Change Management within Project Management: An Integrated Structural Business Process Approach

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In Brief

Most project managers follow established project management methodologies in order to achieve success. However, some degree of failure is evident in most projects worldwide. One important reason for this failure, is that projects often implement change, and in its turn change may introduce new risk parameters.

Successful change can be influenced by a variety of factors, which can affect the result of change itself, as well as the objectives of the project. Change management is the strategic and structured approach for transitioning individuals, teams and organizations from a current state to a desired future state.

Change and project management must be considered as integrated Transitional activities. The success of the one largely depends on the success of the other.

Harris Apostolopoulos BEng(Hons), MSc, MBA, PhD.C, MIET
Agenda

- Introduction to Change Management
- Change Management and Project Management
- Change Management Modelling
- Project’s Failure Reasoning
- Project Management and Change Management Integration
- Survey: Project Management Team
- Conclusions / Open Discussion
Change management is a systematic approach to dealing with change, both from the perspective of an organisation and on the individual level. A somewhat ambiguous term, change management has at least three different aspects, including: adapting to change, controlling change, and effecting change.

Source: http://searchcio-midmarket.techtarget.com/definition/change-management

Change management - the formal process where changes to the project are introduced and approved.

Source: http://www.pmhut.com/pmo-and-project-management-dictionary

Change management can be defined as a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled, and systematic fashion to effect organizational change.

One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organisational members to buy into change and achieve the organization’s goal of an orderly and effective transformation.

Source: http://www.tech-faq.com/change-management.html
The Change Curve

Types of Change

• Two major categories, **individual** change management and **organisational** change management.

• Especially in multinational companies, **cross-cultural issues can affect planned changes** and the process can get complicated.

• However, the transitional period of change (which may lead to adaptation) is not only a **time consuming but also a risky process**; due to cultural or even organisational reasons the whole process is **subject to fail**.
Views on Change

- Duck (1993) argued that change is intensely personal.

- Luecke (2003) separated change into four types; structural, cost cutting, process and cultural.

- Cultural change mainly concerns the organisation’s general approach to doing business or the relationship between managers and employees.

- Schaffer (2000) discussed discontinuous versus continuous incremental change.

- Johnson et. al., (2006:) explained that “it is for the benefit of an organisation the nature of change to be incremental” of four types:
  - Adaptation
  - Reconstruction
  - Evolution
  - Revolution
Hofstede (1980) argued that the cultural differences between nationalities were evident when employees of the same organisation were spread over many countries.

Stuttard (2000) concluded that “one common mistake is that, foreign managers fail to realize how pervasive it is”.

Pitta et.al, (1999); managers’ business behaviour is directly related to the country’s culture.

- Dealing with culture has the difficulty to define it universally.
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Significance

- Market needs are constantly changing; market adaptation, strategic business planning, flexibility, speed, cultural changes are more than mandatory.

- Most of the common project management methodologies such as critical chain project management (CCPM), and PRINCE2, PMI, focus on:
  - Time
  - Cost
  - Quality

- Those project management methodologies do not take into serious consideration Business Cultural Issues, Change Management and Adaptation.
Significance (Cont.)

- **Too much emphasis on deliverables** or outcomes (e.g. capabilities) which on their own do not deliver specific benefits, or even in the processes (the way things have to be done).

- The main difficulty arises from the fact that **culture itself is difficult to be defined** because it differs among organisations and individuals.

- Kroeber (1985); there are more than 160 different definitions of culture.

- As Kanungo (2006) argued “people in different cultures respond in different ways” in effect understanding and adapting to changes.
Project Curve

INITIATION PHASE

PLANNING PHASE

EXECUTION AND CONTROLLING

CLOSURE PHASE

Source: http://www.visitask.com/s-curve.asp
42 steps mapped in 5 processes:

1) initiating
2) planning
3) executing
4) monitoring & controlling
5) closing

When issues are found while project work is being performed, change requests are issued which can modify project policies or procedures, project scope, project cost or budget, project schedule, or project quality. Other change requests cover needed preventive or corrective actions to forestall negative impact later in the project. Requests for a change can be direct or indirect, externally or internally imitated, and can be optional or legally/contractually mandated. (PMBOK, 4th edition, pp.87)
PMBOK and Change (Cont.)

Changes: in the project management plan that result from the Project Risk Management process may require decisions at the appropriate level of management to reassign personnel, establish or modify budgets, make commitments to others outside the project, interact with regulators, and comply with the rules of accounting and law pp.5, PMIRisk).

Perform Integrated Change Control: is the process of reviewing all change requests, approving changes, and managing changes to the deliverables, organisational process assets, project documents, and the project management plan. (PMBOK, 4th edition, pp. 61)

Change Control: Identifying, documenting, approving or rejecting and controlling changes to the project baselines, (PMBOK, 4th edition, pp.428)

Change Request: Requests to expand or reduce the project scope, modify policies, processes, plans, or procedures, modify costs or budgets, or revise schedules. (PMBOK, 4th edition, pp.428). Change requests can include corrective action, preventive action, and defect repairs. (PMBOK, 4th edition, pp.97)

Change Control Board (CCB): A formally constituted group of stakeholders responsible for reviewing, evaluating, approving, delaying, or rejecting changes to a project, with all decisions and recommendations being recorded. (PMBOK, 4th edition, pp.428)
**PRINCE2 and Change**

**Change Control:** Changes to specifications or scope can potentially ruin any project unless they are carefully controlled. Change is, however, highly likely. The **control** of change means the assessment of the **impact** of potential changes, their **importance**, their cost and a judgmental decision by management on whether to include them or not (OGC, PRINCE2, p.285).

A change in requirements
A change in the environment applicable to the project, for example:

- a legislative change
- a corporate change of direction
- a new customer
- a new supplier
- an unexpected change to a member of the project management team
- actions by a competitor
- a programme management directive
- a corporate reorganisation (OGC, PRINCE2, p.286)

40+ separate activities and organized into eight processes:

Source: PRINCE2 Template, PRINCE2 2005; p.195
Project Change Curve

Source: http://www.leanhrm.com/change.html
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Change and Adaptation

- Pascale (1990); “change requires that businesses **continuously** reinvent themselves”

- Sinclair (1993); **culture can be managed** and this is a responsibility of the management itself.

- Tichy (1983); “we are all **beings of habit and tend to repeat** what we are comfortable with.”

- Schlossberg (1981), Successful adaptation might involve **establishing a structured methodology** for responding to changes such as new policies, or technologies.

- Parkes (1971); “First, **abandoning one set of assumptions** and then developing a fresher frame, so as the person to cope with the new changes”.
Change Models

- Briefly, Lewin (1951) described change as a three-stage process:

  - Unfreezing
  - Confusion
  - Refreezing

- Bridges (1991) come up with a similar model:

  - Ending
  - Neutral
  - New beginning

- Bullock and Baten (1985) named their model stages as:

  - Exploration
  - Planning
  - Action
  - Integration
Cultural Model for Project Success

Source: Kendra and Taplin, 2000,
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Chaos Report

- 1994 “Chaos” report indicated that before they ever get completed, **31.1% of projects will be cancelled**.
- Average success rate was estimated to **16.2% (1994)**.
- **(2003)** project success rates have increased to just over **34%**.
- On the contrary, project failures have declined to **15%** (of all projects), which is more than half (31%) in 1994.
- Chaos Report (2007); overall picture of IT project failure has not gone under significant changes; actually, it **varies from 50% to 70%**.
- It is being indicated that a poor requirement analysis remains the main reason for project failure.

Other views:

- Taylor (2000) in his research revealed that out of 1,027 projects only 130 (12.7%) was successful.
- After all, nailing down the requirements is usually only 8% to 15% of the overall project effort (Gottesdiener, 2001).
Why Changes Fail?

-Bourne & Walker (2005) categorised project failure as technical, data, user, and organisational; culture of the stakeholders is one of the organisational reasons why projects fail.

-Winters (2002), explained that culture is one of the top 10 reasons why project fail; for him culture means more than just expectations.

-Most of the times it is the manager’s fault who fails to understand what the customers really want, transform words into action and finally deliver the project.

-Gottesdiener (2001) argued that “rework due to requirements defects can eat up as much as 50% of your overall budget!”
Kotters’ Failure Reasoning

Error #1: *Not Establishing a Great Enough Sense of Urgency*

Error #2: *Not Creating a Powerful Enough Guiding Coalition*

Error #3: *Lacking a Vision*

Error #4: *Undercommunicating the Vision by a factor of Ten*

Error #5: *Not Removing Obstacles to the New Vision*

Error #6: *Not Systematically Planning for and Creating Short-Term Wins*

Error #7: *Declaring Victory Too Soon*

Error #8: *Not Anchoring Changes in the Corporation’s Culture*
Poor Requirements Analysis

-Changing the initial requirements is:

-Time consuming, but also **a risky activity**, which in effect requires strategic planning and flexibility.

-Robertson (2002) argued that “the traditional job of requirements analysis is to talk to users, find out how they work, ask them what they want, specify what is required, and have it built”.

-Langham(2004) stressed the fact that **communication difficulties** have more to do with **business culture** than any failure of a project organisation or methodology.
The Best Ways to Sustain Change

**Step1:** Mobilize energy and commitment through joint identification of business problems and their solutions

**Step2:** Develop a Shared Vision of How to Organize and Manage Competitiveness

**Step3:** Identify Leadership

**Step4:** Focus on results, Not on activities

**Step5:** Start change at the periphery, then let it spread to other units without pushing it from the top.

**Step6:** Institutionalize, success through formal policies, systems and structures

**Step7:** Monitor and Adjust Strategies in Response to Problems in the Change Process

Source: Beer et al., (1990: pp.161-163),
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Project Management and Change Management

**Project management** can have *strategic value*, when there is link between the level of effectiveness and how efficiently a project is accomplished and when the project’s outcomes (product or services); can *provide overall business value*.

**Change management** itself, is also a *strategic and structured approach* to transitioning individuals, teams, and organisations from a current state to a desired future state.

Pitagorky (2011) “**Project managers**, to be effective must be competent *change managers*.

Homes (2001) explained that project managers should establish a solid foundation for change and that today’s role of project manager focuses more *on the project and the team*.

Effective projects are those which achieve a business change within a managed organisational context (Gooch, 1997).
Project management and change management may seem as separate, but they are integrated in practice.

Project Management and RISK Management

Risks that are worth to be investigated can be highlighted through analysis to their high chance of occurrence or the high impact they can have.

One of the main purposes of project risk management is to identify, estimate and control project risks which effectively are related to project success or failure.

Risks that are related to change management are addressed both with strong control and negotiation strategies.

Risk can be very simply identified as “any potential problem that threatens the success of a project” (Taylor, 2006).

**Changes incur RISK and have to be controlled.**

Oxford’s dictionary definition: “Risk is related to: a situation involving exposure to danger, the possibility that something unpleasant or unwelcome will happen”.

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Successful Change Management & Adaptation Tree
Case Study: Project Management Team Survey

**Parent Node**: PMT (Project Management Team)

**Child Nodes**: Performance, Motivation, Appraisal, Rewards, Training

Respective **Attributes**
Glossary: Performance (Child)

**Performance:** Based on the achievement of preset metrics such as KPI’s (Key Performance Indicators), Balanced Score Cards, KSFs, (Key Success Factors), 360, SLAs (Service Level Agreements)

**Planning outcomes:** The term used to describe the totality of what the project is set up to deliver, consisting of all the specialist products (OGC, PRINCE2, p.333)

Proper planning and organisation of the transition on a life-cycle basis will facilitate a successful change (Kerzner, 1995, Project Management, 5th edition, p.149)

**Attaining Goals:** Comply to pre-defined results in terms of project goal and objectives.

**Benchmarking:** comparing one’s business processes and performance metrics to industry bests; commonly related to time, cost and quality. Try to take advantage the good paradigm and avoid the pitfalls.

**Acceptance level:** Performance result based but not limited to objectives (goal, target, time frame, schedule, budget etc)

**Regular review:** Periodic review of project management’s team performance depending on project’s conditions, e.g., bi-monthly, quarter, etc.

**Review on agreed standards:** Refers to project management standards as defined for example by PMBOK, PRINCE2, ITIL, Scrum, ISO, etc.

**Audit and verify:** evaluation of project management team and processes based on goals and objectives for the success of the project.

**Clear targets:** Targets should be clear to all stakeholders from project initiation and connected to results; upon change they have to be communicated again unambiguously.
Conclusions

-The best way to integrate cultural differences and changes into projects requirements analysis processes is to involve people work together on solving business problems and achieve results.

-In order for projects to be successful all stakeholders even though they might have different vocabularies they have to find a way, actually model the customer’s requirements and conform to what is being expected.

-On the other hand, there can be no right way to adapt to cultural changes and moreover to predefine the results of an IT project, because what works on individual level might not work for others.

-Even though, there is no right way to manage change, flexibility is mandatory; in a broader corporate organisational frame, managing culture is the solution.

-The main goal of all organisational changes is improvement and sustainability; change over change is a stage that most managers try to avoid.

-Change Management and Project Management can be seen as integrated and complementary processes.
Questions?

To live is to change, and to be perfect is to have changed often

John Henry Newman

Thank You

People do no change with the times, they change the times

P.K Shaw

Life is change
Growth is optional
Choose wisely

Karen Kaiser Clark

“Everything is constantly changing
All is flux, nothing stays still...”

Heraclitus

I do not believe you can do today’s job with yesterday’s methods and be in business tomorrow

Nelson Jackson

Change is the law of life. And those who look only to the past or present are certain to miss the future.

John F. Kennedy

Some people change their ways when they see the light, others when they feel the heat

Caroline Schoeder

One change brings upon a hundred more

Kazi Shams

People can cry much easier than they can change

James Baldwin
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