BEST PRACTICES IN CHANGE MANAGEMENT

2016 EDITION
Executive Summary
Continuing to lead the discipline through research with real change leaders

Study purpose:
To uncover lessons learned from practitioners and consultants, so that current change management teams can benefit from these experiences. Emphasis is placed on what is working and what is not, in all areas of change management.

The 2016 report also presents emerging trends in change management, identifies changes that have occurred and describes the future direction of the discipline.

"Whether you study specific topics as a learning exercise, use the book as a reference or rely on the tools and processes derived from the results, I trust that you will find insights that make your change management more effective, your projects more successful through better adoption and usage, and your organization more adept at managing its portfolios of change."

Allison Seabeck, Prosci President
Prosci’s 2016 edition of *Best Practices in Change Management* is divided into four main parts, making the insights and direction easier to navigate and access.

Within each part, you will discover chapters, sections and findings you can apply in your change approach to increase the likelihood of delivering desirable change outcomes.

**PART ONE: Current State of Change Management**
- Insights
- Trends
- Organizational Change Capability

**PART TWO: Change Management Application**
- Motivation and Justification
- Effectiveness and Measurement
- Methodology
- Budget, Resources, Team Structure
- Change Management Activities
- PM and CM Integration

**PART THREE: Roles in Change Management**
- Sponsorship
- Managers and Supervisors
- Change Agent Networks
- Consultants
- Complementary Roles

**PART FOUR: Adapting and Aligning Change Management**
- Culture and Change Management
- Customizing CM by Industry
- Aligning CM with Specific Approaches
- Managing Complex Changes
- Saturation and Portfolio Management
PART ONE: CURRENT STATE OF CHANGE MANAGEMENT

CHAPTER 1: INSIGHTS
Foundational findings in change management benchmarking research

CHAPTER 2: TRENDS
What is happening at the forefront of a maturing discipline and how it is evolving

CHAPTER 3: ORGANIZATIONAL CHANGE CAPABILITY
Move past a project-by-project approach toward building change capability

To begin, we focus on the key obstacles faced by current change management practitioners around the globe and the tools they use to overcome these challenges. Next, participants identified the changes they expect to see in the discipline within the next 2-5 years, we report the trends they are observing.

This part concludes with participants describing how they deployed change management capability projects within their respective organizations and how they might alter or improve deployment of change management capabilities.
Change management is a success enabler

Research on thousands of initiatives shows a direct correlation between how well the people side of change is managed (change management) and how successful the effort is.

Projects with improved change management had increased likelihood of meeting objectives, finishing on time and finishing on budget.

Percent of study participants who met or exceeded objectives

<table>
<thead>
<tr>
<th>Effectiveness Level</th>
<th>Percent of Participants</th>
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<tbody>
<tr>
<td>Poor</td>
<td>15%</td>
</tr>
<tr>
<td>Fair</td>
<td>44%</td>
</tr>
<tr>
<td>Good</td>
<td>76%</td>
</tr>
<tr>
<td>Excellent</td>
<td>94%</td>
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6x increased likelihood of meeting objectives
This part focuses on the tools, techniques and methodologies used by change management practitioners to effectively implement change projects, specifically:

- Techniques for justifying change management within your organization
- Measurements of correlation between project success and change management effectiveness
- Strategies for applying change management methodologies
SPONSORSHIP CORRELATES WITH PROJECT SUCCESS

Better sponsorship = better results

Analysis of data from the 2016 research report shows a direct correlation between the effectiveness of sponsorship and the likelihood of meeting project objectives.

Percent of projects that met or exceeded objectives based on sponsor effectiveness:

- Very ineffective sponsors: 29%
- Ineffective sponsors: 42%
- Moderately effective sponsors: 54%
- Extremely effective sponsors: 72%

RESEARCH INSIGHT
PART THREE: ROLES IN CHANGE MANAGEMENT

CHAPTER 10: SPONSORSHIP
Active and visible sponsorship is the single greatest contributor to success

CHAPTER 11: MANAGERS AND SUPERVISORS
Managers and supervisors legitimize the changes impacting the teams they lead

CHAPTER 12: CHANGE AGENT NETWORK
Extend project support and credibility through an engaged group of advocates

CHAPTER 13: CONSULTANTS
Strategically leverage experienced change professionals to drive change performance

CHAPTER 14: COMPLEMENTARY ROLES
Collaborate with internal support functions to enhance change management outcomes

Part three explores the different roles that are present during a change project and the various ways in which they can aid change management as well as be affected.

Participants identified the most critical functions for each role as well as the potential challenges that can arise specific to each role.
Active and visible sponsorship is key to success

In each of Prosci’s nine benchmarking studies, change leaders commented on the greatest contributor to success. 9 out of 9 times, effective sponsorship was identified as the top contributor to success. And, it wasn’t even close – sponsorship beat out the second top contributor by a 3:1 margin.

Top contributors to success:

1. Active and visible executive sponsorship
2. Structured change management approach
3. Dedicated change management resources
4. Integration and engagement with project management
5. Employee engagement and participation
6. Frequent and open communication
7. Engagement with middle managers
Part four discusses the many ways in which change management can be - and in many cases must be - adapted and tailored to a specific organizational setting. Cultural context, industry setting and organization-wide goals are all factors that influence change management.

This part gives insight into how current change management practitioners adapt and change their techniques in order to effectively manage change in all different organizational and cultural settings.
Cultural awareness can have an extremely important impact on change management

Culture is crucial, and the better we understand our culture the more effective we can be at implementing change.

**Importance of cultural awareness**

- Not important: 1%
- Slightly important: 5%
- Neutral: 4%
- Important: 34%
- Very important: 56%

Analysis from Prosci’s 2016 research report shows that not only is culture important, but there were four specific ways that cultural awareness influenced change management practices and approaches:

1. Opportunities for customization
2. Cultural-specific adaptations
3. Avoid cultural-specific obstacles
4. Communication needs to be thought through
UNCOVERING NEW INSIGHTS ON EMERGING TOPICS AND ISSUES

In each study, Prosci explores topics and issues facing change leaders - 2016 is no exception

Since 1998, each of the nine benchmarking studies have enabled Prosci to expand and deepen the discipline of change management by focusing new questions and sections on the areas where practitioners are looking for research and direction.

The 2016 research report includes the following emerging topics:

- Culture
- Change Agent Networks
- Vertical Industry Customization
- Complementary Roles

2015
- Culture
- Global awareness
- Complementary roles
- Change agent networks
- Vertical industry customization
- Justifying CM

2013
- Job roles and locations
- Advice for new practitioners
- Complex change
- Aligning CM with other disciplines

2011
- Measurement and metrics
- Integrating CM and PM

2009
- Readiness
- Trends in CM

2007
- Reinforcement and sustainment
- Saturation and portfolio management
- Organizational change capability

2005
- Team member attributes
- Resources and budgets
- Resistance management

2003
- Manager role

2000
- Greatest contributors
- Biggest obstacles
- Methodology
- Sponsorship

1998
- Communications
- Training
CULTURE

Prosci took a unique approach to studying culture in the 2016 report. Research focused on answering the question:

_How can I create more successful, positive change by understanding and adapting within the cultures I work?_

We began by identifying six culture dimensions that have the greatest impact on how changes come to life in an organization, drawing from the works of GLOBE, Hofstede and Trompenaar.

Next, study participants provided three data points for each of the six cultural dimensions being studied:

_Where do you fit on the cultural spectrum?_
_What specific challenges does this create in times of change?_
_What specific adaptations do you make because of this?_

The resulting analysis provides change practitioners with concrete, specific adaptations to make given the culture of their organization or the groups they are engaging.
Leveraging networks to drive change

While change agent networks are talked about all the time, there was little research to support how they were being leveraged. Prosci studied the change agent network in significant depth.

Our findings explore:

- Definition of the change agent network
- Reasons to use a change agent network
- Building a change agent network
- Criteria for selecting members
- Change agent network roles
- Expectations of the change agent network

**Finding:** Study participants identified seven reasons to use a change agent network

1. Extend project support
2. Use resources efficiently
3. Enhance communications
4. Align consistent objectives
5. Increase knowledge
6. Build credibility
7. Boost ownership

39% of study participants leveraged formal change agent networks to support change implementation in their organization.
VERTICAL INDUSTRY CUSTOMIZATION

Understanding and adapting change management based on your vertical industry

Prosci’s 2016 research report delves into vertical industry customization.

We asked our participants:

• What are the top changes facing your industry?

• What are the specific challenges you face when implementing change management in your industry?

• What are the unique adaptations you make when implementing change management in your industry?

Example: Health Care industry findings

Top changes in Health Care

• Health care paradigm shift - including a move toward an individual or self-managed health care model, increases in regulations/legislation, industry consolidation through M&A and standardization of patient care

• Technological changes - including use of electronic records, new drugs and technology designed for patient care and automation

• Budgetary concerns - including cuts, loss of funding and a move toward profit-focused business models

Challenges for change management in Health Care

• Autonomous nature of employees

• Lack of designated resources

Adaptations for change management in Health Care

• Alignment with employee characteristics

• Communication adaptations
COMPLEMENTARY ROLES

Collaborating with other disciplines and roles to optimize results

Prosci studied the interaction of change management and other related disciplines, exploring the complementary roles that support successful change.

Study respondents reported engaging with the following complementary roles:

<table>
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<tr>
<th>Role</th>
<th>Engagement</th>
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<tbody>
<tr>
<td>Internal Communications Group</td>
<td>63%</td>
</tr>
<tr>
<td>HR Business Partners</td>
<td>40%</td>
</tr>
<tr>
<td>Internal Consultants</td>
<td>40%</td>
</tr>
<tr>
<td>Business Analysts</td>
<td>38%</td>
</tr>
<tr>
<td>Organization Development</td>
<td>33%</td>
</tr>
</tbody>
</table>

Top functions served by complementary roles

**Internal Communications Group**
- Key messaging
- Project team member

**Human Resources Business Partners**
- Coaching and support
- Project advisors

**Internal Consultants**
- Change management experts
- Subject matter experts

**Business Analysts**
- Impact assessment
- Subject matter experts

**Organization Development**
- Training
- Technical and cultural expertise
DEMOGRAPHICS SUMMARY: WHO CONTRIBUTED THE DATA?

- **Number of employees:**
  - 18% less than 500 employees
  - 19% more than 35,000 employees

- **Revenue:**
  - 19% less than $50 million
  - 27% more than $5 billion

**Top industries represented:**
1. Health Care
2. Government – State
3. Banking
4. Finance
5. Consulting
6. Oil and Gas
7. Government – Federal
8. Insurance
9. Education Services
10. Manufacturing

**Participants from around the world, representing 56 countries:**
- Canada 15%
- US 35%
- Europe 15%
- Latin America 4%
- Africa 2%
- Middle East 1%
- Asia and Pacific Islands 4%
- Australia and NZ 24%

- **74%** of our participants had change management certification

**Respondents were experienced practitioners**

- 1 year or less: 5%
- 1 to 4 years: 24%
- 4 to 8 years: 25%
- 8 to 12 years: 18%
- More than 12 years: 29%
Prosci’s comprehensive research allows you to align your change management efforts with industry best practices, optimizing your approach to achieve results. Leverage lessons learned from thousands of change and project leaders.

THE LARGEST BODY OF RESEARCH IN THE FIELD OF CHANGE MANAGEMENT

Access best practices and benchmark data from anywhere through the Prosci eBest Practices. Continually updated, this app contains all of Prosci’s most current and relevant research. Browse all topics to sharpen your change management skills or use the Prosci eBest Practices to find answers to your current questions.

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