

4 Organisational Change Management and Outcome Realisation Planning

Planning for organisational change, in the context of these Guidelines, is from the perspective of planning for the achievement of the targeted outcomes of the project. Projects are all about change and almost always involve people and relationships. Information in this section is closely linked with Stakeholder Management and Communication Planning in *Section 5*. Planning for organisational change, closely linked with outcome/benefits realisation planning, is a substantial discipline in its own right.

This section of the *Tasmanian Government Project Management Guidelines* includes:

- Organisational Change Management - including a definition, and planning for organisational change, both during and after the project
- Outcome/Benefits Realisation - including a definition and planning
- Roles and responsibilities - Business Owner(s), Steering Committee, Project Sponsor, Project Manager, Project Team members and Stakeholders
- Outcome/Benefits Realisation planning documentation - description of what is produced

Definition

Organisational Change Management is the management of realigning an Agency/organisation to meet the changing demands of its business environment, including improving service delivery and capitalising on business opportunities, underpinned by business process improvement and technologies. It includes the management of changes to the organisational culture, business processes, physical environment, job design/ responsibilities, staff skills/knowledge and policies/procedures.

Clarification of terms

It is easy to confuse Organisational Change Management with the term 'change management'. Management of organisational change is sometimes referred to as change management, a term that can cause confusion in project management circles because it has three other possible interpretations:

- In projects, it can refer to the formal method of managing requests for change that may affect the scope of the project
- In projects with an IT systems component, 'change management' refers to specialised procedures for managing technical change
- In reengineering projects, 'change management' can imply replacement of the current Managers

4.1 Organisational Change Management

Projects are used as the vehicle for implementing changes to an Agency/organisation. Projects are all about transformation and are intended to create change of one kind or another, no matter how small or large.

Organisational Change Management/Outcome Realisation Planning has been identified as a *Key Element* (refer to *Section 1: Project Management - The Basics*) in the management of projects, as projects bring about changes, either across Agencies or within an Agency or Business Unit(s). These changes must occur in order for the outcomes/benefits from the projects to be realised by the Agency/organisation.

While these changes are often monitored during project implementation, in the past not enough attention was paid to the management and use of the project outputs once the project closed. For the changes to be effective and the full benefits achieved on an ongoing basis, planning for change, both during and after the project, is very important.

Very few projects are carried out in isolation in an Agency, organisation or Business Unit. Overall strategic direction for the management of change within the Agency/organisation may have been established already, and articulated in relevant Corporate/Strategic Plans or similar documents. The relationship to Tasmania *Together* and other Government strategies also must be considered. This *Key Element* of project management should be considered in the light of the overall organisational approach and the extent to which the project is involved in bringing about change.

4.1.1 Planning for Organisational Change

The main elements of organisational change are:

- Transition Planning
- Communication Planning
- Training Planning

These elements are supported by key activities, such as:

- Identifying change agents to support the change
- Building and maintaining effective project sponsorship
- Acknowledging and managing resistance
- Using collaborative approaches
- Executing a staged implementation
- Monitoring and evaluating

(Refer to current Organisational Change Management research or Agency manuals for further details)

Transition Planning

Transition planning involves planning for the new, post project environment. It can be achieved by seeking the answers to the following questions:

- What is the current situation? (Current situation)
- How will the project(s) change it? (New situation)
- How will the Business Unit/Agency move from the current situation to the new situation? (Transition arrangements)
- What are the costs and resource requirements of the transitional arrangements (if any)?

To assist in identifying the effect that the project(s) will have on the business processes, it is necessary to examine these processes (pre-project) within the Agency/organisation, in relation to the three areas outlined above. Often baseline data for measuring performance can be gained from this activity. Planning describes how the transition will occur to enable the business process in the future to be as operational (everyday) as the current processes.

This transition is achieved by comparing the current business process in the three areas, with a basic understanding of what will change in the new business process. For example, does the project deliver a new tool (eg an IT application) or a re-structured organisation or modified policies/procedures?

Transition planning should include consideration of the following:

- Organisational culture, including business processes, and how these will be changed
- Physical environment
- Job design/responsibilities
- Required skills and knowledge
- Policies and procedures, which need revising or developing
- Work flow/processes

The current situation should be described, the new situation predicted and transition activities, related to each of the above areas, identified. No project is static and the exact nature of the extent of the changes will become progressively clearer during the progress of the project. Project INITIATION activities, particularly in the case of large and/or complex projects or programs of projects, aimed at implementing significant business changes, increasingly involve the use of business analysis and business process mapping techniques and tools to capture the existing business processes, before determining what has to change.

(Refer to the *Good Practice Fact Sheet: Checklist for Major Business Initiatives*)

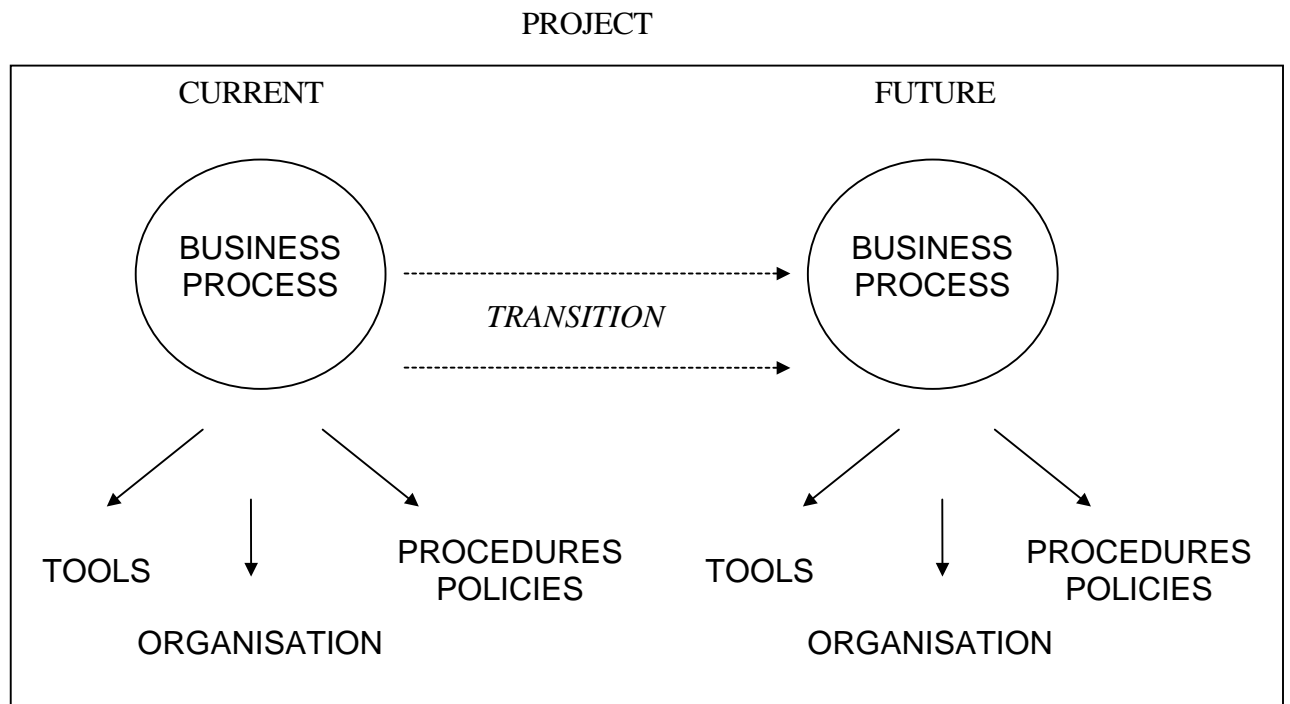


Figure 6: Transition from current to new business processes

Three areas support business processes in an organisation:

- Tools (eg IT systems, infrastructure)
- Organisation
- Procedures/policies

Communication Planning

Communication is one of the most important aspects of leading change. An effective communication strategy contributes to the success of organisational change management. It is as important to communicate internally as it is externally.

It is vital that a *Communication Strategy* and action plan be central to any planning for the management of organisational change. This type of communication is aimed at those directly affected by the changes. These change processes include strategies for identification of change agents as leaders for the change, identification of those people who may be unwilling to accept or support the changes and how to work with these processes and other strategies, as referred to in the literature surrounding change management as a discipline. This Strategy can be considered to be separate from a *Marketing Plan* that aims at communicating the benefits of the change to Project Customers.

The Tasmanian Government has developed a Whole of Government Communications Policy and Tool Kit, which can be found on www.communications.tas.gov.au, that provides detailed information, templates and tools in this area.

Organisational change management is a continuous process - a program, not a single event. During this process, people may experience high levels of confusion and uncertainty as they move through a transition stage, before achieving full implementation of the change. Clearly communicated and effective support and direction from Senior Managers is essential during this period.

One of the roles of the Project Manager is to plan the *Project Communication Strategy*, within the context of the overall Agency Communication Strategy and in collaboration with the Agency Communications Manager. This Strategy is closely aligned with Stakeholder Management planning and is explained in more detail, with regard to project communication planning activities, in *Section 5: Stakeholder Management*.

Training Planning

In order to ensure that planned changes affecting business processes are successful, a Training Plan should be developed. This plan should identify:

- Which groups or individuals require training
- What are the training requirements
- How, where and when the training will be delivered
- Who will deliver the training

While the project budget may cover the initial training activities, the Business Owner(s) should be prepared to include the ongoing training requirements for new staff within their annual operational budgets and as part of the organisational change management activities. The Business Owner(s) also may fund training that falls outside of the scope of the project. For example, in order to utilise a new software application, staff may require training in general computer skills, touch-typing or Graphic User Interface (GUI) training if they are unfamiliar with the environment.

4.2 Outcome/Benefits Realisation

Planning for organisational change in the context of these Guidelines relates to planning for the achievement of the targeted outcomes/benefits of the project. In addition to planning for the measurement of the outcomes/benefits, this planning prepares the business areas for the new operational environment that will exist once the Project Team has handed over the outputs, the Team has been disbanded and/or the project is closed.

The purpose of Outcome/Benefits Realisation planning, and its documentation, is to ensure that:

- The final stages of the project are managed in a satisfactory manner
- The utilisation of the projects outputs are linked to the planned project Target Outcomes
- The success of the project's outputs are assessed and corrective action performed if required
- The planned project outcomes/benefits are realised to a significant extent, prior to formal project closure

Definition

Once a project delivers its outputs to the Business Owner(s), these outputs must be utilised by the Project Customers to enable the project's outcomes/benefits to be realised. This stage of the project is therefore referred to as outcome/benefits realisation.

4.2.1 Planning for Outcome/Benefits Realisation

Outcome/Benefits Realisation planning is all about gaining commitment from the Business Owner(s) to manage and maintain the outputs in a quality manner, and to ensure that reporting of progress against the realisation of the Target Outcomes occurs at agreed intervals after the project closes.

It is strongly recommended that the Project Steering Committee reconvene at an agreed appropriate time after project closure, in order to sign-off on the progress towards outcome/benefits realisation. This recommendation assumes that the high-level Business Owner(s) are represented on the Steering Committee. An alternative is for the Project Sponsor to nominate appropriate persons, such as Senior or Executive Management, to take responsibility for receiving outcome/benefits realisation progress reports.

As part of the INITIATION Phase of a project, the Business Owner(s) for each of the high-level outputs from the project must be identified and included within the governance structures. It is the Business Owner(s) who will accept responsibility for the ongoing management of the project outputs once delivered, the realisation of the Target Outcomes from the use of those outputs and subsequent flow of benefits.

John Smyrk, Sigma Management Science Pty Ltd, refers to three factors that determine outcomes. These factors are the quality (fitness-for-purpose) of the outputs, the predisposition of the project customers and the external influences. Planning within the project for outcomes/benefits realisation therefore should include:

- Output Quality Management - *Control*
- Management of change during the project - *Influence*
- Risk Management Planning - *Mitigate*

Maintenance Planning

Where a project involves new business systems and procedures, it is important to develop a *Maintenance Plan* that identifies the maintenance requirements for the outputs (for example, the service requirements of equipment; applications; infrastructure or buildings; the system administrator and support manuals for a system). This planning may require the development and negotiation of maintenance contracts or service level agreements.

Issues that need to be resolved include determining who will be responsible for maintenance and upgrades, the processes that will need to be put in place to ensure that maintenance occurs on a regular basis and records management procedures etc. The Business Owner(s) should ensure that any maintenance costs, licence renewals or annual contract fees are included in their annual operational budgets.

Performance Measurement

As described in *Section 11: Evaluation*, some time after the project outputs have been delivered, an evaluation of the project, to assess if the Target Outcomes were attained, should be conducted. Mark E Mullaly in the *Cutter IT Journal*⁴ refers to creating a culture of benefits realisation. He states that to move to a culture of measurement that supports benefits realisation, organisations must redefine the process of project initiation, implementation and post-project evaluation. There should be clear guidelines for the articulation of benefits, planning for benefits realisation and the roles and responsibilities for attaining those benefits.

The Target Outcome measures developed before the start of the project, or during the Outcome/Benefits Realisation planning activities, should be used as a baseline when conducting this type of review. These measures include baseline data, target levels and target dates.

This measurement is closely aligned with the initial scoping of the project and planned evaluation strategies. It is important to identify the Target Outcomes and performance measures for the project. This identification will assist with planning for the monitoring and measurement of performance during the project and after the project is closed. Performance measures must be carefully thought through at the time they are devised. The data must be available now and into the future. The measures must not be subject significantly to events beyond the control of the project and must be relevant.

The *Project Business Plan* details the Target Outcomes, performance indicators, performance measures to be used, baseline data, target levels, target dates and accountabilities. These elements should be used for Performance Measurement.

4.2.2 Roles and Responsibilities

Business Owner(s)

The Business Owner(s) has ultimate accountability for ensuring that the *Outcome/Benefits Realisation Plan* is developed. They also monitor the progress and effectiveness of the plan, as they will ultimately reap the rewards of a successful project once the outcomes/benefits are realised. Business Owners are formally responsible for reporting progress towards Outcome/Benefits Realisation at the second point of formal project closure, which is when the Steering Committee can be satisfied that the Target Outcomes have been secured.

(Refer to *Section 12: Project Closure*)

⁴Mullaly, Mark E (2004) 'Planning for Benefits Realization'. *Cutter IT Journal* 17(8): 16-21

Steering Committee and Project Sponsor

The Steering Committee and Project Sponsor must endorse the *Outcome/Benefits Realisation Plan*. They are responsible for ensuring an effective *Project Business Plan* is in place throughout the life of the project, which forms the baseline for the development of the *Outcome/Benefits Realisation Plan*.

Project Manager

The Project Manager is responsible for ensuring:

- Scoping of the project adequately details the planned Target Outcomes and performance measures
- Identification of the customers who will utilise the outputs and how these will be utilised to generate the outcomes
- Fitness-for-purpose of the criteria for the planned outputs in relation to achievement of the Target Outcomes
- Continual monitoring of the project to identify any changes to the scope that will affect the final outputs delivered
- The Business Owner(s) has assistance with the initial development of the *Outcome/Benefits Realisation Plan*

While the Project Manager's responsibilities are completed after the project outputs are delivered and accepted, it is advisable to make sure planning for how the outputs are managed, and who will be responsible, is carried out much earlier.

Project Team members

The other Project Team members can assist with the development of the *Outcome/Benefits Realisation Plan*, particularly if they are the people who will be involved in the management of the outputs once the project closes.

Project Stakeholders

Project Stakeholders must be able to provide input into the *Outcome/Benefits Realisation Plan*, especially if they are members of the Business Unit/Agency that will be affected by the changes.

4.2.3 Outcome/Benefits Realisation Planning Documentation

The results of planning for the organisational change, associated with the delivery of the project outputs and their utilisation to generate the desired outcomes/benefits, can be captured in an *Outcome/Benefits Realisation Plan*. This plan ideally should become the management document for the Business Owner(s)/Steering Committee of the project, in the same way that the *Project Business Plan* is the management document for the Project Sponsor/Steering Committee.

The document captures agreed plans for the management of the change brought about by project implementation. It should be formally signed-off by the Project Sponsor and Business Owner(s), and should be updated on a regular basis to reflect any changes agreed to either during the project or after project implementation. For smaller projects, an agreed implementation and management plan may substitute for an *Outcome/Benefits Realisation Plan*. Procedures should be in place for the ongoing management of the outputs and realisation of outcomes/benefits before the project closes.

Initial planning activities, together with the need continually to revisit planning activities throughout the project lifecycle, are often seriously underestimated or allocated insufficient time due to political or organisational pressures. To ensure appropriate and effective Organisational Change Management and Outcome/Benefits Realisation planning sufficient resources must be allocated (in terms of staffing, time and skills) to these processes initially and at frequent intervals throughout the life of the project.

(Refer to the *Project Management Template: Outcome/Benefits Realisation Plan*)