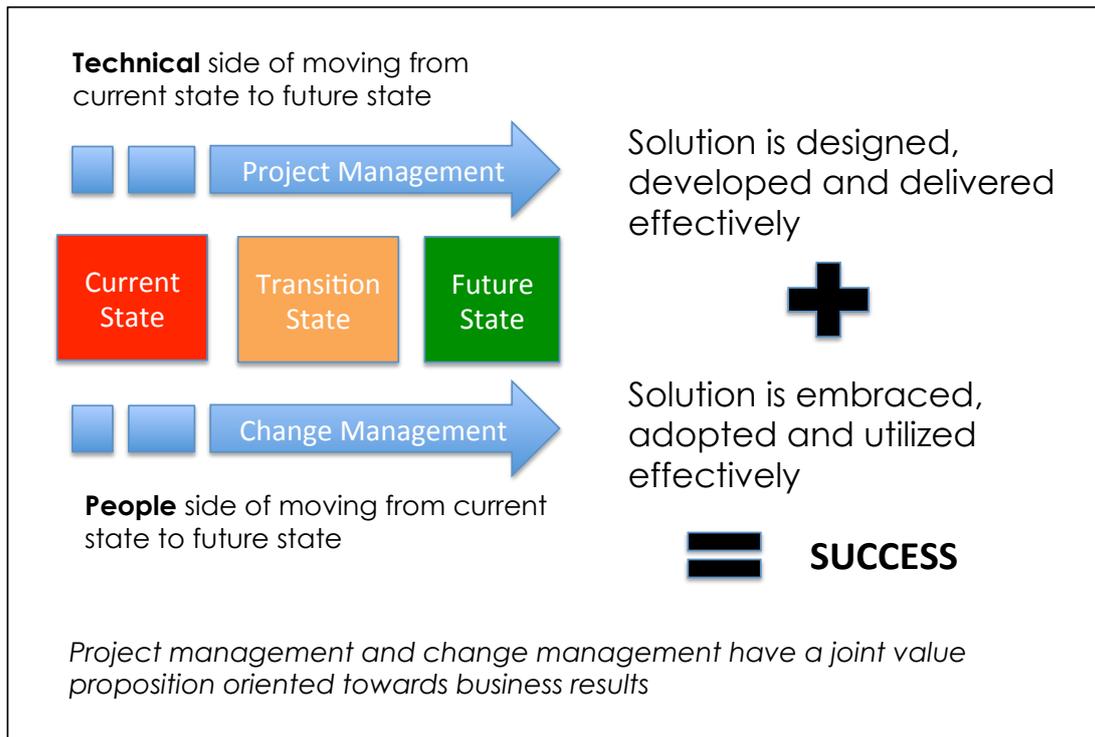
It is this people aspect of the ITSM Solution Project that requires organisational change management and is often overlooked due to a focus on delivering on time and on budget.

4 Project Management and Organisational Change

The project focus is moving the technology from its current state to a future state.

The change management focus is moving the people from the current state to a future state.

The following diagram shows the successful integration of project and change management.



Data from the Prosci® 2012 edition of 'Best Practices in Change Management' supports the correlation of effective change management programs and projects meeting the objectives, staying on schedule and staying on budget.

Prosci®, (a change management research organisation that has been doing research since 1998), researched 650 organisations in 2011 and combined the findings with research undertaken in 2007 and 2009.

The following table showing data from the 2012 report illustrates the correlation between the level of organisational change undertaken and the project delivering objectives, staying on schedule and within budget.

Respondents were asked to evaluate their overall change management effectiveness as poor, fair, good and excellent based on responses to 12 factors that constitute effective change management. For each change management effectiveness category, the table shows the percentage of respondents that were performing at or above expectations (i.e. those meeting or exceeding objectives, those on or ahead of schedule, and those on or under budget).

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	Change Management Effectiveness			
	Poor	Fair	Good	Excellent
Percent of respondents that met or exceeded project objectives.	17%	49%	80%	95%
Percent of respondents that were on or ahead of schedule.	18%	34%	57%	75%
Percent of respondents that were on or under budget.	48%	63%	71%	82%

Source: Prosci's 2012 Best Practices in Change Management benchmarking report – data from 2007, 2009 and 2011.

This data shows that projects with excellent change management programs were nearly six times more likely to meet or exceed their project objectives than those with poor change management programs. Excellent change management also correlates directly with staying on schedule and staying on budget.

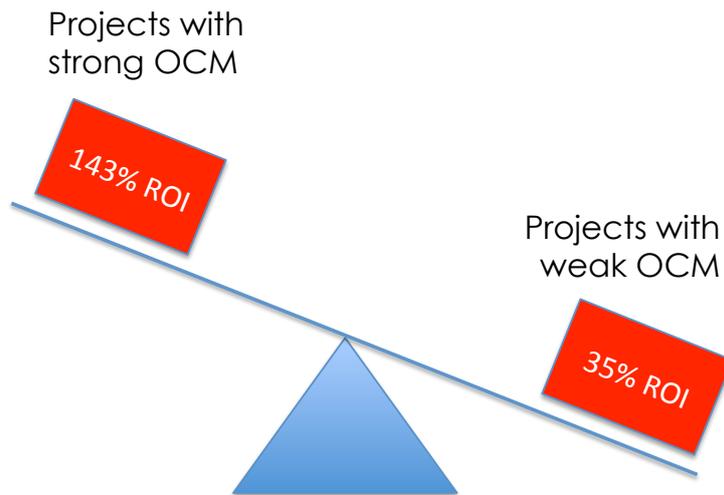
Application of change management can directly impact:

- Speed of adoption (how quickly the change is adopted into the organisation and how well the project stays on schedule)
- Utilisation rate (the overall level of participation and ultimate utilisation of the new processes, tools and job changes)
- Proficiency (how employees perform in the new environment – are they achieving the expected performance levels?)

When the people side of change is poorly managed, projects fall behind schedule, fewer employees engage in the change and proficiency levels are lower; projects deliver a lower ROI or in some cases fail completely.

A McKinsey study ("Change Management That Pays," McKinsey Quarterly, 2002) investigated projects in over 40 organisations. The study examined many project variables and in particular, the effect of an Organisational Change Management program on a project's ROI.

The study showed the ROI was 143 percent when an excellent OCM program was part of the initiative and only 35 percent when there was a poor OCM program.



An article integrating results of 49 studies on major change projects showed that complex initiatives fail 67 – 81 percent of the time¹. Change projects fail because of organisational resistance almost twice as often as they do because of any technical issue, including poor project management. It appears almost irresponsible to assume that focusing on the steps of the project management process is sufficient to ensure success.

¹ (King, S. & Peterson, L. [2007]. *How effective leaders achieve success in critical change initiatives, Part 2: Why change leadership must transcend project management for complex initiatives to be successful.* *Healthcare Quarterly*, 10(2), 72-75).

5 ITSM Solution Projects and Organisational Change Management

The ITSM Solution project will have a massive impact on the organisation and its employees. It will not only be introducing new technology but new processes and new ways of working.

Working along side or within the project team, the change management team can help increase the speed of adoption, the utilisation rate and the proficiency of employees in the new technology and associated processes.



It is often conceived that some training in the new ITSM technology and the new service management processes will suffice to enable a successful transition to the new ways of working. However, only 10% of what is taught in the classroom is transferred back into the workplace.

Another mistake is assuming that an email communicating why the change is happening will enable employees to transition to the new desired future state. Training and limited communication is not going to provide employees with the desire and capability to change. It is not going to manage resistance and equip managers and business leaders to help their people make the transition. It is not going to continually reinforce the need for change and ensure that people do not revert to the old ways of working.

It is imperative that all employees understand why the change is being made from a business perspective and what the impact will be on them (individual perspective). They need to understand the improvements that the new technology and processes will bring to them. They need to understand the “what’s in it for me” (WIIFM) aspect of the change. This is why organisational change management is so important for the acceptance of the change across the organisation.

5.1 Preparing for Change

The first task of the change management team is to prepare for the change. This involves sizing the change initiative, identifying change characteristics and creating a change management strategy for the project.

It is important to scope the change in order to understand how much change management will be needed. The scope of most ITSM Solution Projects will be enterprise wide and this means that the sponsorship model is likely to be more complex; the total amount of resources, time and effort for change management will be significant; the likelihood of pockets of resistance will be increased and managing resistance will be key.

Change management needs to clearly identify the employees that will be impacted by the change both directly and indirectly and how they will be impacted. The ITSM Solution Project is not only going to introduce new tools and technology but also new processes and new ways of working. This could also mean changes to roles and responsibilities and creation of new roles and responsibilities. It could also result in organisational restructures. Each impacted group will need to be assessed for their

awareness of the need to change, their desire to change, their knowledge of how to change, their ability to change and what reinforcement will be necessary to sustain the change. This will allow change management to identify barrier points to change and manage them accordingly.

It is also important to assess the organisations unique characteristics. There needs to be an understanding of the organisational value system and culture. Is there going to be widespread resistance to this change or is the organisation going to readily adapt to the change?

Examination of the capacity for change will be undertaken. If there is already a large amount of change underway, then implementing this change may be difficult and strategies will need to be put in place to address the situation. Sponsorship and management support is a key success factor to any change but more so for one of this magnitude. Therefore leadership styles and the power distribution in the organisation need to be assessed. This will have a direct bearing on the sponsor model for the ITSM Solution Project.

The residual effects of past changes also need to be examined. These could be positive where past changes have been a success or negative where past changes have repeatedly failed. Strategies will need to be put in place to leverage off the former and overcome the impact of the latter. For a number of organisations this may not be the first time an ITSM Solution project has been conducted.

Due to many reasons including lack of strategic planning and organisational change management, previous tool implementations may not have been successful. Lessons may not have been learnt from previous implementations and there may have been a succession of failed ITSM Solution projects. This legacy, and its impact on employees, has to be understood and managed.

The predisposition to the change of middle management also needs to be checked. They could be advocates of the change or deliberately block the change or be anywhere on the spectrum in between. Once again, strategies will need to be developed to address any identified issues.

All of these assessments will inform the change management strategy including the size of the change team, the change team model, the sponsorship model, the project risks (from a change management perspective) and special tactics to address issues such as resistance points.

It is only through this careful preparation and understanding of the change landscape that the project will be equipped with all of the knowledge and change management tactics for success.

An ITSM Solutions project, due to its wide-ranging impact, will need sponsorship at many levels across the organisation. In addition to the primary sponsor, and managers of impacted teams, there will be sponsors required at levels between the primary sponsor and managers. Organisational change management will identify these sponsors (primary and reinforcing), assess their capability to positively sponsor the transition and prepare them as necessary.

Research has indicated that the greatest contributor to project success is active and visible executive sponsorship. Organisational change management can provide behind-the-scenes assistance to sponsors as an effective tactic for creating active and visible sponsorship. Demonstrable commitment from all sponsors and managers

in the organisational hierarchy down to the impacted employees is required to translate and reinforce the importance of the change at each organisational level.

5.2 Managing the Change

Throughout the change effective communications will be paramount. Key messages for each unique audience will need to be developed at each stage of the ITSM Solutions project. The frequency, delivery mechanisms and senders will also need to be carefully chosen. A CxO should deliver business messages regarding the ITSM Solutions project such as how it aligns with the organisational strategy to employees and the employee's manager should deliver messages related to the impact on the individual.

The communication approach (e.g. content, frequency, delivery method, sender etc.) will be informed by the work done whilst preparing for change. Depending on where employees are on their change journey will vary the message that will be delivered.

The creation of the communication strategy and plan and its delivery will be a primary activity of organisational change management throughout the duration of the ITSM Solutions project to enable effective transition and post-project implementation to ensure reinforcement of the change.

Communication will include the reasons why a new ITSM solution is being selected, the reason for new or revised processes and the need for new or changed roles within the organisation. The importance of the change for the organisation and the impact on employees and the improvement they can expect will be communicated.

Organisational change management will check that the key messages are being received by employees in the way in which they were intended. A failure of many ITSM solution projects is making the assumption that the audience understands the messages. It is important to constantly check how messages are being received as poor communication can have devastating impact on the project whilst good communication can drive early acceptance of change by employees

Another key activity will be the definition of key activities and responsibilities for both the primary sponsor and the reinforcing sponsors throughout each stage of the project. The organisational change component of the ITSM Solutions project will define the activities to be performed by each sponsor at each stage of the project and ensure that they are enabled to do so. Organisational change management will provide support and coaching for all sponsors to fully enable them to effectively transition their employees into the new ITSM solutions tools and changed environment.

As the ITSM Solutions project progresses, pockets of resistance may arise. Some potential areas of resistance will have been identified in the preparation for the change. However, unforeseen resistance may also surface and needs to be managed.

There can be many reasons for employee resistance to change. For example, some employees may resist the change as they are comfortable with the old technology in place and perceive their current lack of knowledge of the new ITSM technology as a threat to their jobs. Others may not see the potential benefits of new or revised ITSM processes and resist adoption of the new ways of working. Others may feel

threatened by the new roles that are being introduced and actively try and sabotage the change.

It's not the progress I mind, it's the change I don't like. —Mark Twain

A resistance management plan is required to identify and manage resistance as soon as it surfaces. Unmanaged resistance to the change is dangerous. Those resisting the change, for whatever reason, can have a negative impact on their colleagues and peers. Resistance to change is even more dangerous when it occurs in middle management as the resistance can quickly cascade to staff.

Organisational change management will determine how resistance will be identified and the actions needed, at each level of the organisation, to manage it. The resistance management plan will be communicated to sponsors and managers and they will be provided with coaching and support to manage resistance when they are faced with it.

5.3 Reinforcing the Change

To ensure that the change and the new ways of working become truly embedded into the organisation and that employees do not revert to their comfort zone i.e. old ways of working, the change needs to be reinforced.

Organisational change management will gather feedback from those impacted by the ITSM Solutions project and analyse the results to determine whether there is resistance that needs to be managed. Corrective action appropriate to the nature of the resistance identified will be undertaken.

A strategy to reinforce the change is to celebrate successes. These successes and celebrations should be shared publicly so that all employees are aware of them. Public recognition of those employees or teams that have embraced the change can have a strong impact on the behavior of others and encourage them to also embrace the change.

5.4 Handover

At the end of the project, or shortly after the ITSM Solutions project has ended, the organisational change team will be disbanded and there will need to be a transition to the managers within the organisation.

The good news is that the sponsors and managers have been exposed to organisational change management during the project and are far more equipped to reinforce the current change, and to transition the next change, than they were previously.

6 Summary

It is critical to ensure that ITSM Solution projects are delivered on time and on budget. But, as we have seen, what is often overlooked in the resolve to meet these goals is the organisational change management aspect i.e. the people.

The scope of an ITSM Solution project is wide reaching and can have major impact on the organisations employees. Changes in technology, processes, roles and responsibilities, introduction of new ways of working and expected new behaviors, and even changes to organisational structure, as a result of the ITSM Solution implementation, can result in resistance to the change. This resistance can jeopardise the success of the project and therefore needs to be managed.

If the ITSM Solution project is going to fully realise the return on investment, then organisational change management has to be an integral part of the project.

Consideration for the people side of the project can lead to a more successful project implementation and a faster adoption of the new technology being introduced.

ITSM Solution projects that utilise organisational change management, to ensure the change is fully embraced by everyone in the organisation, will not be looking to implement a new ITSM solution in a few years time just because the people aspect of the change was ignored.

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