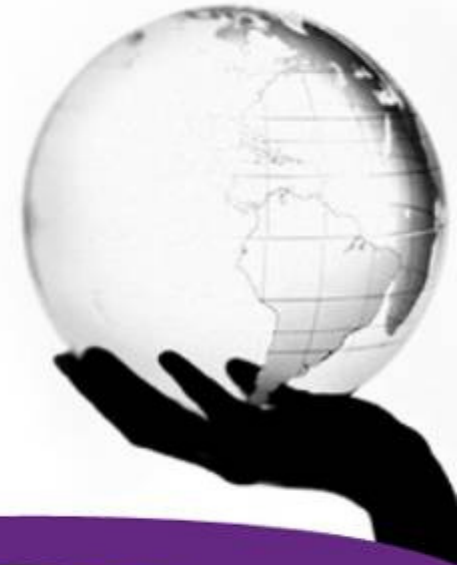




Business-friendly Solutions



**Importance of Organization Change Management
in the context of SAP Implementation**

Gartner Research: Reasons for IT Projects' Failure

Group	Incidence %
Deficiencies in system delivery	62
Deficiencies in organizational change management	45
Changes outside the scope of the project	35
Major planning errors	31

Source: Gartner Research (January 2011)

45% IT projects fail due to deficiency in Organisation Change Management!!

Deficiency in Organisation Change Management was the sole cause for failure in 31 percent of cases

Commonly cited reasons as to why ERPs don't meet project objectives

Unclear business objectives

Lack of engaged, visible leadership at executive level

Poor communication

Lack of project methodology, or poor adherence to the methodology used

Resistance to change within the organization

Failure to prepare the organization for change, including inadequate training

Failure of user departments to take ownership

Lack of experience of project team

Incomplete requirements definition

All highlighted risks above can be mitigated with effective and timely Organisation Change Management Activities

Nestle executive in an interview with CIO magazine summarized what the company had learnt

“No major software implementation is really about software. It’s about change management... When you move to SAP, you are changing the way people work... You are challenging principles, their beliefs and the way they have done things for many years”

Jon Madonna, CEO KPMG Marwick in Jumping the Curve

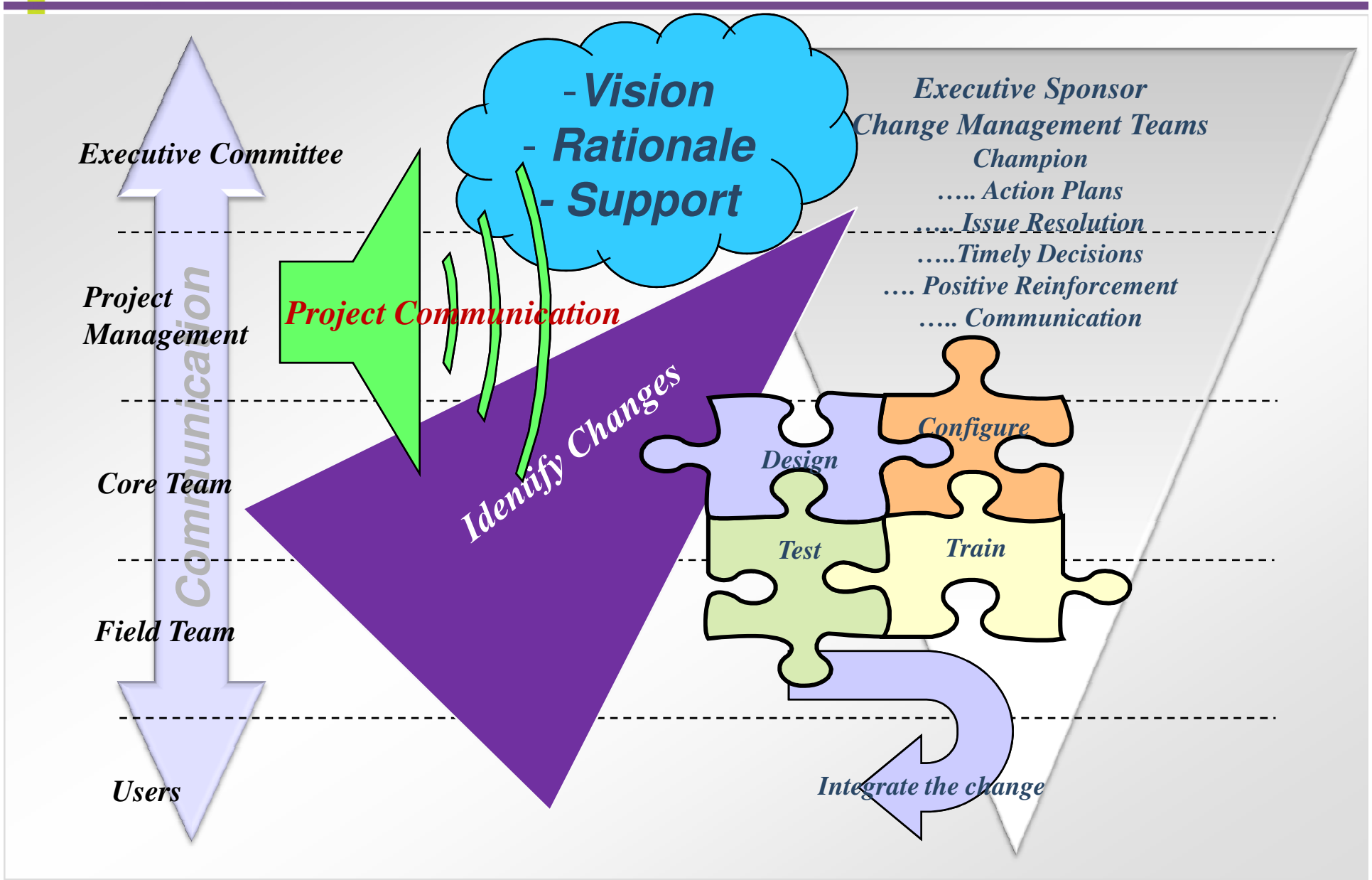
“Nothing stops an organization faster than people who believe that the way they work yesterday is the best way to work tomorrow. To succeed, not only do people have to change the way they act, they’ve got to change the way they think about the past.”

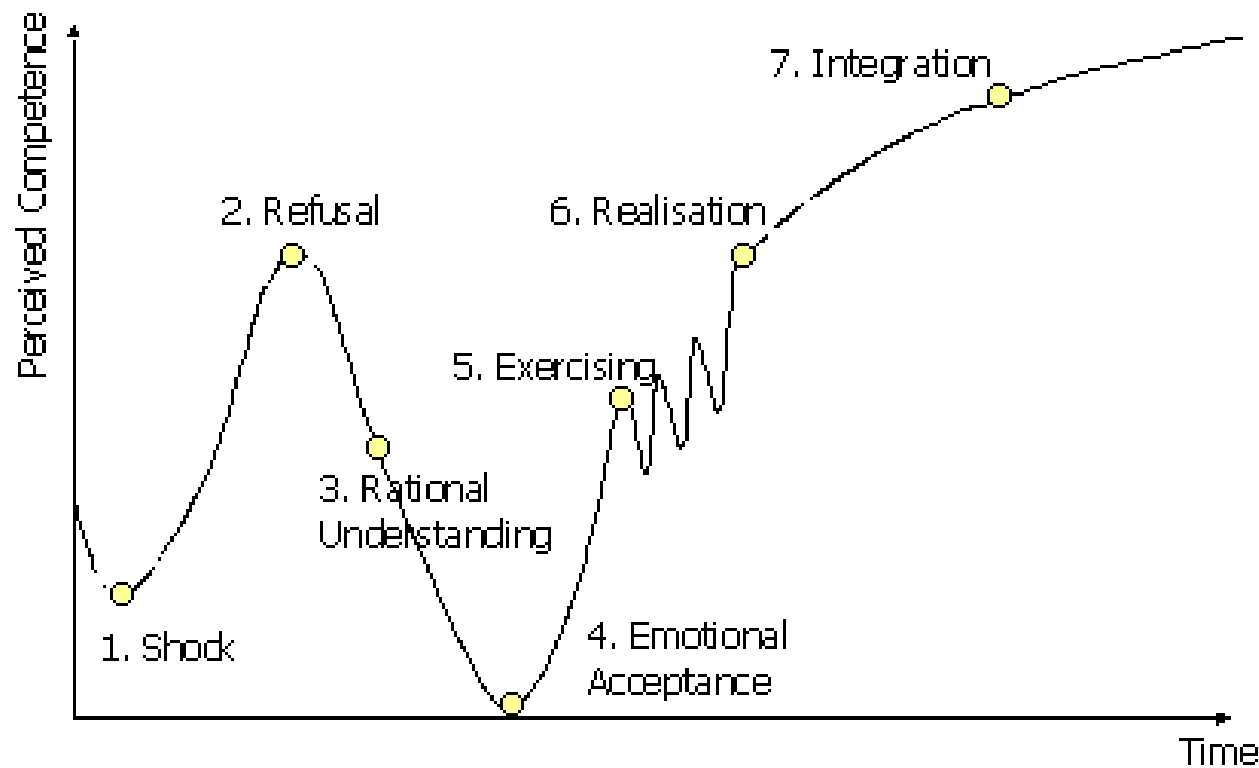
Implementation of large scale business transformation initiatives, like SAP, by nature result in significant and fundamental change...

- How people do their jobs changes
- Work content may change
- People working with and report to may change
- The tools (systems, reports, etc.) of the job and how people interface with them change
- Implementing the initiative requires additional, unfamiliar work, maybe in unfamiliar locations
- New skills, behaviors will be required
- Controls (over process and information) will change
- How information is provided, accessed and shared will change

Change Management Helps in Determining How People Will React to These Changes and Therefore, the Ultimate Success of the Transformation of the Vision, Knowledge and Responsibility

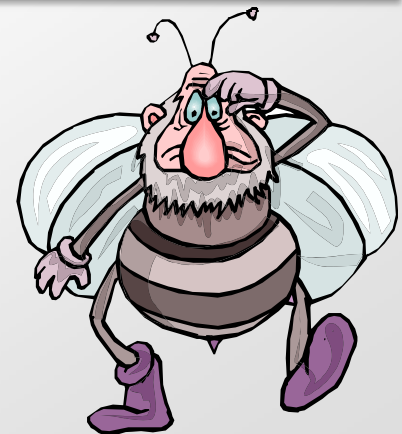
Change Management Roles for SAP Implementation





Juran likens the team to the bee crashing into the window over and over again until it falls from exhaustion.

Resistance to a project can be invisible unless they are sensitized to the existence of a cultural pattern.



Everyone who is part of implementing the change management process is a Change Agent (“seed carriers”).

The change agents will have to be Persuasive, Opportunistic and must have persistence.



Moving beyond the barriers to change

- *Expect resistance*
- *Get resistance out into the open*
- *Choose opening moves carefully*
- *Explain the rationale for change*
- *Provide a clear aiming point*
- *Promise problems*
- *Beware of bureaucracy*
- *Take care of the “me” issues*
- *Alter the reward system to support change*
- *Seek opportunities to involve your people*
- *Over-communicate*
- *Make sure people have the know-how needed*
- *Track behavior and measure the results*

- *Resistance is the common side effect of change.*
- *Different individuals and groups react in different ways at the same time to the same change that complicates the picture.*
- *Change triggers the organization's immune system sort of like antibodies. Resistance can be valuable by defending the health of the organization and individuals.*
- *Resistance is a reliable barometer to measure the impact of change, but not a good gauge of how appropriate the change may be.*



- *Always make it safe and easy for people to open up.*
- *Operate from premise that people resist for what they consider good reasons. Evaluate the legitimacy, understand the reasons.*
- *Get beyond superficial answers to the true issues.*
- *Try to understand their position, most resist for good reasons.*
- *Listen to them, they may really be an ally and prevent you from doing something dumb.*
- *Treating resisters with respect and dignity may alone keep resistance from escalating.*
- *Discounting it gives them the feeling they must fight. Disallowing it will drive it underground.*

Choose your opening moves carefully

- *Know your organization and people*
- *Opening move is crucial*
- *The way you start says a lot about the way you finish*
- *Wrong initial messages can cause irreparable harm*



Need to help people pass through the transition phase and convert initial emotions into positive ones of hope, motivation and enthusiasm.

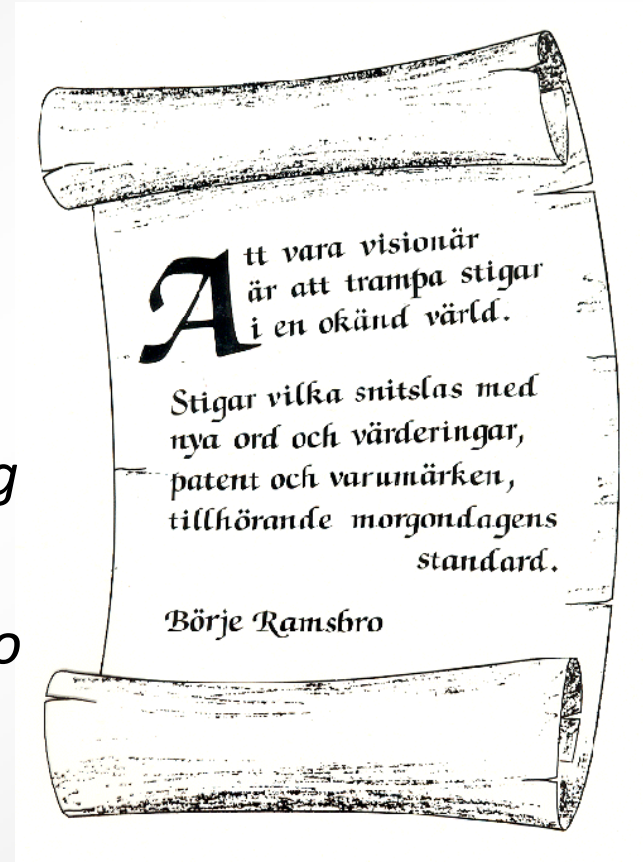
Explain the rationale for change

- *Resistance is rooted in lack of understanding*
- *Give vision, objectivity and perspective*
- *Propagate the logic that is driving the change*
- *The change should tie to business objectives*
- *Don't expect everyone to "get it", if you explain it only once or twice*



Provide a clear aiming point

- *Well defined and understandable goals*
- *Provide a clear map, a picture of the future that is clear not fuzzy*
- *Aiming point should be desirable for the business and people. Needs a good marketing campaign*
- *Change needs to be purposeful for people to commit*
- *Change should be a bridge to the Vision*

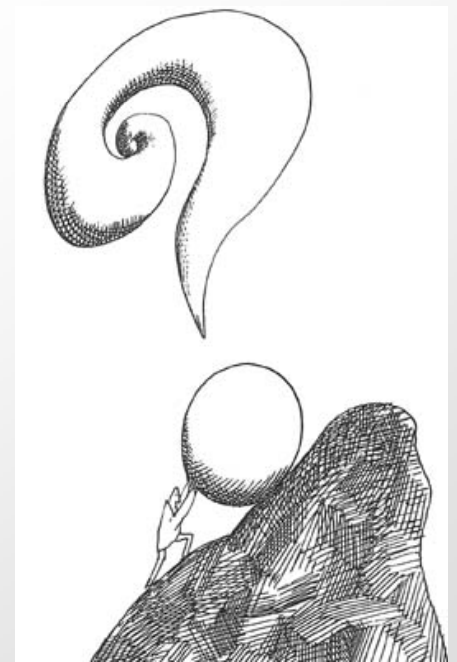


Promise problems – uncomfortable transition

- *Resistance spikes when issues arise*
- *During the “sales pitch” of the project be honest about what is coming*
- *Create a project “Warning Label”*
- *Better chance of handling problem if known ahead of time*
- *Attitude of “turning lemons into lemonade”, can do approach for handling problems*
- *Everyone is either part of the problem or part of the solution – be part of the solution*

Take care of “me” issues

- *People want to know how it will affect me*
- *Toughest thing to deal with is not knowing*
- *Lack of adequate communication results in rumors and increased number of resisters*
- *People instinctively start to resist change when they can't draw a bead on what's about to happen to them*
- *Initial emotions are fear, denial, shock, resentment, stress, cynicism over latest flavor-of-the-month program, negative prior experience of similar project, etc.*



Alter reward system to support change

- *Do people perceive that they will lose in the change process?*
- *Will work be harder for a time, longer? More work?*
- *Initially, will there be more job stress?*
- *Does hanging on to old habits make good sense to people?*
- *Are the compensation criteria aligned to the new or old system?*






-
- *Give people eye-catching reasons to do things differently.*
 - *Pass out “psychological paychecks” (praise, honor, attention, awards, etc.) to supporters.*
 - *Consider if negative reinforcement is needed for those fighting the change.*
 - *Make it visible.*

Seek opportunities to involve people

- *Change is more likely to be accepted if we don't think it is being forced upon us without representation*
- *Look for opportunities to involve people, for them to have a role*
- *Don't want to set the false expectation that all must agree or all must have input before the change will occur.*
- *The good news is if they see representative involvement and are given proper communication, their concerns are more likely to be addressed*

Somebody once said; “The more unpleasant the message the more effort should go into communication”

Failure to communicate will fuel the rumor mill.

-  *Multiple modes of communication*
-  *Multiple types of communication*
-  *Frequent and consistent messages*
-  *Listen, provide a means to have a two-way street*
-  *A direct correlation between quality of communication and resistance*



Make sure people have the know-how needed

- *What do people do most when they don't know what to do?*
- *What looks like obstinacy or lack of cooperation on the part of your people may prove to be a simple lack of know-how.*
- *Fears of becoming obsolete, unclear expectations, inability to perform to prior levels, failure.*
- *They may decide it is best to do nothing as opposed to doing something wrong.*
- *May find what they think is short cut and instead harm another part of the process.*

*"Tell me and I forget, Show me and I remember,
Involve me and I learn".
- Anonymous*

Learning not Training



Track behavior and measure results

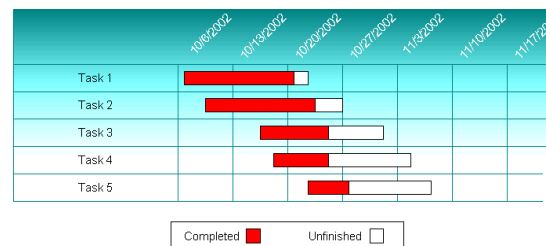
Major change efforts require monitoring. Things go wrong and unexpected situations develop. Be flexible, adaptable, responsive.

Some resistance is telling you the game plan has flaws. Other resistance is a hindrance to the success of the project. You need to differentiate.

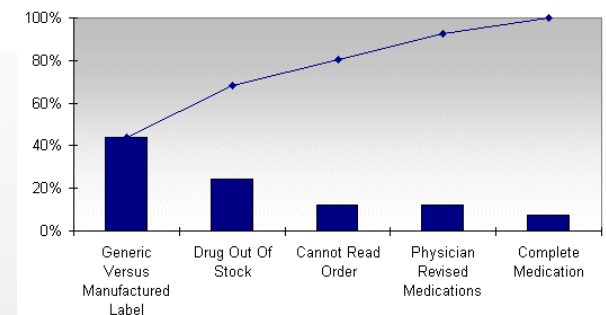
Need to track:

- ✓ *Time tables*
- ✓ *Deliverables*
- ✓ *Uncooperativeness*
- ✓ *Attitudes*
- ✓ *Destructive Criticism*
- ✓ *Drifting off course or regressing back to old ways*
- ✓ *Circumventing system in place with “back room” processes.*

Gantt Chart - Project Schedule



Causes For Medications Not Being Delivered On-Time



Lessons from Geese “V” Formation

When you see geese flying along in the "V" formation, it has been learned that as each bird flaps its wings, it creates an uplift for the bird immediately following. By flying in a "V" formation, the whole flock adds at least 71% greater flying range than if each bird flew on its own.

Encourage them to learn from the V-team

- *Agree on the goal*
- *Work as a team. Don't create drag*
- *Be willing to help others*
- *Be willing to get help from others*
- *Do all you can with your talents, knowledge and abilities*
- *Be willing to lead*
- *Be willing to let others lead*
- *Honk to encourage each other*
- *Stand by those who get sick or wounded along the way*

