

IBM WHITE GLOVE EVENTS

Moderator: Tim O'Brien
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Operator: Good day and welcome to today's Webcast BI Strategy, Bob Lewis Bare Bones Change Management, What You Shouldn't Not Do. Following the presentation, we'll have a short question and answer session. You can ask questions at any time during the presentation. Click the "ask a question" button, type your question in the open area and click "ask question" to submit. If you should need technical assistance, please type your inquiry into the tech support box on the left side of your screen and click the send button. For those dialed into the phone bridge, press star then the number zero. At this time, it is my pleasure to turn the Webcast over to your speaker, Mr. Tim O'Brien. Mr. O'Brien, you have the floor.

Tim O'Brien: Thank you and welcome everyone to this installment of the BI Strategy Webcast series brought to you on the fourth Tuesday of each month at 11 a.m. Eastern brought to you by the IBM innovation center for business analytics. Our featured topic today is Bare Bones Change Management What You Shouldn't Not Do brought to you by Robert Lewis from IT Catalysts, we're excited to have Robert Lewis here today presenting to you. He's got some great material to present and I think you'll all get a lot of value out of this Webcast.

This Webcast, as I mentioned, is being brought to you by the Innovation Center for Business Analytics. We are a membership based organization within IBM consisting of over 7,000 customers that are part of our global community consisting of third party thought leaders, respected subject matter experts in all practice areas within what we call this umbrella term business

analytics and that is practices like planning, budgeting and forecasting, strategy management, financial consolidation, financial analytics, reporting and analysis and all of this work that we do with our global community and our thought leaders produces a number of benefits that our community can leverage and, by the way, our community, as I mentioned, is a membership and that is, we simply just need to be a customer of IBM to be a member of our innovation center community. It produces a number of benefits that we make available to our global community and that is live workshops that we deliver literally around the country.

We also produce a number of different Webcasts, best practice based Webcasts, one of which you're participating in today. We've also got performance blueprints that are pre-built data models that we make available at no cost to our customers that are basically solutions packaged around a business process like head count and compensation planning, workforce planning along the functional lines or even capital project planning or even within specific industries like retail, we've got a store operations planning blueprint. We've got a merchandise planning blueprint. These are easily customizable.

They're a great jumpstart to your implementation and we work with a number of customers to develop each one so they incorporate all of the appropriate business practices and processes that most organizations would want included in this, a particular type of blueprint that we developed. We've also got a number of podcasts that we've got available from customers that have successfully deployed our solutions and we talk about the challenges these organizations faced in adopting our solutions, the cultural, political changes.

Also just on the model side, on the technical side, we get into that as well and so it's great for you to be able to hear these podcasts to leverage some of those lessons learned along the way. We've also got a monthly newsletter and calendar of events, an online community. We host the CABs as well, the customer advisory board meetings, that is, which gives you access to the product management and product development teams, a great way to influence future product direction and hear kind of why we did things the way we did to give you that insight that you can't get otherwise.

As you've heard, we do a lot of things that we make available to our community, live events, Webcasts, customer success stories, podcasts. We've got online communities and whatnot and we've just got a nice widget that you can deploy that brings this information to you so a great way to stay connected with the innovation center, really use their friendly and straight-forward for you to stay current with what's coming out of the innovation center.

I want to just remind you all, I'm sure you are all aware, but in case you're not, our big user's conference is coming up at the end of October in Las Vegas at the Mandalay Bay. It's the 24th through the 28th. It's called Business Analytics Forum and it's collocated with IBM's bigger Information on Demand conference. The great thing about this is that if you sign up for Business Analytics Forum and it is a standalone conference and some of you might know this conference as (inaudible), but it also gives you, when you sign up for Business Analytics Forum, you get a free pass into Information on Demand, and there's over 900 customer sessions, I believe 9,000 attendees so a lot of great insights and product information and customer networking that you can do at this conference.

So if you can, sign up for this, I think you'll find it a valuable use of your time. We'll make sure in our follow-up communication to you all that you get information on everything I've discussed so you can sign up for some of these things and certainly hope you can become a member of the innovation center for business analytics. Now, before I pass the microphone over to Bob Lewis, I just want to bring up a quick poll that we want to ask you all. In fact, this is probably a good time to, Erica, if you could pull up that poll now for everyone. This is probably a good time to introduce Bob and he can talk to this poll briefly and get started on the presentation. Bob, you have the floor.

Bob Lewis: Thank you Tim. Hello everybody. Before we get started, today's subject is business change management. We're being hosted by IBM's business intelligence division so let's connect the dots between the two. The question that we want to start with is when you think about what it's going to take to make business intelligence work in your company, and I'm not talking about

just getting the software installed and operational, but having it provide productive value.

The question to always ask yourself in any (inaudible) change is what are the likely sources of resistance so that you can plan what to do to deal with them. That is the subject of today's presentation. With that in mind, thinking about where likely resistance is going to come from, it's likely to come from line employees, folks who do the actual work in the company, lower and middle managers, executive management. Is it likely to come not from any particular group of people, but from structural (inaudible) within the organization or is there something that's not on the list.

If you could all quick vote what you think the single largest one is likely to be, so I'm looking at the results and it looks like, as everybody is voting, lower and middle managers win as the likely strongest source of resistance. As we go through the presentation, let's think a little bit about the BI implementation and anticipating this is a likely source of resistance, what would we be likely to do about it? With that in mind, let's get started.

If we can end that poll and get the presentation up, there we go. The title is Bare Bones Change Management, What You Shouldn't Not Do. The reason that this is the title is that the material that I'll be presenting today is taken from my new book, which just came out, of the same title which is a very practical look at what it takes to make change happen in the organization. Right now, if you'd like, if you are interested, you can get it on my Web site www.issurvivor.com. It will be available on amazon.com shortly and there's a Kindle version planned, but that won't be ready for a couple of months.

So let's get started. The, what we're going to talk about today is first, why business change is hard. It's hard for a variety of reasons, some of which may not be what you expect. We're going to talk about the difference between just getting projects finished and actually making business change happen. We're going to talk about the roles in business change and the different kinds of not just change resistance, but change resisters and then we'll talk about how to put a business change management program together.

Let's get started. First, why is business change hard? One of the common, I call it a myth, maybe that's not fair because that's assuming that I'm right, when we work in companies and we read some literature, one of the things that we've encountered over and over again is an expectation that employees don't resist, employees resist change because they're just not smart enough to understand that all change is good. That doesn't work.

One of the things that we've found over and over again is that when people resist change, it isn't because they're stupid, it's because they're smart. Employees resist change for sure, it's a very common thing that employees resist change, that's because when they do, they have an expectation that change isn't going to be good for them. Their expectation is that change in business is going to be, mean more work. It may make their work more difficult. It may mean that their learned skills are going to become obsolete.

There's a very common expectation of layoffs and there are a variety of other things that are considered negatives, particularly the reorganizations, which means that the boss that they've spent years training is now gone, they've got to train them a new boss. Lots of things could happen. Executives resist change, executives are very commonly a very strong source of change resistance because for them, they're close to the top so they have much further to fall than they have to rise.

Business change can be a very large risk for somebody who works at the executive level. Information technology organizations are frequent change resistors because IT environments are complex. There's a spider Web of interfaces, every change has a ripple effect that makes every change a major headache. Organizations as a whole resist change completely. Sometimes you hear this question, why won't they do as good for the company? The answer is pretty simple. Just because something is good for an organization doesn't mean that it's good for any person in the organization.

In order to understand where this comes from, let's start with this. Every organization starts at some current level of effectiveness and presumably, if the organization is profitable, that means that in some dimension of effectiveness, the organization is ahead of the industry and since it's ahead of

the industry, it's able to win customers, it's able to win business, it's able to sell its products and services at a profit. The problem in a competitive environment, of course, is that your competitors improve because they're not going to be satisfied losing business to you and so your competition gets better and at some point, the lines are going to cross, you'll lose competitiveness and at that point, you won't be able to sell your products and services at a profit anymore.

The first thing that a lot of organizations do is they put in some form of continuous improvement program to get better, to try to stay ahead of the industry and this is a very good thing to do. It's relatively non-disruptive in the organization and the problem with continuous improvement programs is that eventually they run out of gas. You just can't squeeze any more water out of the sponge, as it were. At some point, usually in order to stay ahead of the industry, you have to put in some kind of program of discontinuous change.

With a discontinuous change program, you have the opportunity to leapfrog your competitors and achieve dramatic levels of improvement. The challenge with them is that they take investment and that investment isn't only cash. A lot of that investment comes in the form of temporarily becoming less effective. You're taking an organization and the employees in an organization and management and executives, all of whom are competent at the old way of doing things. Now you're changing how we do things and that means that temporarily, everybody is going to be less effective than they used to be so that's part of the investment. That's quite disruptive, it's quite challenging and what it means is that organizations always have a choice.

That choice is am I going to hurt now or am I going to hurt later? Most people most of the time, given the choice between hurting now and hurting later will choose hurt later for all the obvious reasons. It may be executive bonuses are based on this year's results. It may just be I'm already exhausted. There are a wide variety of things that could lead to this. For one reason or another, discontinuous change programs hurt and that means that it takes leadership, it takes political dexterity, it takes a wide variety of techniques to get over the hump.

With that in mind, let's talk about what it takes to organize a change program because nothing about this is easy. Change is hard. If we take a change program, the basics are how are we going to do business differently and better? That may be in the supply (inaudible) processes, it may be in customer facing processes. One way or another, when you talk about improving how you're going to do things, you're going to improve probably one of these three. Just improving the process can't happen until you change the information technology.

We all know IT projects, not easy, rate of success isn't all that high. It's getting better, but it's still not enormous. That takes a lot of investment as well. That's not enough. You need to organize, manage and administer the change program so that requires program management and governance and then on top of the rest of it, you can do all of these well and if you don't lay the proper groundwork through a change management program, (inaudible) analysis involved in planning and all the rest of it, which is what we're going to be talking about later on in this presentation, the change that you've carefully engineered, that you've carefully designed new processes for, that you've carefully designed new information technology for will hit the organization and bounce off as if it never happened.

In the context of business intelligence, you can imagine quite easily that what you're trying to do is change an internal process, which is decision making, process optimization, whatever it is that you're trying to do with the business intelligence effort and if you don't lay the proper groundwork, the thing is the movie "Field of Dreams" was inspiring. You plot out a cornfield, you turn it into a baseball park and people magically show up to attend this thing. While "Field of Dreams" was a wonderful movie, it's not a terrific strategy for making business change happen. Business change is complicated.

Let's put this into context. You've got a current organization, this is how you do things right now as a status quo. Somewhere there's a problem or an opportunity. We all know, of course, there are no problems, only opportunities. I knew a company where the factory exploded. I'm pretty sure the plant manager didn't go into the board of directors and say "Ladies and gentlemen, we have a wonderful opportunity, the factory exploded."

Sometimes you actually have problems. Whether it's a problem, opportunity or both, the first thing you have to do is design a solution. You have a number of resources for this. These are disciplines like Lean, Six Sigma, the theory of constraints, whatever it is that you use to develop a new way of doing things is different and better from the one that you had. So that's your design.

You also need a plan. The plan is how are, what are the actual tasks that you're going to undertake to implement that solution and that's really a matter of project management. I have a book "Bare Bones Project (inaudible) approach you can go to the project management institute and adopt the PMI methodology. There's prints too.

There are a wide variety of project management methodologies that will help you push change into the organization. If all you do is push the change into the organization, the organization is going to push back. That's where business change management comes in. Business change management is what you do at a minimized resistance. Maximize acceptance or enthusiasm for the change so that the organization will pull it in and that's how you get to a changed organization.

This next slide is, I'm not going to spend a lot of time on, just to give you some guidance. There is a myth that there is such a thing as an IT project. If you have an IT project, all you're doing is technology. You push the technology in and hope somebody is going to use it. There's traditional reengineering where you redesign the process, you redesign the technology to adopt the process in a very kind of waterfall way.

This can work, the challenge is that if you make any mistakes, you have a very long feedback loop, which means fixing a mistake can be quite expensive or you can take a more iterative approach where every step of the way, you have opportunities for piloting, for prototyping, for course corrections so that your feedback loops are shorter and the cost of fixing mistakes are less. One way or another, actually engineering the business change, you have to take (inaudible) the human beings involved, their roles and skills, the processes that they use to get the work done, the tools that they use in order to undertake the process effectively.

Strategic change, more complicated than that. I'm going to spend no time at all on this slide other than to show you real quickly that there are in fact ten different organizational dimensions to take into account when you're undertaking a major strategic change, five internal, people, process, technology, structure and culture and five external factors which are products, customers, pricing, the marketplace and your messages. All these have to line up consistently and you need to know which ones are the centerpiece when you're undertaking strategic change.

Strategic change is not for the faint of heart, it's a high risk, high opportunity endeavor that takes a whole lot of time and attention. Whether or not you're change is big or small, you need some kind of process for translating strategic intent into a design and the plan. Your strategic intent, from that you infer your goals and success factors, from that you figure out what key process will be affected. From that, you figure out what new capabilities you'll need in order to make new processes happen because if you already could, assuming that you (inaudible) already figured it out. If you expect your processes to get better, almost certainly you need to bring the capabilities in to make that happen. Then, once you understand the new capabilities that you're going to need, you can figure out an implementation program. The way the implementation program works is in reverse. You build the new capabilities, you use those to improve the processes, use those to achieve your goals, use those to achieve your strategic intent.

So, next topic, what's the difference between managing projects and changing the business? If what your focus is on is project completion, you're going to focus on the tasks and getting them done. Business change doesn't happen without a strong attention to relationships. With bad relationships, nothing happens effectively so if you take the kind of bulldozer approach to project management, as we break through walls to get our projects done, one of the challenges of breaking through those walls is then the walls are down. Since a lot of those walls are other people in the organization, (inaudible) your chance of achieving your business change is less because of the tactics that you undertook to get the project done. Project completion is about what we agree to do. Project management methodologies tend to be sort of contractual in

nature. You've got scope, you've got budget, you've got schedule, it's the magic triangle. As long as you achieve the magic triangle, your project completes, we've fulfilled our end of the contract.

Business change is about what the business needs. It's a far more, it's a far deeper question. When you're running a project, the question you're always asking is "what can we do to improve the chance of success." Success is defined here by that magic triangle, scope, budget and schedule. When your focus is on a successful business change, you ask "what do we need to do to help employees through the change." Anybody who's ever been involved in defense contracts or just knows the gag, the question is "oh, you wanted wings on that plane." If you're managing a project, there's a rule, no (inaudible). So, too bad, wings will be in airplane 2.0.

If your focus is on business change, if you're in the middle of a project and you recognize that you forgot the wings, as project manager, if you're the project manager, you're the one who brings it up because if it's not going to fly, what's the point? So business change management isn't an alternative to project management, it's another layer that you have to undertake if you want to go beyond just delivering the products and actually achieve the business benefits as the point of it all.

There are four major roles and this is really as much vocabulary as anything else, just know these are the folks you need to pay attention to. The first one I think by now everybody understands, if there's no sponsor, there's no project, there's no change. Somebody at a high enough level to have the proper authority has to be there to evangelize the goals, commit the resources, remove obstacles and otherwise (inaudible) at a high enough executive level to make it happen.

Change drivers, those are the program project managers, these are the folks who provide day-to-day leadership for the change. There are participants, these are the folks on the project teams. They do the heavy lifting of the change. Then there are the victims, which is the honest (inaudible) performers, employees and users. The reason they call them the victims is no matter how brilliant your new process design, no matter how outstanding the

information technology, your changing from something that everybody knew how to do to something that nobody knows will work until you try it.

Everything about the change is a hypothesis until you put it to the test. Whatever got left out by accident or oversight, these are the folks who have to figure out how to make it work anyway. These are the folks who probably are going to experience the hardship. A lot of what we're going to talk about, one piece of the puzzle is called the involvement plan. That's how to make sure these folks aren't victims, that they're actual participants so that's a key piece of this.

Among the performers, the victims, there are three ways that they can respond. There are supporters, these are the folks who will naturally support the change because they think it's a great idea and probably good for them. There are resisters, these are folks, the name should make this obvious, who aren't going to be real happy about it and who will probably take steps to try and make it fail.

Then there's the large majority, these are acceptors. These are the folks who won't actively support you, they won't actively resist you, they're in the middle and their response is going to depend on the actions you take. So let's talk about how to deal with supporters first.

First, where do you find them? Because if you don't know where to look for them, you won't find them, you won't be able to support them. Executive managers, these are the folks who are ambitious. They see change as an opportunity and a very important piece, these are folks who don't have a stake in the way you're doing things how. That frees them (inaudible) of achieving things. Among performers, also look for folks who are ambitious.

A place you may not think about looking, look for the chronic complainers. Some chronic complainers are chronic complainers because for them, complaining is just an entertaining source of conversation. These aren't the folks I'm talking about. Those folks (inaudible) but there's another class of complainers who are griping because they're frustrated because they can see there are better ways of doing things that the organization isn't undertaking.

It's a great idea to take these folks and give them some opportunities to make the change happen, to put their money where their mouth is, as it were.

By the way, performers, you're looking for your best performers. These are the ones who are confident in their ability to adapt. This is where you're likely to find change supporters. When you find them, involve them. Very important, give them leadership roles. Their leadership is far more creditable than yours in most circumstances. Compliment them, promote them and by the way, supporting a business change can be a very lonely place so introduce them to each other. That way they don't feel (inaudible) and that may seem like a small thing, it's actually quite, quite significant.

The key to your success, resistors, these are kind of the inverse of supporters so look for executives and managers likely to lose influence or lose prestige or whatever, who are going to be losers because of the change. Very significant, whoever tells you over and over again about the wonderful effect that they undertook to install whatever it is that's going to be replaced, they're likely to resist it because what you're doing is you're retiring their creation and that's going to hurt. Another place to look, it's not always made clear, change is politics. Change is a highly political thing because whenever you've got two people in a room, you've got two different opinions about what has to happen and have to find a way to move forward anyway.

All changes are political. Somebody is a friend or ally with a resistor. They may resist the change not because they personally see any problem with it, but because that's part of their cluster of alliances, so their internal network. Look for targets, performers, victims who see their old skills as a key part of their value. Those of you who are in IT and remember when object oriented technology started to replace cobalt, batch cobalt programmers didn't love this. They had spent a lot of time learning how to program batch cobalt and a lot of that skill became worthless as the new way of doing things replaced the old way of doing things.

Look for folks who take pride in the skills they spent a great deal of time acquiring who are going to find those skills less important or unimportant. They are almost certain to resist the change and if they're insecure about their

ability to adapt, they're certain to support the change. Then of course, there are people who are just plain troublemakers. If you like acronyms, you can call them JPT's. I may even remember to do that. Anybody who is just a plain troublemaker will be a troublemaker now also.

When you identify a change resistor, what can you do? The best (inaudible) do is coopt them. If you can get them somehow or other to decide that this change is a good idea and support it, there is no more powerful point of persuasion for everybody else than somebody who used to speak against the change and is now a supporter. If you can't, paint them into a corner where even if they actually are a resistor, they can't publicly resist for some reason. Isolate them, put them in a position where they are, everybody understands you probably shouldn't go near them. Move them aside, lay them off. This may seem unpleasant, it's not pretty, it's still worth understanding.

Change resisters aren't bad people. Resisting the change doesn't make somebody a bad person. You might remember that in World War II, we called the good guys the resistance. It was the folks who were promoting change in Europe were the bad guys. Resisting change doesn't make you a bad person, but what it does make you is somebody on the other side of the issue, what makes them is somebody on the other side of the issue from you. You've got to figure out what to do to deal with them because if you just leave them in place, they can derail things in any number of fashions so be alert for them, identify and figure out what you're going to do.

(Inaudible).

Male: Hey Bob.

Bob Lewis: Yes.

Male: If you have a headset on, and I'm not sure if you do, but it is breaking up a little bit.

Bob Lewis: OK.

Male: It's still coming through mostly clear, but just sorry to interject, but if you have a headset on, you might want to detach it.

Bob Lewis: I'm actually speaking directly into the headset.

Male: OK, no problem, we can still hear you fine. Carry on, sorry about that.

Bob Lewis: OK, thanks for letting me know. I'll try and speak up a little bit too.

OK, change acceptors, one of the things to understand about change of any kind is that it results in a grieving process because even if you like what the final result is going to look like, you're giving up something. Whether its relationships or skills or just the comfort of knowing what's going on, there's a sense of loss attached to that. Everybody knows there are five stages of grief, denial, anger, anger, anger and more anger. You have to help people through this. Make acceptors aware of it. Make managers aware that their employees are going to be going (inaudible). One thing you have to do is help people through the process.

Another key thing about acceptors is they require leadership, they respond to leadership, but the question is where are they going to get the leadership? They can get it from change supporters, they can get it from change resisters, they can get it from you. One of the sad things about some business change is that the leadership never shows up. The products show up, but the leadership that's required to encourage acceptors to in fact embrace the change somehow doesn't happen, possibly because of prairie chickens.

Prairie chickens matter, I'll try and keep the story short, way back when (inaudible) was young and I was studying animal behavior, one of my colleagues studied prairie chickens. Prairie chickens, every spring, the males concentrate in a small area and carve out little territories in sort of concentric rings and then segments within the rings. Males in the middle are the ones who attract the most females, which is very important if you happen to be a male prairie chicken. Everybody assumes that the meanest, baddest prairie chickens were the ones who got the center territories and attract the most females. My friend, Henry McDermott, studied these things for five years. If you can imagine, by the way, five years in (inaudible) in a cold spring day in

North (inaudible) with binoculars, you'll either admire the guy or just pity him.

By the way, Henry discovered by tracking these things that it wasn't the meanest, baddest prairie chickens who got the territories, it was the survivors. It was a seniority system. It turns out that whoever didn't die of disease or get eaten by predators eventually kind of drifted to the middle. One of the things to understand in a lot of business organizations is that the people at the top are more like prairie chickens than anything else, if they didn't die of badly chosen risks or get eaten by organizational predators, they've actually kind of drifted up.

What that means is that because supporting a change before you're sure it's going to work is risky. A lot of folks who ought to be providing leadership in fact try and stay as neutral as they can until the risk goes away. Leadership can be hard to find sometimes. One of your roles, depending on where you sit in the organization, and this is why sponsorship is so important, is to find it where it can come from or provide it yourself.

All right, we're ready, so what does an actual business change management plan look like? It starts with understanding the plan change itself, what's going to change in the organization. If that isn't clear, if you don't have the design, nothing else can happen. Once you understand that, you can establish your actual change goals and change targets, what processes are going to change, what about them is going to improve, maybe how much do you want it to improve. So everybody can clearly understand, here is what's going to be better in the organization as a result of the change.

When that's clear, you can identify the new roles, skills and behaviors that employees, managers and executives are going to need to be successful in the new environment and once that's all defined, you're ready for the first step in the change management plan itself, which is called the stakeholder analysis. Stakeholder analysis is, as the name implies, this is understanding everybody who might have a stake in the change, might be affected by the change, and can influence the change's success and understanding what their dynamics

are, what it is that might cause them to accept or repel the change and developing tactics and strategies, what are you going to do about it?

The next thing to do is called the involvement plan. The point of involvement plan is, and we'll dig into this in more detail, one of the most powerful tactics that you have for minimized existence is to get people involved in the change, some of the change doesn't happen to them, it happens with them. That's what the involvement plan is about.

Metrics, a couple of months ago we spent a great deal of time on metrics so I'm not going to spend much more now. Metrics, in this context, are a matter of knowing whether or not it's working or not. If you can't tell whether you're being successful, it's really hard to know what to do. Once you understand all of this, you also need to look at organizational structure. Organizational structures are a fascinating source of potential resistance to change. It's all of the things that preserve the status quo and cause change to bounce off the organization independent of any employee in the organization.

Training, if people aren't confident in their ability to succeed the new way, they're far more likely to insist on staying, continuing to do things the old way.

Culture, culture is a discipline all by itself. We can spend hours on culture. Culture is the self-reinforcing patterns of how people respond to different situations and very often, a business change depends on a culture change.

Then finally, all of these require effective communication or its going to happen in a vacuum and nobody is going to know that your change management plan exists.

Stakeholder analysis, you need to know who you're dealing with. Involvement plan, lack of involvement breeds apathy at best. Metrics, you need to know how well it's working. Structure, the entire business is designed to maintain a status quo. Culture change is sort of self-explanatory. Training plan to prevent insecurity and the communications plan because people have questions, they're going to get their answers from somebody.

Let's dig into this just a little bit more. Stakeholder analysis, how do you go about it? First step, identify the major stakeholders and stakeholder groups. Typically, the higher up somebody is in the organization, the more likely you are to deal with them as an individual. The lower in the organization, you're more likely to interact with them as a class of employee. Whatever the stakeholder groups, whether it's the CEO, whether it's a middle manager in an operational area, whether it's a group of employees, know who they are and whether they're likely to be a resistor or a supporter based on the dynamics of the change itself and, by the way, also how much impact they could have on the change. If somebody is likely to resist it and the resistance doesn't matter, it's a whole different situation than if they can derail things.

Figure out, largely through empathy, through knowing the people personally, you can usually figure out what it is about this change that is likely to cause this individual or group to, either to resist the change or if they're currently a supporter, what might change them into a resistor or vice versa. That's when you're ready to develop resistive engagement strategies, what are you going to do about this person? If they're a supporter, what are you going to do to make sure they remain a supporter? If they are an acceptor, what you're going to do to try and increase the level of support. If they're a resistor, what are you going to do about the resistance?

The specifics of that, there's a whole lot to say about that and if you'll forgive it sounding like I'm trying to show this, one of the reasons I wrote a book is there's a whole lot more that can be said about this than I could cover in this kind of forum. For now, the thing to understand, you have to think through one stakeholder individual or group at a time, where they're going to stand in the change, and what you're going to do about it so that you've got an actual planned strategy.

One point about the stakeholder analysis, if you do write all of this down, you probably will just have to keep track of it, this is as sensitive a document as you're likely to create because your perception that an individual may be a resistor and why may not be a very flattering account of that individual. They may not take it well, you really don't want this to become a public document.

A very small inner circle should perform the stakeholder analysis and it should be kept intensely private.

Next, involvement plan, think about involvement as this, the entire world is divided into two kinds of people. The entire world is divided into Peter Jackson and Roger Ebert. Peter Jackson makes movies, Roger Ebert criticizes movies and anybody who isn't on the cast and crew (inaudible) so if you think about "Lord of the Rings," (inaudible) entire nation of New Zealand, there isn't one person in New Zealand who didn't work on "Lord of the Rings" and every single one of them, I'm sure, thinks it's the best movie ever made, or three movies ever made because it's their movie. If it's their movie, it's a great movie.

Now, Roger Ebert was quite a lot more skeptical. He didn't work on the movie. His job was to find flaws in it, so he's a professional fault finder. Nothing against Roger Ebert, it's an important role to play. Roger Ebert once tried to make a movie, "Beyond the Valley of the Dolls" it was and it's on most people's list of the 10 worst movies ever made. They're different roles.

If you want somebody to be a supporter, one of the key things to do is involve them so that for them, it's my change, it's our change, it's not their change is happening to me. One of the ways to go about this is to plan involvement. The way you do this is take the important tasks and decisions of a project and try and lay it out so that every stakeholder group performs at least one set of tasks, has the authority to make at least one major sort of decision. If not that, although it's a little dangerous, they could be an approver. The reason approver is dangerous is approver is pretty close to critic.

If you can't give somebody a decision to make, at least consult them with the decision and then there's some groups where whatever else you do, you keep them informed so that they aren't caught by surprise later. The worst thing you could do is take major decisions in a change, make them in private, wrap them up in a package, put wrapping paper and a bow on it and give it to somebody as a gift. That may seem like a delightful thing to do, but in fact, it violates the no surprise rule that's a bad thing. It's not enough, by the way, to just involve people. People need to understand you've involved them.

Strange as it may seem, people may forget that you asked their opinion and then took it into account in your designs.

Metrics, just a reminder, all good metrics connected to important goals are consistent. They always go one way when it's good and the other way when it's bad. They're calibrated so whoever takes the measure, you get the same result. They're complete, they're communicated, they're current. There's a lot to be said about metrics from the perspective of change management. The key thing is, you need to know when you're succeeding.

Structure, structure is something that often gets missed in planning business change. This is a key point. Change resistance isn't always a matter of people resisting the change. Sometimes it's the organization is built to resist change. Whenever you're making a change, depending on how large the change is, what its scope is, you need to take a fresh look at the organizing strategy for the part of the organization that's affected and maybe change that.

You sometimes need to reorganize, change reporting relationships, realign or reorganize. Facilities can have a surprising impact. The physical nature of the workspace, whether people are in offices, cubicles with low walls, cubicles with high walls, open areas, if they're teleworkers, this can have a major impact on whether the facilities themselves facilitate a work style that encourages the change or gets in the way.

Governance, how the organization makes decisions, big, big deal, especially if your change depends on formal decision making and you have an organization where most important decisions are made in hallway conversations, you've got to pay attention to that.

Finally, compensation, compensation is the company's loudest voice about what it actually values and if the compensation is at odds with the changes you have in mind, change is going to bounce off the organization as if it never showed up. All of these, by the way, stabilize in a particular configuration so if you ignore these, it's almost certain that your change has no chance of success.

Training, this is real basic. If you don't train, you don't succeed. Build it in, don't make it an afterthought. Very often, you're going to be changing career paths because you're redefining everybody's roles. Everybody knows its (training) just-in-time and it doesn't just happen in the classroom. I don't know why, I think a lot of people understand, when the budget gets tight, when the schedule gets tight, training is what gives along with testing, by the way. It's the last thing that you should give way on.

Something to keep in mind, by the way, performers need to be trained in the process, the context. Here's one that sometimes gets missed. Train people on the brand. The brand is the expectations customers have as to what it will be like to do business with your company. If employees don't understand what that expectation is and their role in delivering on that expectation, you've missed a real opportunity to make your brand work. It isn't enough, by the way, to train people in what the new way of doing things is, you've got to get from here to there, you should have a transition plan and train people in that.

We talked about these stages of grief. There's stress associated with the change, especially for managers. Give them some training in how to help their employees cope with the change.

Lastly, there are a lot of other stakeholders who can accidentally subvert the change. Make them aware of what's expected of them so that they're supporting it as well.

Culture, OK, I'm going to try and keep culture short because culture could go on a long, long time. Culture is very, very important. It's very, very tricky. Learned behavior people exhibit in response to their environment and a lot of their environment is the behavior of the colleagues so this is a self-reinforcing loop. It's the learned behavior people exhibit in response to the learned behavior people exhibit in response to the learned behavior people exhibit because the way I behave towards you depends in part on your expectation of how I'm going to behave in any particular situation.

So culture change is very, very tricky. It depends on changing leader behavior. It often requires changes to the physical environment. It can

depend on changes in the communication environment. The key thing is, you need to take account of whether the current culture will support the change, be neutral for the change, or interfere with the change. If it's going to interfere with the change, figure out what you're going to do about it.

I'm going to skip the details right now. This will be available in recorded form so you can look at the slides more carefully. What I want to emphasize right now is that culture change, like every other part of the organization, is something that you should (inaudible), not leave to chance. In the book, I provide some specifics on that.

Finally, there's communication. Communications includes organizational listening because you've got to know what's going on out there. You need to know what the buzz is. You need to know what people are saying about the change so that you know something is simmering that you need to respond to.

Keep everybody informed. There is no fear worse than uncertainty because uncertainty leads to conclusions that are worse than anything that's really going to happen. Keep people informed as best you can.

There's persuasion. Persuasion is helping people buy into the change and so you need to use persuasion, reinforce what you have, take acceptors and help persuade them to become resisters and use it. Resisters aren't going to become non-resisters, but you can at least perhaps turn down the noise.

Finally, there's facilitation because very often in change, the key thing is making sure that people who ought to be talking to each other in fact do talk to each other and especially in organizations that have formed, we all know the word organizational silos, I don't really understand the term because why we're stowing corn in parts of the organization is beyond me, but you all know what the term means. If you're in an organization that is broken down into rival silos, there's a pretty good chance that change, people who really need to be working together and collaborating in fact aren't going to even pick up the phone or send each other an e-mail. So facilitation means making sure people who ought to talk to each other in fact do talk to each other.

Product communications, establishing the key messages, one of the things you want to make sure of is that everybody who is promoting this change has a similar story to tell. This doesn't mean slavishly memorizing the exact phrasing of a change mission statement or something. What it means is making sure everybody understands the same way so they can explain it the same way.

Good format for this is problem solution plan. Problem solution plan means you start by explaining why the status quo is unsatisfactory, why the change is important. One of the rules of this is, you solve the problem not the solution. Nobody is going to buy a solution if they don't think that what it's a solution to really matters and has to get done. If somebody buys into the problem, you can have a productive conversation about the solution. (Inaudible) involvement plan, you can involve people in developing the solution once they agree there's a problem.

Then the plan, because if somebody isn't confident that you can actually get from here to there, then they're going to duck away from the change because they'll never believe it will succeed. So those are the key messages and then you can create a (inaudible) plan where you identify your audiences using the stakeholder analysis, figure out the key issues for each audience, figure out when you're going to communicate with them and then you craft messages that are tailored to the audience, not because you're going to tell conflicting stories to different groups and hope they don't compare notes, but because different groups care about different things. To tell them about what matters to you is less powerful than if you tell them about what matters to them.

Then, of course, we have a form, a planning template for that too. The planning template is not important, it's really there just to help guide you through the thought process of whatever is going on, what the audience is, what their issues are, what the triggering event is going to be for communicating, what you want out of the communication, whether it's a document, whether it's an agenda topic, (inaudible) you're going to put this together and so forth and so on.

You need a plan and then, one last thing about this, communication in particular is something that will never happen because it occurs to you, or as a matter of courtesy. Communication tasks need to get built into the project plan so that they are tasks with a start date and end date and a name on them so that they actually happen. Everything we talked about in the change management plan should be built into the project plan because it just won't happen otherwise. Everybody is going to be fully engaged without it if it isn't built in.

With that in mind, just a reminder, here's what change management looks like. You need to know what the change looks like, you need to know what your goals and targets are for the change, what roles, skills and behaviors are going to be required and then you can perform your stakeholder analysis, involvement plan, metrics plan, structure plan, training plan, culture plan and communications plan.

That's the bare bones version. So with that, I think we have an exit poll. If we can bring that up, the exit poll, realize this is a very fast look at a very complex subject. Take a look, based on what you saw today, if you think about a typical organizational change, using these techniques, what do you think your chances are going to be? If you'd just take a quick look, I'm interested. So, a lot of you think that using these techniques, nothing is going to eliminate the risks, but it will certainly cut the risks by a lot, so I'm delighted to hear that.

We don't have a lot of time left, do we have any questions?

Male: Hi Bob, we do have a question and that question is changes should usually come from the top down, when the lower level sees needs for change and they are willing to champion the change, how do they sell their intentions to upper management in order to change, in order for the change to appear that its coming from the top?

Bob Lewis: There's a great question. This is also known in project management circles as shopping for a sponsor and that's a challenge. If you've got to shop for a sponsor, it means that nobody actually wants it to happen. This is one of

those self-answering questions in the sense that how do you sell it? The way you sell anything is, it goes back to those key messages, problem solution plan. You sell the problem and not the solution. (Inaudible) say "I think we ought to spend more time on Facebook." That's selling the solution.

You say "more and more of our customers are getting more of their information about us on Facebook, through Facebook conversations and so forth, if we're not there, we won't even know what's being said about it. If we are there, we can participate." That's selling the problem, the problem then being customers are talking about us and we don't know about it. That's the short version, you sell the problem to whoever is going to care about it the most and probably, although it's subtle, you need to be subtle about this, here is a great motivator for this sort of thing.

Greed is a pretty close second, but fear is a really good motivator. We're going to lose business because our customers are going to badmouth us and we won't be there to respond because we don't know what's happening. That's the shortest answer I can give you. The longer answer is quite a lot longer. One thing I will say, be very, very alert to the problem sponsor in name only. The people who have the title of sponsor, but won't stick their neck out even an inch in support of the change, that's a bad thing. Do everything that you can to avoid that and whoever is your sponsor is the sponsor in reality.

Anything else before we wrap up?

Male:

I think Bob just making a point based on what you said is that this is not the type of initiative, a change management initiative where you can take it on by yourself, that maybe the first step is you've got to build an attempt at coalition because if it's just yourself taking it on, it seems like it's something that's destined to fail or just die on the vine because of other competing priorities. Is that, in your opinion, based on what we've heard today, in your learnings working with organizations to adopt change management, is that what you noticed to be the case?

Bob Lewis: That's absolutely the case. I said this earlier, the word politics has unfortunately taken on this sense that it comes from the poly, which means many and tic (inaudible) creatures. Politics is the art of finding a way forward when you've got conflicting opinions and it's an art, a very valuable art. When you have a change that has to happen, it isn't the, there's an old joke about a guy who had a dog with no legs and every morning he had to take it out for a drag, you can't afford to be dragging the organization along so successful change is all about building a coalition of folks who buy into this, who buy into your leadership, who buy into the importance of the change, support it and encourage other people to make things work the new way.

Without that, all you're going to do is create a huge, even if you pushed the change in and you ram it home with a big sledgehammer, you're going to create so much apathy that becoming more effective than you were doing things the old way would be almost impossible. This is about building coalitions, building networks of supporters who will help the organization through it, both with formal project tasks and informally by making acceptance and support socially OK in the enterprise.

Male: OK. That's great, thank you Bob.

Bob Lewis: My pleasure.

Male: Bob, did you provide, if you did not provide everyone contact information for yourself, reaching yourself then we'll certainly include it in the follow-up, but certainly everyone can go out to itcatalysts.com and I assume there Bob, you've got contact information, information about your book, books I should say, and the forthcoming one, when is that being released Bob?

Bob Lewis: This one is available now on issurvivor.com, which is my publishing site, and it will be available on Amazon as soon as they decide to make it available. Amazon is kind of unpredictable in that respect, but they have the book so just whenever they decide to show it on the page.

Male: Super, well Bob, we appreciate you presenting today. As we know in implementing a business solution, there's the people, there's the process and there's the technology, obviously you've got to get the technology right. More

importantly, it's the people and the process and that's exactly what you were talking about today and in the previous two Webcasts. Everyone, if you want to listen to the two earlier Webcasts in this series, you can simply go to ibm.com/cognos/innovation-center, otherwise, we'll make sure to include information on these things in our follow up communication to you. Thank you for your time and enjoy the rest of your day.

Operator: This concludes today's presentation. You may now disconnect.

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