



Selling change – nothing soft and fluffy here

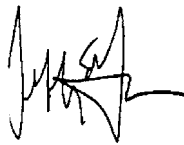
Author: David A. J. Axson

You've realized that things could be going better. You've analyzed the business and identified key areas for improvement. You've done your homework, figured out how to bring about the change required, and built the best case for a corporate performance management (CPM) initiative the world has ever seen. But if you win, and the dollars and resources fall into place, how will you ensure that the initiative will really be a success?

You need to sell change in your organization.

In this article, David Axson describes proven techniques for selling change in order to successfully implement a best-practice CPM solution.

"Selling Change" is the second in a new series of papers written for the IBM Cognos Innovation Center by David Axson, founder and president of the Sonax Group. David is former Head of Corporate Planning at Bank of America and co-founder of The Hackett Group. In this series, David draws on research and material from his second book, *Best Practices in Planning and Performance Management*, which was published by John Wiley & Sons in January 2007. The book provides practical insights into the ways world-class companies leverage corporate performance management processes and systems to attain and sustain superior performance.



Jeff Holker

Associate Vice President

IBM Cognos Innovation Center for Performance Management

Selling change - nothing soft and fluffy here

For many companies, selling the need for change doesn't go far beyond gaining approval of the business case. After all, once funds and resources are secured, what more do you need to do? It is this logic that explains why anywhere between 60 and 80 percent of all projects fail to deliver the expected benefits. While once it was easy to blame flawed systems for failure, today there is very little bad software out there. Unfortunately, there are many bad implementations.

Nowhere is effectively selling change more important than in the field of corporate performance management (CPM). Embarking upon a major CPM project means that you are seeking to change the core management practices (and hence behaviors) of your company. It is important to understand that these are the very practices and behaviors that business leaders have successfully ridden to the top of the organization. CPM projects are not systems projects – they are revolutionary campaigns. Success requires a thoughtful program of education, indoctrination, and motivation to ensure that the obvious benefits of fast, frictionless management processes translate into better business decision-making and superior performance.

Below are twelve common-sense principles that successful project teams apply. The list is not exhaustive, but will significantly increase the chances that your implementation will be successful.

#1: Don't rely on "silver bullets"

At various times in recent history, enterprise resource planning (ERP) systems, data warehousing, executive information systems, balanced scorecards, economic value added (EVA), reengineering, rolling forecasts, and the Internet have all been touted as the answer. Unfortunately, the question that they were supposed to answer was less clear.

While it is wise to center a transformation program on a powerful focal point, such as a new system or a new leadership team, make sure that the implementation balances all the requirements necessary for success.

#2: Approach the program in stages

Implementing a new CPM program is a major change effort that will completely redefine the way in which the executive management team works together. Such massive change cannot be wrought all at once. It is simply too great for the organization to digest. The first rule of complex problem-solving is to deconstruct the problem into a series of manageable chunks. Each stage should have a clear set of deliverables – not just tasks completed – but also behaviors that have been changed.

#3: Plan comprehensively

Everyone recognizes the value of effective up-front planning, yet it is amazing how often planning is ignored as the pressure builds to implement fast. The just-do-it mentality often results in management demanding an immediate payoff. Project managers feel pressured and often respond by curtailing planning in favor of starting the implementation. All too often, the result is failure – or at best, a suboptimal implementation. As Benjamin Franklin said, “Those who fail to plan, plan to fail.”

As a general rule, breadth is more important than depth in planning. The ability to identify correctly all the component parts that are required to build a comprehensive plan is more important than great detail in any one area. Taking the time to consider all possible implications of a major transformation is a wise investment. Defining milestones, identifying the linkages between different components, and assigning responsibility provide the foundation for rapid execution.

#4: Dedicate the resources

The progressive downsizing of business over the last 20 years means that few organizations have the luxury of surplus resources sitting around waiting to be assigned to a transformation project. Too many organizations seek to staff major change projects with the resources they have available, rather than the resources really needed to get the job done. Best-practice organizations assign the absolute best resources they have to major change projects, no matter how critical an individual's current role. They understand that it is a lot harder to change something than it is to sustain the current process. If necessary, they promote the "number two" to fill the current role or backfill with a temporary reassignment from another organization to ensure that the right caliber of person is assigned to the project.

#5: Build commitment through involvement

Building commitment to change is always cited as one of the top two or three critical success factors for any project. Less clear is exactly how commitment will be secured. Commitment requires an individual or an organization to actively support and embrace the changes that a project seeks to implement. Keep several points in mind when seeking to secure commitment.

Commitment is earned; it's not an entitlement. Just because one person believes that a radical redesign of the planning process is compelling does not mean that everyone else will agree. To secure the commitment of others, all the attributes of an effective sales and marketing program must be brought to bear. Nationwide Insurance went so far as to assign a marketing professional to its planning and management reporting redesign team expressly for this purpose. The project had a well-defined marketing, sales, and communication plan to ensure that the project team balanced the development of the best solution with the selling of the solution.

In the early stages of a major change program, seek out people across the organization who “get it.” They can see the problems with the current process and are eager to help effect change. Engaging this group early in the process creates a cadre of “evangelists” who can serve as the program’s sales force out in the organization. These people can serve as a vital communication link to senior management, ensuring sustained support for the program and helping remove barriers to progress as needed.

Once earned, commitment must be sustained. All too often, during the planning and mobilization phases, project teams focus significant effort on a commitment-building initiative. All the right tools are brought to the table, and great excitement is generated.

Unfortunately, as the realities of implementation manifest themselves, much of the initial effort dissipates itself. Time that should be dedicated to communication and educational activities is the first to be sacrificed as deadlines approach and budgets become strained. Many projects start out with town hall meetings, video presentations from the management team, Web sites, and newsletters, but the silence becomes deafening as the months pass by. Doing a great job at the beginning of an initiative in creating excitement and energy and then allowing it to dissipate can be more damaging than adopting a lower-key approach but sustaining it throughout the project.

#6: Gain momentum quickly

Getting off to a fast start is essential. Too many projects create a lot of excitement at launch time, but deliver little of tangible value for months thereafter. The momentum gained during the project launch needs to be sustained. Momentum is a function of two things: activity and delivery. A good rule of thumb is to ensure that meaningful, tangible deliverables are produced at least every 90 days.

#7: Make the investments of time and money

“Can you do it cheaper?” is a familiar challenge coming from senior management. Change does not come free. As the old saying goes, “You have to speculate to accumulate.”

“Can you do it quicker?” usually follows hard on the heels of “Can you do it cheaper?” Again, this is a perfectly valid question; however, there are limits. Taking adequate time to do it right is important – nowhere more so than with the first major implementation. If the first implementation fails, in all likelihood the project will never get to the second implementation. So – take extra time and over-manage the first rollout. The extra effort not only ensures that the implementation is a success; it also provides valuable lessons that can be leveraged to allow subsequent implementations to be accelerated at lower risk.

#8: Work organizational politics constantly

Just because a project has been approved does not mean that it won't be the subject of internal political attack thereafter. The smartest opponents of any initiative will read the writing on the wall as the project nears approval and go underground. Their resistance will appear to melt away. Watch out!

Organizational politics is pervasive. The most effective tool for combating political attacks is success. The more successful a project becomes, the more difficult it is to resist. Ensuring that project sponsors are active in blunting attacks allows the project team to focus on execution. A balanced and rational approach combines successful execution with constant communication.

Building evangelists at Bank of America

Upon taking the role of chief planning officer at Bank of America, one of my first tasks was to build a mechanism for building support for the changes we wanted to make across a very diverse organization. While I had the luxury of strong senior management commitment, that alone was not going to ensure broad support and, more important, advocacy of the changes to be made. The approach we adopted built on three very strong mechanisms that the bank already had in place.

1. Ken Lewis, the bank's chairman and CEO, was a strong advocate of Six Sigma, and these disciplines had embedded themselves in the company's culture.
2. Related to the Six Sigma tools and methods the bank has an established approach to evaluating the potential of different change efforts. No project or initiative will ever gain support or funding without clearly demonstrating that the "Voice of the Customer" has been sought and is a driving factor in an initiative's *raison d'être*.
3. In order to facilitate knowledge-sharing across the bank, a number of "Communities of Practice" had been established to allow individuals who shared common interests or roles to share knowledge and experience across functional and organizational boundaries.

The existence of these three vehicles allowed us to rapidly build a quantitative argument for change. Using the statistical tools that make up the Six Sigma tool kit, we were able to analyze and isolate the true drivers of forecast and budget inaccuracy as a vehicle for quantifying the impact of improving the processes. Voice of the Customer told us loud and clear that management across the board was supportive of change; and the Communities of Practice provided a broad forum to create a cadre of evangelists across the organization that combined enthusiasm for change with credibility among their peers.

#9: Be flexible, but don't compromise

One of the hardest balancing acts is to provide a degree of flexibility during a change program without compromising the end-objective. Mid-course corrections are always needed during implementation. No matter how good the up-front plan, it is impossible to define all steps in the process and anticipate all the events that will occur during any project. The key is not to lose sight of the program's overall goals and objectives.

#10: Don't let the techies take over

Technology has become an integral part of almost every project an organization undertakes. Frequently, it is the largest expenditure and the dominant activity on the critical path. However, that does not mean that every project should default to being a technology project. The business value of any technology investment is not measured in technical terms; it is measured in terms of a service level or value added provided to the business. Results are measured in terms of key business measures, such as increased revenue, reduced operating costs, enhanced customer satisfaction, and better decision making. Ensuring business ownership and accountability is essential if the projected business benefits are to be realized.

#11: Keep senior management informed and focused on the goals

Typically, the first bullet point on the list of critical success factors for any project is senior management commitment. Although support from senior executives in general and the project sponsor in particular is important, it has been overemphasized. It is the job of the project team to make change happen; it is the job of senior management to ease the path.

#12: Don't let the naysayers get you down

The most dangerous adversaries are those who at the first sign of trouble start to question the viability of the project or use the problems as excuses not to change. Addressing the concerns head-on is essential. Reinforce a can-do rather than can't-do attitude among the team. Fostering a problem-solving mindset that is constructive is the best way to blunt the attacks of the naysayers. Above all – do it with a smile!

Conclusion

Finally, there are two tests I always suggest you apply to any project with which you are involved. First, would you recommend the project to your best friend? Second, if the project were a ballot issue would you vote for it? If the answer to either question is “No” don't expect anyone else to buy into the change.

In the next paper we will discuss how world class performance management practices can directly enhance an organizations ability to manage business risk.



© Copyright IBM Corporation 2009

IBM Canada
3755 Riverside Drive
Ottawa, ON, Canada K1G 4K9

Produced in Canada
April 2009
All Rights Reserved.

About the IBM Cognos Innovation Center for Performance Management

The IBM Cognos Innovation Center is dedicated to transforming routine performance management practices into “next practices” that help cut costs, minimize risk, streamline processes, boost productivity, enable rapid response to opportunity, and increase management visibility.

Visit: <http://www.cognos.com/innovationcenter>

About IBM Cognos BI and Performance Management

IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

For further information or to reach a representative: www.ibm.com/cognos

Request a call

To request a call or to ask a question, go to www.ibm.com/cognos/contactus. An IBM Cognos representative will respond to your enquiry within two business days.

IBM, the IBM logo and ibm.com are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with a trademark symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the Web at “Copyright and trademark information” at www.ibm.com/legal/copytrade.shtml.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.

Any reference in this information to non-IBM Web sites are provided for convenience only and do not in any manner serve as an endorsement of those Web sites. The materials at those Web sites are not part of the materials for this IBM product and use of those Web sites is at your own risk.

IBM Cognos
Innovation Center
for Performance Management