

A Framework for Change Management

By [Alsbridge](#)

Change management is a critical part of any project that leads, manages and enables people to accept new processes, technologies, systems, structures and values. It is the set of activities that helps people transition from their present way of working to the desired way of working. The focus of change management is to address the people and organizational factors that will both drive and obstruct change throughout the organization. The ultimate goal of any change initiative is to ensure everyone in the organization is ready, willing and able to appropriately perform their role in the new environment.

Challenges for Change Management

The nature of the change, coupled with the complexity of the shared services/business process outsourcing (BPO) implementation, give rise to a range of change management challenges, including:

- Lack of visible sponsorship: The change is not perceived to be important or even happening.
- Unclear, ineffective decision-making process: Reduced pace of implementation; additional cost: time + rework; lack of vision, direction and focus. Lack of buy-in; other priorities will be made.
- The right people are not involved: Delayed decision making; no sense of urgency; rework required by additional resources.
- Failure to remove organizational barriers: Project delays and could ultimately fail.
- Not anticipating and pro-actively managing people issues: Increased resistance; attrition; employee relations issues.
- Skills for new/changed jobs or roles are assumed and not tested/assessed: Training effort insufficient – additional effort required/reduced service level; unmanaged staff expectations.
- Planned organizational rationalization is not achieved: Staff are retained without a real need.
- Finance/HR resistant to "letting go" of certain current responsibilities which may in future be no longer theirs.
- Reluctance to change behavior: "Temporary" double effort; benefits are not reached (as quickly). Underestimating the time and effort required to "make the change stick."
- Lack of baseline/metrics/system to measure progress (how far have we got, how far do we still need to go?): No clear sense of how much has been achieved; lack of momentum; project fatigue.

Many of these may seem generic, but they have implications for managing a shared services/BPO initiative, including:

- Managing the effective planning of the potential redeployment, relocation and release of staff.
- Scheduling change to minimize the impact on the business units to enable maintenance of business as usual.
- Ensuring effective transition of individual business units to a new structure.
- Building involvement in the development and delivery of shared service center (SSC) to create the understanding of the need for change.
- Engaging with impacted staff to involve them in the process of transition.
- Managing effective two-way communication with all stakeholders during the project.
- Embedding the cultural change and ways of working associated with a shift to a more customer-focused support service.

Framework for Managing Change

The extent of the change (actual and perceived) and implications are significant. But how should they be addressed? Figure 1 shows a framework for change management.

Figure 1: Framework for Change Management

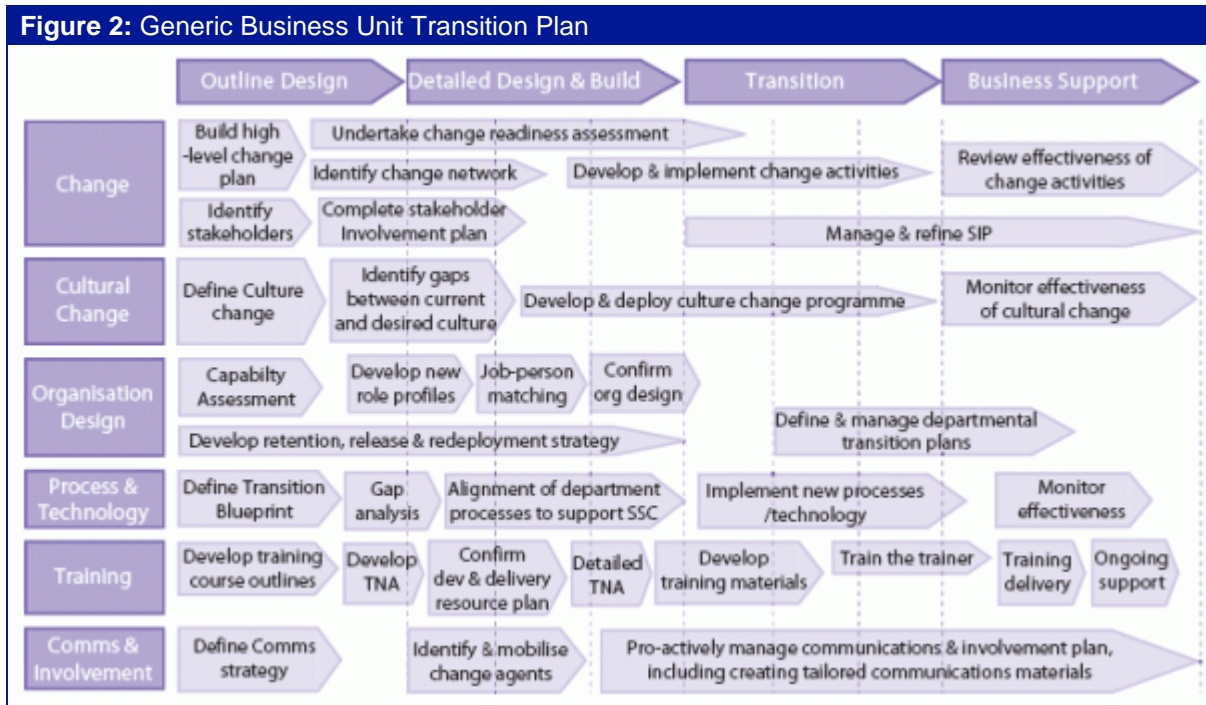


The segments in the wheel describe the various components that fit together in order to support and deliver the result (i.e., the SSC vision and the transformed function). It is important that all segments are addressed in order to ensure the success of the shared service/BPO initiative.

- **Culture:** This includes confirming the case for change and how the shared service/BPO initiative will contribute to realizing the organization's strategic goals, and assessing the capacity and readiness of both individuals and the organization to assimilate change. Potential blockers must be identified and articulated with agreed-upon strategies and plans so the initiative is not derailed.
- **Organization:** This covers design of the new world, including the operating model, organizational structures, role definitions, competency frameworks, and governance and decision-making frameworks. Care should be taken to design realistic and effective interfaces between the shared service/BPO capability and the retained organization.
- **Leadership:** This activity aims to clarify how the organization will be led, and to equip the leaders to carry out their leadership roles. Specific activities include defining the role of the leadership team, how the leadership team will work together both during implementation of shared services/BPO and subsequently, and the roles and responsibilities of individual leaders. This activity may identify the need for training and/or coaching of leaders and potential leaders.
- **People capability:** This activity aims to establish the skills and competencies required for the new world, and how to meet those requirements, including skills audits, gap analysis, job and role definitions and career planning. Involvement of those who will lead the new organization is key to the success of this activity.
- **Execution:** This activity ensures delivery of the new model. It includes hard deliverables in the form of project plans, milestones, progress reports and budget analysis, and soft deliverables in the form of communications and stakeholder management.

- Continuous improvement: This covers life post-change and includes frameworks and processes (e.g., performance management, balanced scorecards and reward alignment) to measure the effectiveness of the changes, and mechanisms to ensure that opportunities for further improvement are identified and acted upon in a timely manner. The expectations of all those impacted must be managed by the shared service initiative, so that they become accustomed to the idea that change will be a constant feature of the new model.

These various elements can be put together in a program change plan as shown in Figure 2.



This transition plan is an example of how the various dimensions of the change wheel fit together. Please note that in this example a process and technology stream is included for completeness, although this is not always included in a change management plan. The table below shows the types of activities that are undertaken at each stage in a program, for each stage in the change wheel.

Table 1: Change Management Activities Across Shared Services Lifecycle				
Program Stages				
Framework Segment	Feasibility	Outline Design	Detailed Design and Build	Transition/Implementation
Organization <ul style="list-style-type: none"> • Operating model • Structure • Roles • Competencies • Populate • Governance • Decision-making 	<ul style="list-style-type: none"> • Agree on high-level blueprint for operating model • Outline governance and stakeholder groups for engagement 	<ul style="list-style-type: none"> • Agree on service design model • Agree on high-level organization design • Agree on broad role outlines • Agree on and commence 	<ul style="list-style-type: none"> • Verify sizing assumptions • Complete detailed operating design • Complete detailed organization design (all roles and interfaces defined) • Complete final impact assessment • Brief impacted populations on 	<ul style="list-style-type: none"> • Manage the implementation • Recruit external hires • Manage the cutover of people to new roles

		<p>governance process</p> <ul style="list-style-type: none"> • Complete initial impact assessment • Agree on and manage design sign-off • High-level briefings 	<p>change implications</p> <ul style="list-style-type: none"> • Prepare organizational cutover plans 	
<p>Leadership</p> <ul style="list-style-type: none"> • How leadership works together • Identifying leadership actions • Individual leadership actions 	<ul style="list-style-type: none"> • Agree on compelling case for change • Agree on strategic reasons for shared services with leadership team • Agree on general scope and operating model • Agree on messages for all communications 			
<p>People capability</p> <ul style="list-style-type: none"> • Ensuring we have the right skills • Learning plans • New capabilities • Career paths 		<ul style="list-style-type: none"> • Identify key skills needed for roles • Define high-level career paths • Identify capabilities • High-level training needs analysis 	<ul style="list-style-type: none"> • Identify skills/capabilities gaps • Confirm career/learning paths and brief impacted audiences • Detailed training needs analysis sign-off • Design development programs • Develop/pilot programs • Define role-based learning plans 	<ul style="list-style-type: none"> • Deliver training programs • Revise career/talent management programs to reflect new career paths
<p>Execution</p> <ul style="list-style-type: none"> • Migration plans • Redeployment • Legislative compliance • Redundancy 	<ul style="list-style-type: none"> • Complete high-level transition plans 	<ul style="list-style-type: none"> • Prepare migration blueprint • Identify redeployment options/process • Check legislative compliance of design and 	<ul style="list-style-type: none"> • Launch formal consultation • Commence redeployment and voluntary redundancy process • Manage selection/appointment to new roles • Detailed planning of 	<ul style="list-style-type: none"> • Implement cutover and migration plans • Complete redeployment and redundancy processes • Manage business as usual • Transition communications activities

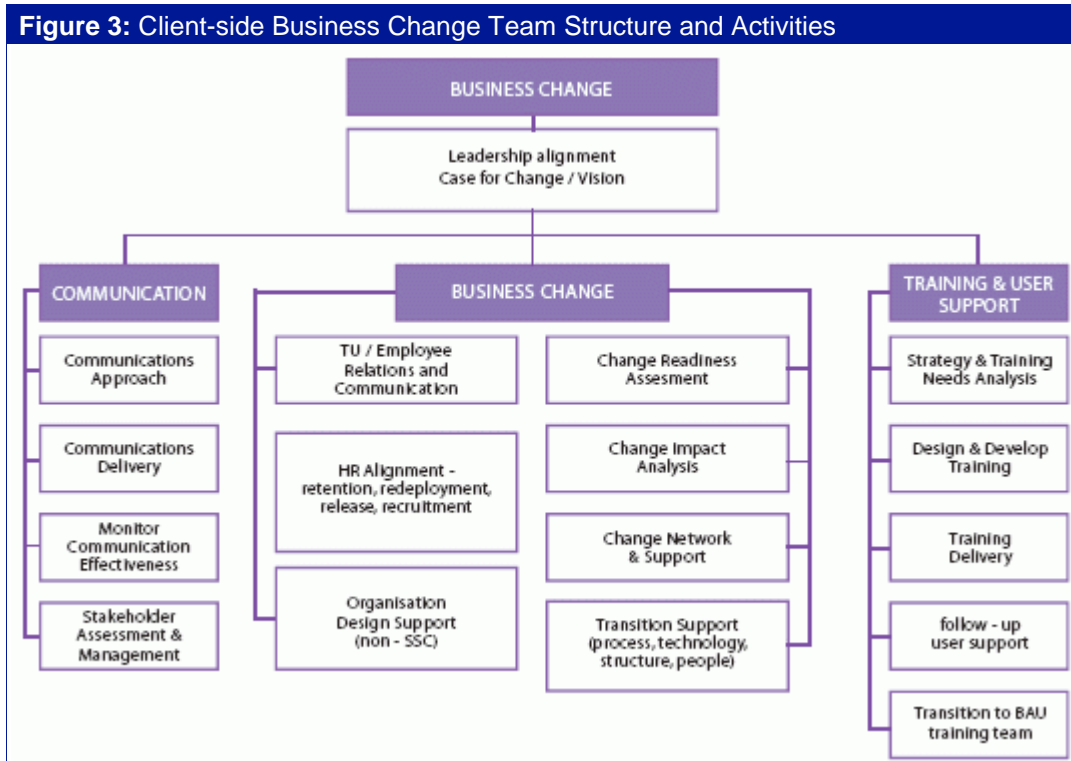
<ul style="list-style-type: none"> • Support • Morale maintenance • Communication 		<ul style="list-style-type: none"> • blueprint • Development communications and engagement plan • Define business as usual • Define transition strategy (phased vs. big-bang) • Formal consultation • planned initial communications activities 	<ul style="list-style-type: none"> • business as usual • Continue communications 	
<ul style="list-style-type: none"> • Continuous improvement • Balanced scorecard • Performance management • Reward alignment • Communication 			<ul style="list-style-type: none"> • Plan continuous improvement approach and activities 	<ul style="list-style-type: none"> • Launch continuous improvement program • Track performance • Identify and agree upon priorities
<ul style="list-style-type: none"> • Culture • Confirming the vision, values and behaviors • Individual values and capacity to change • Strategic message 	<ul style="list-style-type: none"> • Define high-level vision values and behaviors 	<ul style="list-style-type: none"> • Confirm required vision, values and behaviors gap from current • Develop key messages • Review implications for succession planning, reward and performance management processes to support cultural and behavioral goals 	<ul style="list-style-type: none"> • Communication cultural and behavioral expectations to scope audiences 	<ul style="list-style-type: none"> • Implement new processes (succession planning, reward, etc.) • Review and manage as part of continuous improvement

Project Structure Delivery-side/Client-side Model

There are many ways to construct a project or program to deliver shared services/BPO. However, one model gaining acceptance within many organizations is the "delivery-side/client-side" model. This models the transition/transformation work streams described earlier.

- The delivery side team is responsible for the transition activities. Where the shared services are to be outsourced, the service provider is likely to take responsibility for the majority of the activities. For in-house shared services, often a shared services director will be appointed early in the program, and that person will take responsibility for the transition activities.
- The client side team is responsible for the transformation activities. In some instances there will be several "customers" for the new shared services operations. In this case there may be a central client side team, with business unit teams.

Overall program management is usually undertaken by the client side team, with input from the delivery team. A sample client side business change team structure is shown in the Figure 3.



The structure is for a typical large-scale change program and shows how the activities outlined previously can be organized.

- The communication work stream is responsible for stakeholder management and communications at all levels within the organization, and for liaising with external communications as appropriate. This work stream starts at the very beginning of the initiative and continues through its life and is typically supported by one full-time employee (FTE).
- The business change work stream is responsible for implementing the agreed-upon changes across a range of disciplines. The work stream kicks off with early-stage activities such as change readiness assessment, and continues through the main implementation activities, typically supported by a small team of two to six FTEs depending on the size of the initiative.
- The training and user support work stream is responsible for delivering the one-off and ongoing education and support necessitated by the changes. It starts at the beginning of the initiative with planning and training needs/skills gap analysis, and continues through to post-implementation support, typically supported by one FTE.

Summary

A change management framework and structure will help a shared services/business process outsourcing initiative overcome common challenges and set the stage for continued success.

About the Author:

Alsbridge is the award-winning consulting firm providing independent, unbiased advice on outsourcing, shared services and offshoring. With a global presence across North America, Europe and Asia Pacific, Alsbridge provides clients with experience and industry knowledge. The advisory firm helps clients reduce costs, improve processes and maximize shareholder value through the use of both onshore and offshore outsourcing and shared services. Contact Alsbridge by visiting <http://www.alsbridge.com>.