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1 Foreword

Businesses that are facing a major change or challenge typically create a change programme to enable its successful execution, realisation or mitigation. Often these programmes are not thought through, they can be a 'knee-jerk' or a 'comfort blanket'. Knowing that a 'team is working on it' can provide solace and often an excuse or a 'time winner'. However, a well-designed, effectively resourced programme that is operating at the right level in an organisation can achieve remarkable results, often more than is expected.

This paper provides guidance on the main aspects that have to be addressed for a programme to succeed. It captures 30 years' experience of creating improvement programmes. 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
- looking for ways to challenge their best staff

Developing change programmes in the way prescribed in this paper, leads to

- the attainment of short, medium and long-term goals
- improved pay back
- enhanced 'positivity' such that performance is raised throughout the business
- an embedded capability to deliver change

Good change programmes require

- a clear and distinguishable purpose that is aligned with the business's strategy
- an investment case
- active stakeholder management
- engaged and active governance and leadership
- a defined approach
- a schedule and a results plan
- the right resources; quality and quantity
- active management of risk and opportunity

The first four items in this list are the focus for this paper. The others have already been described in a paper that was published on our website in March 2017 - http://pearsonmc.uk/white-paper-2/2016/12/08/

2 Requirements for a 'good' change programme?

2.1 A clear and distinguishable purpose

Any change programme has to have a clear and distinguishable purpose. If it does not it will very quickly, or worse 'eventually', be consumed by, or absorbed into, or simply frustrated by daily business.

For this to be compelling it has to clearly link to the business strategy and been clearly identifiable as a route to the attainment of one or more strategic objectives for the business. It needs to be at this 'level' in order to gain and retain the interest and support of most, if not all, of the senior executives and functional leaders throughout the business or business unit.

Change programmes need support from the business and fundamentally the business has to understand its importance and the contribution it will eventually make. Managers who cannot see, or understand this, will push support down the pecking order of priorities and may even develop competing improvements.

In simple terms a change programme has to become 'the only show in town' for its purpose. All other programmes, changes, improvement initiatives should align to it.

It also has to have a clear 'end'. Programmes that do not drift. Without an 'end' there can be no route, and without a route there will be no schedule. Too many programmes, especially those that have a 'heavy dose' or cultural change, do not define concrete objectives and end-points. This makes it difficult, if not impossible, to assess progress or 'arrival'.

Once a clear purpose has been established the work to develop the details of the programme can progress. The portfolio of work streams, projects and or sub-programmes can be designed. The Work Breakdown Structure (WBS). Product Breakdown Structure (PBS), Product Flow Diagram (PFD), Cost Breakdown Structure (CBS) and schedule can all be developed. They can all be mapped to the objective, and the integrated results plan can show how they support its attainment.

2.2 An investment case

Part of the initiation of any programme is the outline investment case and it typically covers several years for major change programmes. It is, put simply, the high-level financial model of costs and benefits. It should be a cash-flow model and the Internal Rate of Return (IRR) and Nett Present Value (NPV) should be assessed. This ensures that a) an affordable programme is established, b) the financial boundaries are understood and c) the high-level timeline is provided. Other ratios, for example Earnings Before Interest and Tax (EBIT), may also be calculated – this is particularly relevant in private equity investments where the incremental improvement in EBIT forms a key part of the exit strategy for an investment house.

Investment models really test the relevance and risk of the purpose and nature of a programme. Too often programmes commence without a clear understanding of the financial risk and opportunity. The development of a model and the consideration of risk naturally force a discussion about the wider implications of a programme. A model provides the executive sponsors to have a real debate about the drivers of a programme and its critical success factors. Run well a modelling process can create real and positive engagement of the executive at the initiation of the programme and also on the approval of its WBS/PBS etc. which will be defined in a Programme Definition. The sooner an Executive understand the link between the elements of the programme and its results the better.

2.3 Active stakeholder management

The initial stakeholder management is with the Executive and the sponsors (who may be different groups) and it centres around the investment case and the Programme Definition. The Executive will, by definition, have initiated the work as it is seen as being of strategic importance. They may have provided some input to its scope, or they may have just laid out the objectives.

The Programme Director / Lead, who may have been appointed on the initiation of the programme, leads the initial phase of high-level stakeholder engagement. They have to ensure that the programme is well defined, not just from the company's perspective, but also through the eyes of each of the Executive. By definition if the programme of change is strategically important then it is likely to impact most, if not all of the portfolios of accountability of the executives: They need to understand how, what they need to change, how they may be required to support and what the impact on their work and that of their teams could be. This discussion is the start of the engagement of the 'Business Change Managers' (BCMs) that will be required to support the change programme: Which is the formal interface to the employee stakeholder group. The process of 'blueprinting' is a major element in the involvement of the wider managerial group. It is through this process that the 'end state' becomes clear and via which the managers prepare themselves and their teams for the change.

Where Unions and Works Councils are involved their engagement via the discussion of proposals can be crucial. Managed well this process can add-value to the design of the change and, should it be required, any approval or consultation processes can be 'smoothed' or at least be well prepared for. In programmes of change that necessitate consultation gaining a successful outcome, on schedule, is often the major risk raised at the outset.

The sponsors of a change programme are often in part, or in whole, separate from the Executive and are usually made up of the key investors in the business. They tend to be somewhat distanced from detailed changes, however, they are interested in investments and profit (EBIT) improvement, and the mechanisms of change. Discussions with this group will tend to be focused on outcomes, risk (and its management) and timing.

The Programme needs to maintain a planned dialogue with its senior stakeholders. Often programmes fail to do this. The consequence is often confusion, programme 'amnesia, a loss of traction and support and ultimately an untimely conclusion of the work of the programme. This may seem a dramatic list but programmes that ignore stakeholders also tend to be the ones that lose relevance and tend towards failure. In multi-year programmes 'things change' and 'priorities move' and it is only through good stakeholder management that programmes can retain their full relevance.

2.4 Engaged and active governance and leadership

Following the initiation phase and the approval of the Programme Definition and the accompanying financial model and results plan the work of the programme begins. It starts to specify and produce outputs. A process for this was provided in the paper ''Creating a capability for Transformation and Improvement which you can find here http://pearsonmc.uk/white-paper-2/2016/12/08/.

Programme leadership has to be distributed. The 'change' cannot be the sole accountability or responsibility of a single senior manager. While the Programme 'lead' maintains the 'score' and drives the enablers out of the portfolio of projects it is the senior managers and their first lines that actually ensure that the change occurs. The Programme should put in place measurement and control tools to track the changes in order to highlight progress, and most importantly lack of it. The Executive has to actively manage the implementation and ensure that all parts of the business make the necessary progress. As much as possible this should become 'business as usual'. Ideally the managers should be incentivised via the annual incentive plan to complete their objectives for the programme. Ultimately this creates an excellent tension between the programme and the business.

3 Benefits

The benefits of a well-designed and structured programme that is clearly linked to the realisation of strategic goals, coupled with professional management and involvement of the stakeholders are;

- the attainment of short, medium and long-term goals
- improved pay back
- enhanced 'positivity' such that performance is raised throughout the business
- an embedded capability to deliver change

4 Summary

Ensuring that a change programme has a clear linkage to the business strategy is a fundamental success factor. Engaging with and involving the stakeholders in a manner that enables them to affect the design but to also understand the impact of the end state can help to build a supportive coalition for implementation. The benefits that arise can be wider than simply those directly related to the change programme and its impact can positively affect the performance of the business and its long-term ability to adapt to change.

5 Contact

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