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Independent Study and Mentorship Program

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## **Change Implementation**

### **Research Assessment 8**

Date: October 19, 2017

Subject: Strategy Management Consulting

Works Cited:

Johnston, Alasdair, et al. "Secrets of Successful Change Implementation."

*McKinsey & Company*, McKinsey & Company, Oct. 2017,

[www.mckinsey.com/business-functions/operations/our-insights/secrets-of-successful-change-implementation](http://www.mckinsey.com/business-functions/operations/our-insights/secrets-of-successful-change-implementation).

Assessment:

By reading the article, I learned more about change implementation. The authors analyzed what those with long-lasting and successful implementation processes did. The article stated having strong leadership, having ownership of goals, creating the right kind of communication, engaging all employees in goals and understanding risks led to the best outcome.

This information is extremely relevant to management consulting and my future in the course. Although I am really not sure, as of right now I hope to simulate a plan for

a company running out of funds in need of a management consultant. By reading the article, I have specific examples of how to implement a plan and sustain the good results which came from the plan. One of the scenarios stated was how to keep employees motivated when their company was running out of money. The article stated after the company pulls itself out of its slump, change the victim mentality into energy to push other initiatives.

The information in the article was all based on the implementation phase of management consulting. In one of my prior research assessments, I learned each phase of the management consulting process. These phases include entry, diagnosis, action planning, implementation and termination. The information did not change my prior knowledge, but it did add to it. I knew the gist of each phase and what it included, but I had not looked into implementation and how to be successful in this phase.

Since I now am knowledgeable about implementation, I can focus in on diagnosis and some of the earlier phases in the process to have a better understanding of the management consulting process as a whole. Understanding the whole process is essential to develop my original work because I can not simulate a company running out of funds in need of a management consultant if I do not understand how to diagnose issues and create a plan of action.

Due to this new knowledge, I will utilize the techniques listed to create long term change: focus on a few initiatives at once, ranking and reranking the importance of initiatives, and clearly defining which employee has which duty. I will also look more into risk reviews, and focus on probability in school because it will come into play while

analyzing risk. After learning this information, I will likely use the defining of employee duties and what employees can do without asking permission example listed in the article. This will give the managers more time to focus on employee conflict, training and giving feedback.

My new understanding of implementation will be extremely important when creating a simulation as original work. I was hoping to read an article which would better prepare me for a simulation and this article achieved the goal. The new knowledge was helpful because it gave me insight into how the successful management consulting firms work and how I should go about implementing long term change. The article surprised me when it consistently reiterated the importance of the front line. I figured most of the work done would be with executives, but this article made it clear the front line is just as important. If everyone is not on the same page, there will not be long term success. Lastly, I am looking forward to getting started on my original work and will definitely look back to this assessment for guidance.

What do successful implementers of change initiatives do differently from other companies? Our survey of more than 2,000 executives yields actionable answers.

**Any executive who has led** a major change program knows that even the most carefully planned programs can fail because of mediocre implementation.

Turning plans into reality isn't easy, and certain companies seem to be better at it than others. To learn how some of the world's leading companies ensure implementation excellence, we conducted a survey of more than 2,000 executives in 900 companies across industries.<sup>1</sup> We asked respondents to evaluate their company's implementation performance, capabilities, and practices.

Our survey revealed that “good implementers”—defined as companies whose respondents reported top-quartile scores for their implementation capabilities—achieved superior performance on a range of financial-performance metrics. Perhaps more important, two years after a change effort has ended, good implementers sustain twice the level of financial benefits as poor implementers do.

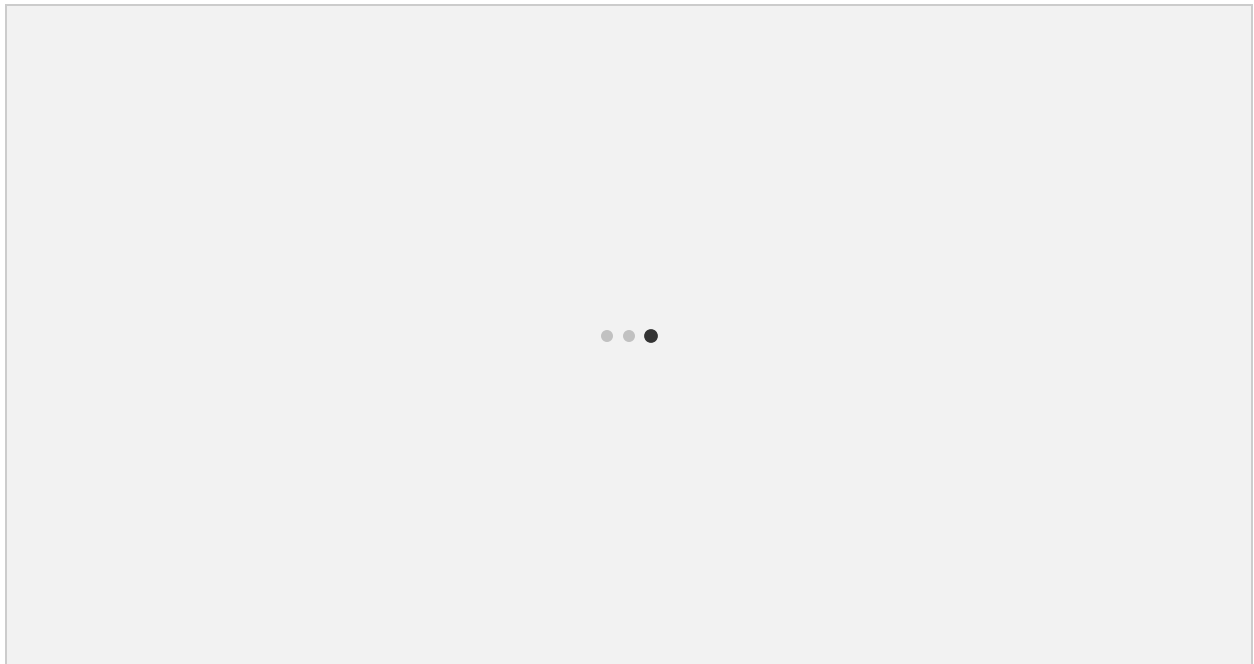
So what can other companies learn from successful implementers?

### **The factors that matter most**

Every transformation leaks value at various stages of the implementation process: some prioritized initiatives are never done, others are implemented but don't achieve bottom-line impact, and still others may fail to sustain their initial

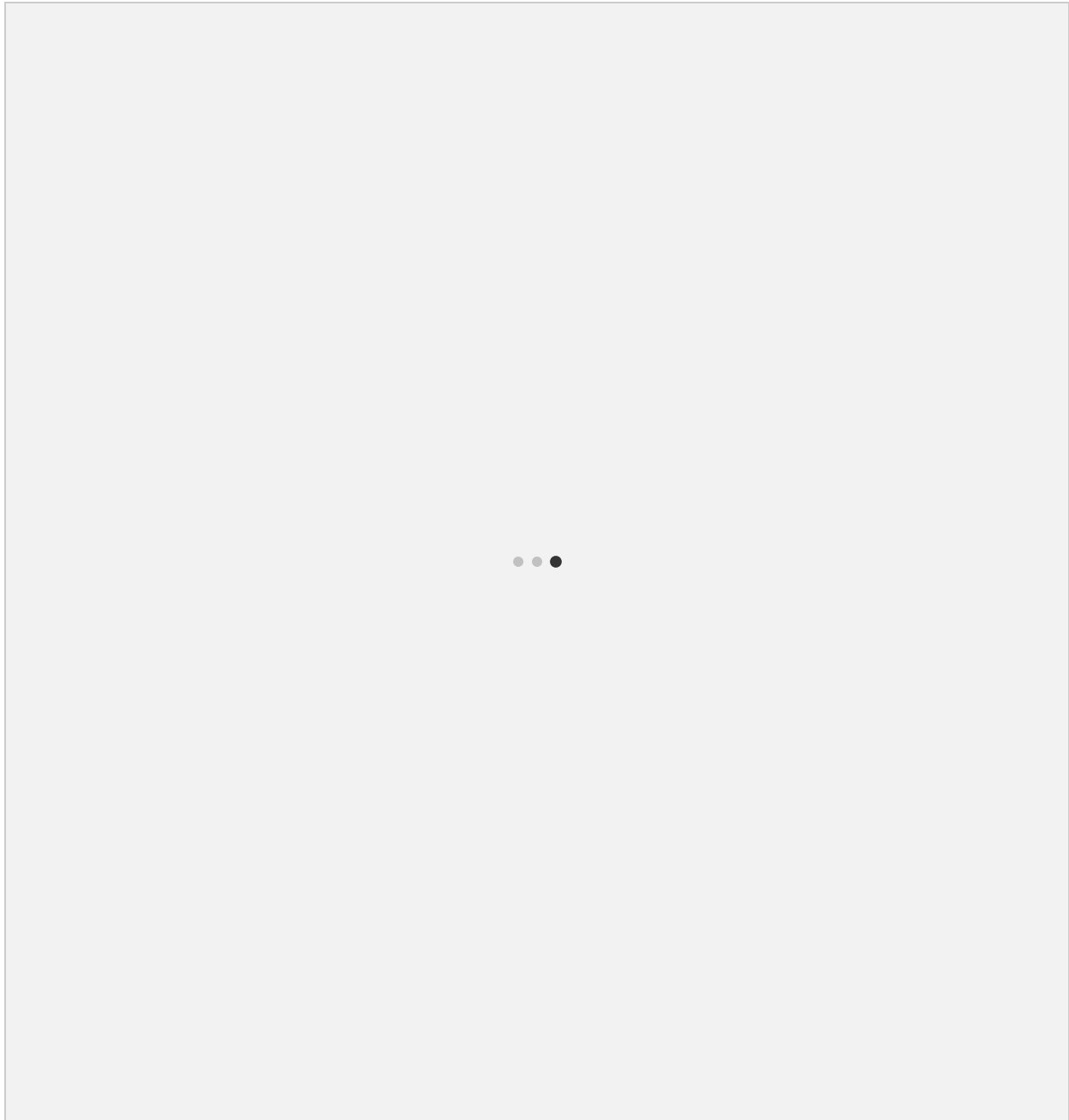
good results. But at every stage of the process, good implementers retain more value than poor implementers (Exhibit 1).

Exhibit 1



Clearly, implementation is hard to get right. Fewer than half of respondents say that most or all of their change efforts in the past five years met their initial goals and sustained results over time. Probing deeper into the responses shows that the root causes of this failure cluster around three critical themes: organization-wide ownership of and commitment to change, regular and effective prioritization, and deployment of the right resources and capabilities (Exhibit 2).

Exhibit 2



**Ownership and commitment**

For both successful and unsuccessful transformations, roughly two-thirds of respondents indicated that the single most significant factor influencing a

transformation's outcome is the degree of ownership and commitment of the organization's leaders. To be clear, "ownership" and "commitment" involve much more than just "alignment." People seeing someone else's car being stolen may reasonably be expected to take down the number and call the police. How might they react differently if it were their car? Commitment is a level of psychological investment that drives personal, proactive action—and becomes even stronger when failure may have adverse consequences. At a very basic level, successful transformations typically **reinforce ownership through clear accountability for specific targets and individual incentives for key players that are strongly aligned to success.**

***The right leadership style.*** Organizations that excel at implementation foster a leadership style that sets bold aspirations with clear accountability—emphasizing the challenging and supportive dimensions of leadership over the authoritative and consultative qualities that may be effective in other situations. Successful leaders are relentless in pushing and encouraging their reports, while also greasing the wheels through tough decision making.

Keeping this pace of change going represents a significant investment of time and attention. For example, the global head of the transformation program at a big healthcare company ensures that she or a direct report participates in every critical milestone-report meeting. Her presence as an active role model reinforces the transformation's importance for the company and encourages the involvement of local leadership.



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***The right buzz.*** Great implementers also create the right buzz around change by engaging the broader organization. They recognize that few employees have any interest in their employer's share price, let alone its return on equity. Rather than spamming everyone with generic communications materials, leaders instead methodically cascade a compelling change story through the entire business. It's a difficult balance: the core message must be meaningful to as broad a range of the workforce as possible yet also be personal and relevant to the specific audience.

Implementing a transformation is a long-term effort, and the demands it places on personnel will evolve over time. To keep people engaged, the change story must adapt as well. At a basic-materials company facing closure of several of its operations, the change story focused on moving away from a victim mentality. Once the transformation began to take hold and the facilities were no longer under immediate threat of closure, the message—and the team's energy—easily could have dissipated. Instead, the transformation team harnessed the earlier momentum and adapted the story to celebrate pride in being a world leader, within both the company and the industry as a whole. Since then, the business has continued to deliver year-on-year improvements and outperform its competitors.

***The right supporting organization.*** Finally, the ownership and commitment are difficult to maintain in a major transformation without the

support of an effective and empowered project-management office (PMO)—a formal entity directly responsible for leading the change effort and monitoring its progress. The PMO should be led by a relatively senior person who reports to a C-level executive and carries that executive’s authority. The role of PMO leader is therefore an important stepping-stone for a high performer, and it should be filled by someone who is seen as a future C-level executive. Although the ideal PMO leader will be chosen from within the company, we’ve found that it’s more effective to bring in a skilled leader from outside than to appoint an insider who lacks the leadership skills to rally the troops.

### **Prioritization of initiatives**

Some transformation efforts flounder because too many initiatives are going on at once, spreading the organization’s resources too thin. Accordingly, what an organization chooses not to do is every bit as important as what it does. But for a prioritization process to help a transformation succeed, its scope must be broad. For example, existing initiatives must be scrutinized with the same rigor as new ones, because zombie projects drain precious resources—especially leadership attention.

**Understanding risks.** The starting point in any strong prioritization process is a robust fact base, with a clear understanding of the size and nature of each opportunity, its timing, and any impediments to delivery. Usually, prioritization applies the twin lenses of value and ease. While this approach can be effective, the “ease” criteria are often subjective and reinforce bias. As a result, teams may underestimate risk on projects they deem attractive and undervalue opportunities that superficially seem less promising.

For this reason, a critical step is to conduct a rigorous assessment of the risks associated with each change in the transformation portfolio, typically based on probability and severity. A risk review should cover the full gamut of unintended outcomes that can derail implementation or cause material damage to the business—including safety or regulatory compliance, customer or talent attrition, and benefit leakage. Done well, the review counters the seductiveness of big numbers and the resulting tendency to overlook challenges. **And by incorporating the perspectives of a broad range of stakeholders, it keeps the prioritization process from being gamed into promotion of pet projects.**

***Mitigating and re-ranking.*** Factoring in mitigation strategies (such as preemptive measures, contingency plans, and monitoring), then racking and stacking initiatives according to their risk-adjusted value gives leaders a portfolio perspective. With that information, and based on the total incremental risk they are prepared to accept, they can make informed decisions as to the business's aspirations.<sup>2</sup> **At a large refining business, this approach made the risk-effort trade-offs much clearer, shifting the dialogue from “That’s too hard” to “How do we make this easier?” The result: faster implementation of priority initiatives and deferral of ones that were easy to implement but carried hidden risks.**

**Prioritization should not be a one-time event, but rather should serve as a core tool to assign resources flexibly as dictated by available facts.** Effective implementation pilots are therefore an important investment. Organizations that execute well typically have well-grooved approaches that not only manage pilots tightly, but also ensure that the key lessons are drawn from the experience. Rather than using the pilot as a box-ticking ritual, successful organizations use it both as an opportunity to refine an initiative and as a critical go/no-go gate.

## **Resources and capabilities**

At the best implementers, change programs can count on having enough people with the skills and motivation required to manage a fast-moving and often ambiguous set of challenges. Rather than looking only to people who happen to be available, these organizations fill pivotal roles based on merit and free the successful candidates from their current duties. Each person's role is well defined, and expectations and responsibilities are aligned with the resources available. Employees' duties lie solidly within their areas of specialty or are appropriate for their skill levels. All employees receive feedback and ongoing coaching.

Unfortunately, most organizations don't start out from this position, leading to mismatches between the skills of the team and the requirements of the transformation. This is hardly surprising, given the way that transformations act as a discontinuity: after the change, the organization will make very different demands on its people, from the technical requirements of their roles to the way they interact with peers, managers, and subordinates.



Keeping transformations on target [Read the article](#)

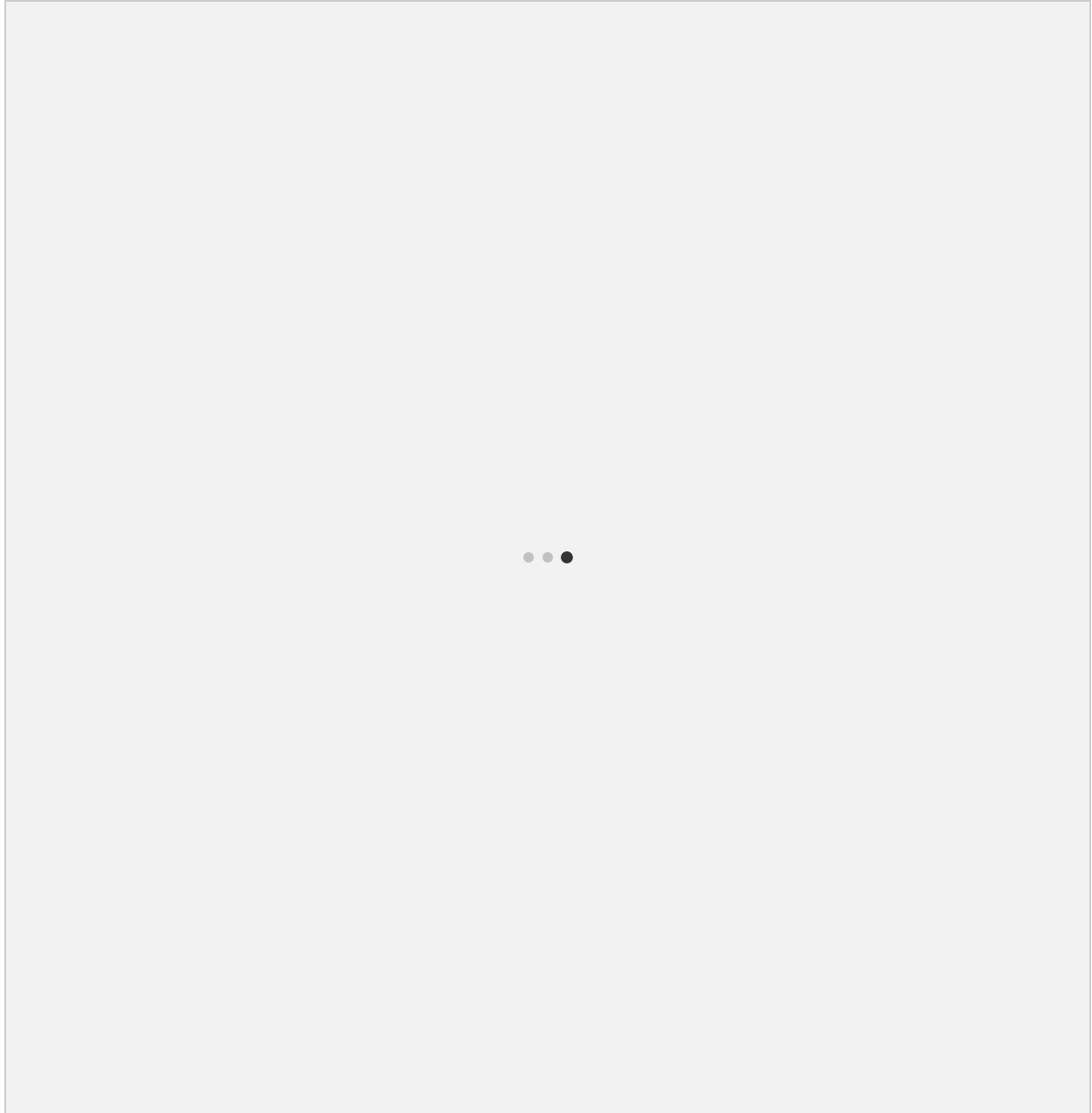
Capability-building programs are therefore central to any successful transformation. The most comprehensive ones cover functional, managerial, and technical skills and are tailored to match requirements across the breadth of roles involved in the transformation. A typical starting point is the creation of a detailed skill matrix showing the skills that each role requires and that each employee has, which highlights important gaps and training needs by role. A stringent process for evaluating skill-building progress then fosters a continuous learning cycle as people at every level develop new talents.

A powerful force multiplier in large transformations is the development of a limited number of organization-wide management standards that govern behavior from the front line to top management. One company implemented a simple tool that required every employee to know the same five elements about his or her job, including how the role contributed to the business and what the employee could do without asking permission. By setting clear and tangible expectations, the standard gave people clarity and confidence about their role, freeing up valuable leadership time and highlighting key areas of friction that needed to be addressed. Over time, management standards become a set of organizational reflexes within the business, reducing much of the effort of delivering and sustaining change.

## **Implementation practices**

As for specific implementation practices, the executives we surveyed said their companies do fairly well at some practices associated with successful transformations. A majority said they develop standard operating procedures and regularly assess employees against their individual goals (Exhibit 3). But many said their companies falter when it comes to conducting effective meetings, having processes in place to identify problems, and giving employees effective feedback.

Exhibit 3



Improvement often depends on examples from above. A vice president at one global company found that members of his management team were spending up to three-quarters of their time in meetings. He therefore decided to forbid morning meetings altogether, freeing time for value-adding activities such as

coaching staff members or helping solve issues at the front line. For the remaining meetings that were truly necessary, he imposed a one-hour time limit and required that all meeting hosts send an agenda and clear objectives in advance. As the role model, he made a point of leaving meetings after 55 minutes, and whenever an agenda and objectives had not been sent by a meeting's starting time, he would ask that the meeting be rescheduled.

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Getting these most important factors lined up from the very beginning is a big aspiration. The survey data reinforce that implementation is a discipline that develops with practice: good implementers were 1.4 times more likely than poor implementers to have change leaders who had personally led multiple change efforts. For organizations undergoing transformation for the first time, a strong starting stance is a focus on ownership and commitment, prioritization of initiatives, and capabilities and resources.