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1 Foreword

Improvement of a business, be that a small step-change, continuous or transformational improvement should be an inherent capability. In the fast-changing environment that is now (and has been at many times in the past) the reality of our economies the ability to morph and to adapt to new circumstances is a constant pressure. Business needs to invest in the process of change.

This paper captures 30 years' experience of creating improvement teams and corporate improvement capabilities. This is a "must read" for Executives who are;

- facing a major change in the business

- wrestling with lethargic improvements and transformations that require a boost

- surprised by the size of the quotes (or final invoices !) from consultancies, or who have been, disappointed by past results from consultancy led assignments

- looking for ways to challenge their best staff

Developing the internal capabilities in the way prescribed in this paper, that are then focused on the design and execution of transformational business improvement, leads to change programmes that

- are based on the in-depth knowledge of the next generation of leaders and validated by the current ones

- relevant to the current priorities and future needs of the business

- offer better value than large teams of external consultants

- create passion and pace, and focus on successful outcomes

- are successful

An internal capability for improvement is made up of

- a good leader

- a mix of good people

- a process

- supportive governance

- a valid reason to exist

- appropriate external challenge and support

2 Why can improvement from 'without' fail ?

It is valid to consider outsourcing improvement to consultants – and is often the only way with transformation programmes that are technology led. This paper is less concerned with programmes of this nature.

It can be very effective: Proven solutions, leading edge methodologies, experienced practitioners and implementers, potentially infinite resource: These are all attractive reasons. But it can fail, often spectacularly. It can be a 'one shot' change with no real transfer of skills and knowledge to staff (it is usually transferred the other way !) and no real understanding by the business of what has been changed or how it was changed – or how it now works and how it gives competitive advantage.

It will be expensive in terms of cash, although the multiplier versus the claimed improvement in profit (or future profit) can be attractive. In many externally resourced projects most of the external, temporary resource will have (should have) left before the benefits (and/or unintended consequences) from a change have been realised/arisen. If the leadership of a change is also outsourced then the chance of a solution that doesn't fit the business need can be increased.

If the external help (which is 100% dedicated to the change) outnumbers the internal resources applied to a change (which are often part-time) then frankly 'you get what you deserve'. It can be overwhelming and with insufficient oversight it can deviate from the business' need as the creativity of the external staff leads to solutions seeking a problem. If the leadership of the change is also outsourced then the chances of this are exacerbated if the governance of the requirements and of the solution provided are not strong.

External staff can be treated with suspicion by employees. This is often not helped if 'turnover' occurs in the consultancy team. External resource generally operates to a different culture and pace (which can obviously be good) but if it is coupled with overwhelming resources and external leadership it can create tensions and 'runaway' change.

Once large monthly invoices start crossing the desk the 'point of no return' has usually been reached, if not contractually then psychologically.

3 What are the critical success factors for in house change?

Taking the above points as 'lessons learned' (many of which would be equally valid for internally resourced changes) and drawing from thirty years of experience of how to do it well – thirty years that has also been smattered with 'lessons learned – what are the critical factors for success in internally resourced change programmes ?

3.1 A valid reason to exist

The challenge that is set for the team (and by extension for the business) has to be of material importance. It must clearly align with the immediate needs of the business, and preferably with its strategic objectives. If the

challenge is of a lesser nature then it is likely that the team, and its work, will fizzle out. The reasons for the creation of internally sourced changes that I have supported are;

- Centralisation of the National Service proposition of a distributor of large capital equipment in the Construction and Mining sectors (team of 3)

- Post-acquisition integration of several legal entities to form a single legal entity and the consolidation and rationalisation of back-office functions (team of 5)

- Creation of a corporate improvement resource to perform turn-arounds in failing operations initially in the UK but expanding to mainland Europe and finally the USA (team of 20 operating typically in teams of 5)

- Analysis of the efficiency of a major UK airport (team of 7)

- Post-acquisition, full integration of several internet based home shopping businesses (series of small teams over 3 years)

- Transformation of a European manufacturer of capital equipment for the nuclear industry into a project delivery organisation and down-scaling of the same company for a reduced level of activity (core team of 4-6 with extended team of c20 significant contributors and 45 business change managers)

All of these teams were tasked with activities that were directly related to current, chronic under-performance and/or the shaping of their organisations for a new purpose or approach. These projects affected pretty much everyone in the host businesses to a greater or lesser extent. They were all transformative, were led locally, governed by senior management and were supported by the minimum of external support.

3.2   A good leader

When I look back at the many improvements and transformations I have supported the single most important factor has been the leader that the business has appointed (or the project has adopted with my guidance). Without strong leadership, improvement teams can wander 'off piste', the quality of their work can be sub-standard and the business can 'ignore' the work, either collectively or individually.   The attributes I consider to have contributed to these leaders' success in their 'transformative programme role' are;

- An in-depth knowledge of their business, its history and the challenges it now faces. A wide perspective on the transformation

- Respect and trust of their peers, and for them, with the ability to ensure they all fulfil their roles in the programme professionally and thoroughly. Ability to develop a constructive and productive coalition

- Diligence in their reading, approval of specifications and ideas and in their acceptance and approval of outputs. Understands, and defines 'good quality' and doesn't accept sub-standard work.

- A supporter of a process driven approach to improvement and transformation

- Ability to support their team members to prepare good proposals, in unblocking constraints and in making work fun. But also, pulls them up if something is wrong.

- A good listener

- Someone who plans ahead, remains focused on their objectives and manages by fact. Knowledge of the art, if not the science, of programme management

- Someone with emotions but also someone who can put them to one side when facing difficult decisions

- A hard worker who can sustain a high-load for a long period, typically one to three years

It is a tough specification. If any one element is missing it is probable that the programme will fail, or under deliver. Understanding the 'make up' of the leader can enable external facilitation or coaching to cover areas of weakness to develop the missing skills and potentially to include team members that are complementary to this.

3.3 A good mix of the right number of people

Probably the single most important guiding principle for a leader who is appointed to create a team is to be clear about what you need and do not settle for second best. Too often 'available' staff are appointed to what should be the most important work the business has on its agenda. 'Availability' is usually a sign of 'in adequacy'. And the recruitment principle of 'if in doubt don't' is as valid for temporary duties as for permanent ones.

On the contrary transformational change programmes offer the 'rising stars' of a business with opportunities to learn and grow. Team members often come out of programmes with a much wider knowledge of their business, how it operates and where it is headed. The rewards that come with success are significant. The feeling of pride, the elevated recognition of capability, and the opportunities that it creates provide successful participants with the potential to accelerate their careers.

But who are 'the right' people, or rather the right team?

- If the impact is multi-site and/or International, then the team should be representative of the geography

- It should have a good level of understanding of the business processes that are to be affected by the changes and be able to support implementation when it occurs

- Ability to challenge the status quo and to be creative in the development of new ways of working and being organised

- Understand the basics of project management. Are 'goal' and 'priority' focused

- Buy in to a common method of working within the project and can work together

- Hard workers

- Accept that a high standard or work is required, including written work, and are open to collective and constructive criticism at all stages of the project lifecycle

- Good communicators. Can engage with people throughout the business and can influence them to achieve the required outputs and objectives of their projects. But prepared for resistance and trained in how to deal with this effectively

….and what is the 'right number'? There is clearly no 'standard' for this. The guiding principles from my experience are;

- They should be full-time, with a minimum acceptable availability of 80%. And the 20% should only be covering off a fraction of their previous duties not their former 'day job' – that is a recipe for failure and potential break-down

- Project team members need to be busy, but not overloaded, have time to think and to develop good quality outputs

- Probably no more than 7-10 overall as the leader will be overloaded, quality may slip, and the business would probably be impacted too quickly. In situations where a larger number is deemed necessary then the role of the leader, and potentially a deputy, require careful consideration

- No fewer than 3. Any fewer and either the task may become too much, or it wasn't big enough in the first place because the ambition of the sponsor was too low or their risk aversion too high

3.4   A consistent process

If more than one approach is used to manage projects and for the interactions with stakeholders then confusion will be caused, productivity will fall and the chances of failure increased. A business may already have a process for managing projects in its management system. This should be used, not least because the rest of the business will recognise it and the existing governance arrangements – if there are any - may have been built around them. Understanding this landscape at the outset is important and it should be captured in some form of 'Project/Programme Initiation Document'.

Most of the work I have supported has been guided by the principles of PRINCE2 and Managing Successful Programmes both of which are

commercially available. I say 'guided by' as they provide a useful test for any existing arrangements. Put simply the approach adopted should;

■ ensure that the customer's (business's) requirements are understood, that the specification of the proposed solutions will meet them, that the developed products are compliant with the specifications and that when applied by the users the expected benefits are released and can be shown to have been.

So long as the arrangements support this chain of events, and are not overly bureaucratic then they are fit for purpose. Where gaps exist, or if no approach is available, then one should be developed.

A single method, once applied, becomes the standard for improvement work. Once it is shown to work my experience is that a business expects improvement work to meet the same standard. Often, once a process is established, then other required changes are fed through the same 'machine'. While 'success breeds success' is a good situation to develop the management of scope, and of load on the leader and the team, should remain a constant process too.

Aspects of a process I have found to be useful are;

■ development of an overall 'programme brief'

■ development of Project Initiation Documents for each project that show how the project fits with the programme

■ the active use of trackers

➤ to show the progress being made within a project and across the portfolio for the production of 'products' or outputs, to manage the costs and assess the resources

➤ to monitor the success of the implementation

➤ to measure the benefits

■ a professional approach to the management of risk and opportunity – not just paying lip-service to this important aspect of any change. Failure to seriously consider risk and its impact can lead to damage to a business through the law of 'unintended consequences'

■ formal review meetings for individual projects, internally for the programme team and with the sponsors. These should typically be bi-weekly, of fixed duration, and designed in a flow to enable outputs to lead to inputs for following meetings. Frequencies of less than bi-weekly are appropriate for 'slow burn', long duration projects, but as a rule bi-weekly creates momentum and traction and promotes pace across a programme

3.5 Robust and supportive governance

In externally led change programmes consultancies will ensure that good discipline to governance is applied. Not least because they want to ensure

that their performance is unhindered, and if it is then it is clearly documented.

It is easy in internally led changes to pass over the subject of governance and to simply add it as an agenda item to existing meetings. This has a number of downsides;

- Participants in meetings are thinking about the day job rather than the change

- If big issues arise in the business then meetings will tend to focus on these and the change can be pushed to one side and ignored, or not be given enough time

- The attendees at existing meetings may not be required for meetings about transformation and change

The 'best practice' approach I always try and install is a bi-weekly steering meeting with the key members of the sponsoring operational entity (the leaders of the entity that will be affected by the change) – with any other 'non-key' ones called in as required by exception – to review the programme, its key issues, and periodically the risks. Often this meeting is subservient to a sponsoring entity that is funding the programme – often the Board and/or a committee of the Board in large corporations. These Boards typically require a quarterly review of a programme focussing especially on its costs, benefits, progress and risks.

By applying frequent, robust and challenging governance on the individual projects the leader of the change can provide timely updates to the operating steering board and can unblock any issues quickly. By managing the programme formally and by looking ahead – typically 3-6 months ahead - the leader is in a good position to make accurate reports to the Board but more importantly to help them to plan ahead for any key points in the future or to make, or plan for, key decision points.

It is also important to maintain a mindset that a project, or the programme itself, can be halted or slowed if required. With internally resourced programmes this is generally easier than for ones where a high fixed, potentially contractual cost is involved. And of course, it is easier to make those difficult choices in an environment of constant governance and review.

3.6   Appropriate external challenge and support

It is possible that given the availability of experienced resources that no external support or challenge is required. Approaching a change in this way is not a bad first step.

During initiation

It is likely that the need for a change will have been discussed within the business, certainly at a senior level. A good first step is to ask one of the managers to clearly document the high-level requirements and the expected benefits. This can be reviewed by the management team as a way of confirming the intended direction. Once confirmed a list of the main changes that will be required can be drawn up and a scoping

document prepared for the proposed change. The management team can consider this, and the associated risks. A top-level budget can be developed and a business case drafted.

This can be a useful point to invite some external input. A **review of the business case** by an experienced pair of eyes and ears can add-value to the proposal. There may be differences of opinion among the managers that have not been visible or explored. A confidential review, with feedback provided in a professional manner can ensure that all perspectives have been considered. Someone who is experienced in all aspects of change can also verify the timelines, or propose amendments and can also consider the risk profile. They can also help to scope the high-level need for resources.

During set-up

Once approved the work associated with set-up, launch, recruitment and engagement begins. This is a busy time for the leader who may be alone at this point. Decisions made at this stage will affect the 'mechanics' of the programme for its full life. The leader needs to spend most of their time with the stakeholders, in particular the management team of the impacted entity (ies) and the executives who are accountable for the strategic direction of the business. Alignment of these groups at a detailed level and confirmation of their requirements is a vital early step.

External support can

- review and advise on the **processes** to be used

- consider the overall size and shape of the programme and the corresponding **organisation and work breakdown structures**

- **review candidates** with the leader and HR and discuss with the leader the potential combinations and scopes of work for each person

- document the **approach to governance** to be applied and the timeline of this governance versus the high-level programme plan highlighting key decision points

In short, external support is most valuably focused on the strategic timeline of the programme and its architecture.

During planning and development

The arrival of the team members marks one of the busiest times for the leader. The team needs to be briefed thoroughly, individuals need specific inputs for their work and the programme team needs to be integrated into a coalition of the senior managers. This requires preparation. There are also a lot of questions to be raised and answered.

This is again a time when external support can add value. The leader is often away with stakeholders, or tied up with individuals. External support can be available in the 'team room' **listening, advising, answering queries** but also watching and ensuring that the work is getting done to

a good **quality**. It is also when the **mechanics of the 'Programme Office'** are typically created and this specialist skill is often bought in.

During implementation

In most programme implementation of some of the products produced by the projects runs in parallel with projects that are still in progress. Indeed, it is often the case that projects get released into a programme in a phased manner so there is a continual flow of activity. Products that are ready to be implemented have to be introduced to the business, usually by the Project Manager or the project team. External support can provide an **assurance capability** and an **independent view** on the attainment of benefits.

The Governance process also tends to be busy in this period with reporting on progress also overlapping with feedback on and planning for major change to occur. External support can **help the leader prepare** for these governance moments ensuring that potential challenges are prepared for. Governance committees are generally most satisfied when the person or process they are overseeing is capable of answering questions clearly and concisely supported by documented, factual evidence.   When this process is working well the pressure on the programme team is reduced and the quality and timeliness of work is maintained.

The style I have described here for the external support is what I refer to as **leading from the back**.   It ensures that the accountability and responsibility for the programme lies firmly with the business. It does, however, provide the business with the real added value which is drawing on the experience and skills of the external support to ensure the process of change is a smooth as possible.

4   Summary

Internally resourced programmes of business improvement and transformational change can offer excellent value for business. The development opportunities that this provides can accelerate the careers of rising stars.

Approached professionally this approach can offer less risk than that associated with large teams of external consultants or contractors. This is especially true if the leadership and governance of the process of change is led by employees.

However, external support used intelligently and appropriately can add value to the process. By using experienced help to support the leader and the team, to design and support the process of the programme and to provide independent assurance of the benefits a business can de-risk the change programme and potentially accelerate it.

5   Contact

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