

# ***Change Management Handbook***

*The SDI Approach  
November 2018*

**SDI** 

*MRO for a more  
connected enterprise*  
[sdi.com](http://sdi.com)

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# WHAT IS CHANGE MANAGEMENT?

In business, change, particularly major, organizational change is the intentional modification of the way a company does business. There are many possible reasons that a company may decide to make this kind of change, like new competitors in the marketplace or a changing regulatory environment. Change is inevitable. It happens everywhere, all the time. And most people hate it.

Business leaders decide to change the way they do business to increase profitability or expand market share or improve customer satisfaction. Whatever the goal, change will affect one or more of the following:

- Processes
- Systems
- Organizational structure
- Job roles

Change management is “the process, tools and techniques to manage the people side of change to achieve a required business outcome.”<sup>1</sup> It isn’t enough to simply decide on a change and tell people to “get it done”. Effective changes require a deep understanding of the current state, a clear vision of the desired future state and a plan to make that vision real.

## SDI'S VISION

SDI is passionately focused on creating value for our clients by lowering the total cost of ownership and increasing the effectiveness and reliability of their supply chains – all by demonstrating the benefits of a more streamlined, more connected enterprise.

We help our clients become part of a supply chain ecosystem, we provide them with a collaborative learning environment and an entrepreneurial business partner with the latest thinking and emerging technology. Together with our clients, we will transform the conversations around MRO business process from a cost of doing business to a way to create value and impact business outcomes.

<sup>1</sup> “Thought Leadership Articles” *Definition of Change Management*, Prosci Inc., <https://www.prosci.com/resources/articles/change-management-definition>

## SDI'S STRATEGY

SDI is the Supply Chain As-a-Service provider that takes the bigger view of the MRO supply chain. For 45 years, we've demonstrated value by showing our clients how the supply chain works best when it works together. Lower costs, smarter inventories and increased performance are the natural results of a more connected, coordinated and optimized MRO process.

SDI helps clients achieve positive change with a combination of Project Management to accomplish the tasks that lead to change and Change Management to help the people involved adjust to and embrace the improved processes, systems, roles and organizational structures.

**Figure 1:**  
**Organizations Change With the Support of Project Management and Change Management Principles**

### Project Management



### Change Management

## LEADING CHANGE

When organizations change, everyone involved feels the impact. Members of an organization can perceive the change as positive or negative, hard or easy, useful or a waste of time. Those perceptions can and do shift as projects move through their life cycle.

Managers and project leaders have a vital role to play in making change happen successfully. They transform the strategy developed at the top of the organization into actionable tasks and objectives in the project plan. They also translate the strategy for the employees who will use the updated processes and systems. The strategy cannot succeed if the people in the organization don't understand and accept it as the right thing to do. The principles and tools of change management help project managers and process owners navigate the human emotions and attitudes that can make a project wildly successful or place potentially unsurmountable obstacles in its way.

Unfortunately, research shows that up to 70% of organizational change efforts fail to deliver the desired results. Those failures are often the result of leadership underestimating the level of resistance their change initiative could encounter.

## WHY DO PEOPLE RESIST CHANGE?

- They are worried they will lose their job or their status on the job – people will ALWAYS evaluate the impending change in terms of how it will benefit them
- They don't understand why the change is necessary – “this process (system, organization, role) worked fine for 20 years. Why should we change it?”
- They fear the unknown – “What if I can't learn this new way of working?” “Will I have a new manager? What if we don't get along?”
- They lack trust in the organization or in the person leading the change – positive change requires an atmosphere of trust and respect. If that is missing, leaders must address that BEFORE attempting major changes
- Nobody asked / consulted them – people who feel like a part of the change are more likely to support the change
- Peer pressure – the need to belong to a group is a powerful driver of human behavior. People will protect their group from change that seems to threaten it
- Poor communication – there's no such thing as “too much communication” when you need to make big or widespread changes
- Misaligned incentives – managers get the behavior they reward. The benefits of the change need to be obvious and commensurate with the size of the change



## OTHER COMMON MISTAKES THAT PREVENT CHANGE<sup>2</sup>

Kotter identifies eight common mistakes that senior leaders make when deciding on and implementing major organizational changes. SDI uses them for guidance developing and maintaining its change management model.

**Table 1:**  
**Common Mistakes That Prevent Successful Change**

MISTAKE	MANAGEMENT APPROACH
<b>COMPLACENT ORGANIZATION / TEAMS</b>	Establish a sense of urgency around the need for change; identify the “burning platform” and how the proposed change will help; communicate this info widely.
<b>WEAK OR NON-EXISTENT GUIDING COALITION</b>	Use stakeholder analysis to identify influential and powerful supporters and detractors and develop a strategy / plan to win them over. Don’t overlook line managers – they have knowledge and resources you need AND the potential to create significant obstacles.
<b>LACK OF VISION; UNDERDEVELOPED VISION</b>	The vision behind major changes can inspire action, but it needs to be clear and everyone involved needs to hear it. Before any planning starts, leaders need to envision the outcome and place into context. The vision needs to be clear, brief and easy to explain. Write a Mission, Vision, Values document, create an elevator speech and share them as widely as possible.
<b>UNDER-COMMUNICATING THE VISION</b>	Change is often painful and may require sacrifices. Don’t undersell the vision; ensure that managers, supervisors and other mid-level managers echo and amplify the message; make sure that influential people model the right behavior before and during the change. Develop and use a robust communications plan that takes individual communication styles into account.
<b>ALLOWING OBSTACLES TO OBSCURE THE VISION</b>	Understand and account for organizational structure and existing incentives; adjust project plans accordingly. Identify individuals with the power to undermine the vision.
<b>LACK OF SHORT-TERM WINS</b>	Major organizational changes take time. Stakeholders and other employees need to see and celebrate intermediate steps on the way to the ultimate result. Look for ways to implement short-term wins and reward people when they happen.
<b>PREMATURELY DECLARING VICTORY</b>	Changes require time and reinforcement to become permanent. Develop and use a control plan to help ensure that teams, departments and organizations don’t backslide.
<b>FAILURE TO MAKE THE CHANGE PART OF THE CORPORATE CULTURE</b>	Find concrete ways to demonstrate how the change improves performance. Allow time in the control plan to prepare managers to live the change going forward.

<sup>2</sup> Kotter, John. *Leading Change*. Boston: Harvard Business Review Press, 2012. Print.

## PREVENTING / RESPONDING TO RESISTANCE

Leadership and management are not the same. Management is technical and task-oriented. Leadership is aspirational and focuses on people. People are resistant to change, but effective leadership can overcome that automatic “No”. SDI provides leadership training along with standard change management tools to help project managers and functional area managers anticipate, react to and overcome resistance.

**Table 2:**  
**Sources of Resistance to Change**

SOURCE OF RESISTANCE	LEADER'S RESPONSE / ROLE
<b>EMPLOYEE CONCERNS ABOUT JOB SECURITY, COMPETENCE, FEAR OF THE UNKNOWN</b>	Seek to understand employee's concerns on a personal level. Ask for feedback and respond honestly. To the extent possible, include employees in the decision-making and planning for the change.
<b>STAKEHOLDERS DON'T UNDERSTAND THE REASON FOR THE CHANGE</b>	Be prepared to explain why the change is necessary and how it will help individual stakeholders. Explain how the change supports the company's strategy and will contribute to its success.
<b>POOR COMMUNICATION</b>	Conduct a stakeholder analysis and create a communications plan as early as possible in the project. Re-visit both documents as the project develops – communications needs may change as the project changes. Communicate often and in detail – it is practically impossible to communicate too much when a big change is underway.
<b>LACK OF TRUST, PEER PRESSURE</b>	Coach and mentor employees – demonstrate that you respect them and want the best for them. That will enable them to overcome their lack of trust. Take team dynamics into account when communicating about the change; address teams as a group and consider ways to use their team spirit to achieve project goals & objectives.
<b>MISALIGNED INCENTIVES</b>	Consider the impact on individuals, teams and the whole organization when devising any incentive structure.



## ROLES & RESPONSIBILITIES

### **PROJECT SPONSOR –**

Responsible for the department in which the change will occur. The sponsor has authority over the project and the project team; they provide funding and own the project scope. They also identify the project goals, objectives and KPIs.

### **PROJECT CHAMPION –**

Senior leader with influence and authority. The champion cheerleads for the vision and removes obstacles when necessary.

### **PROJECT MANAGER –**

Develops the project plan and uses it to manage the project team. The project manager PM is responsible for the project timeline and deliverables. The PM leads the project team and owns the project's change management process.

### **PROJECT TEAM –**

A group of subject matter experts drawn from the functional areas affected by the project. Team members are responsible for the project tasks assigned to them in the project plan. They produce the deliverables and are often the first to know about obstacles, delays and other issues.

### **PROJECT STAKEHOLDERS –**

Everyone who will be affected by the change. Stakeholders may be internal, external or both and are not limited to an organization's employees. Major organizational change takes place in a broad context that may include people and groups like regulators, the local community and suppliers.

## COMMUNICATING CHANGE

Effective communication is vital to the success of any project. It is particularly important when a project's goal is major change. The message needs to be consistent, relevant to the person receiving it and unmistakable. This is often difficult to achieve because people have different communication styles, personal (perhaps hidden) agendas and varying levels of interest. It's crucial that the Sponsor, Champion and Project Manager agree on the message and the communications channels over which it will be shared. SDI uses a communications plan based on stakeholder analysis to achieve this level of understanding.

## STAKEHOLDER ANALYSIS

Stakeholder analysis (SA) is a key project management function. It provides the foundation for an effective communication plan. Before project planning starts, the project manager facilitates a team brainstorming session with the project team at which they identify all project stakeholders. Next, they compile everything the team members know about the stakeholders on the list. They try to identify and understand stakeholders' communication styles, their level of influence in the organization and their interest in the project. They capture everything in an SA document that will provide important input for the communications plan. It is important to note that both the stakeholder analysis and communications plan are living documents that should change as the project changes.

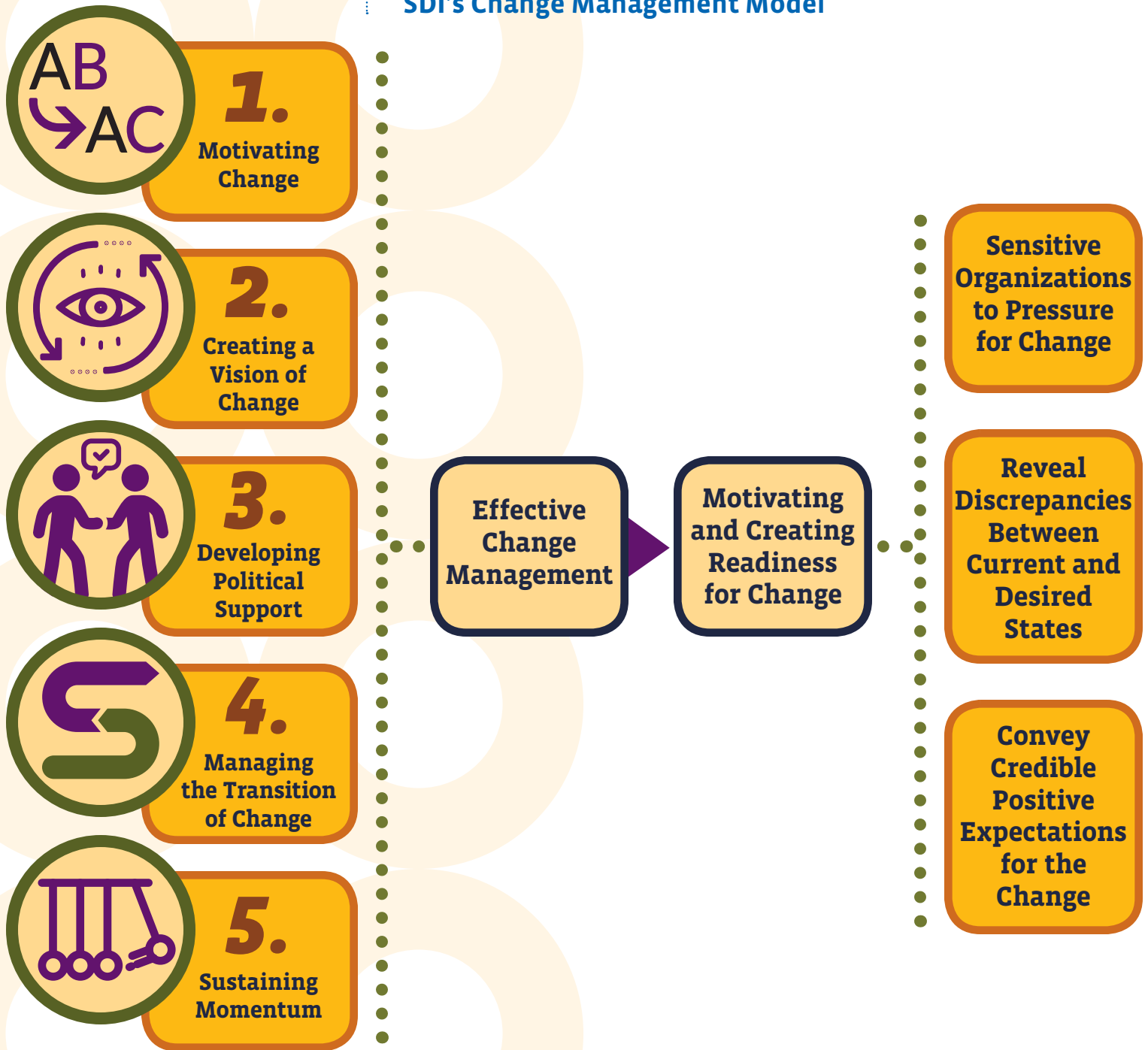
## COMMUNICATIONS PLANNING

When the SA is ready, the PM will use it to create the project communication plan. SDI's template is calendar-based. The project manager lists out the types of communications (meetings, status reports, articles, etc.) and determines who will produce and send them, when and to whom. The PM manages the communications plan, monitors its effectiveness and makes adjustment as necessary.

# CHANGE MANAGEMENT MODEL

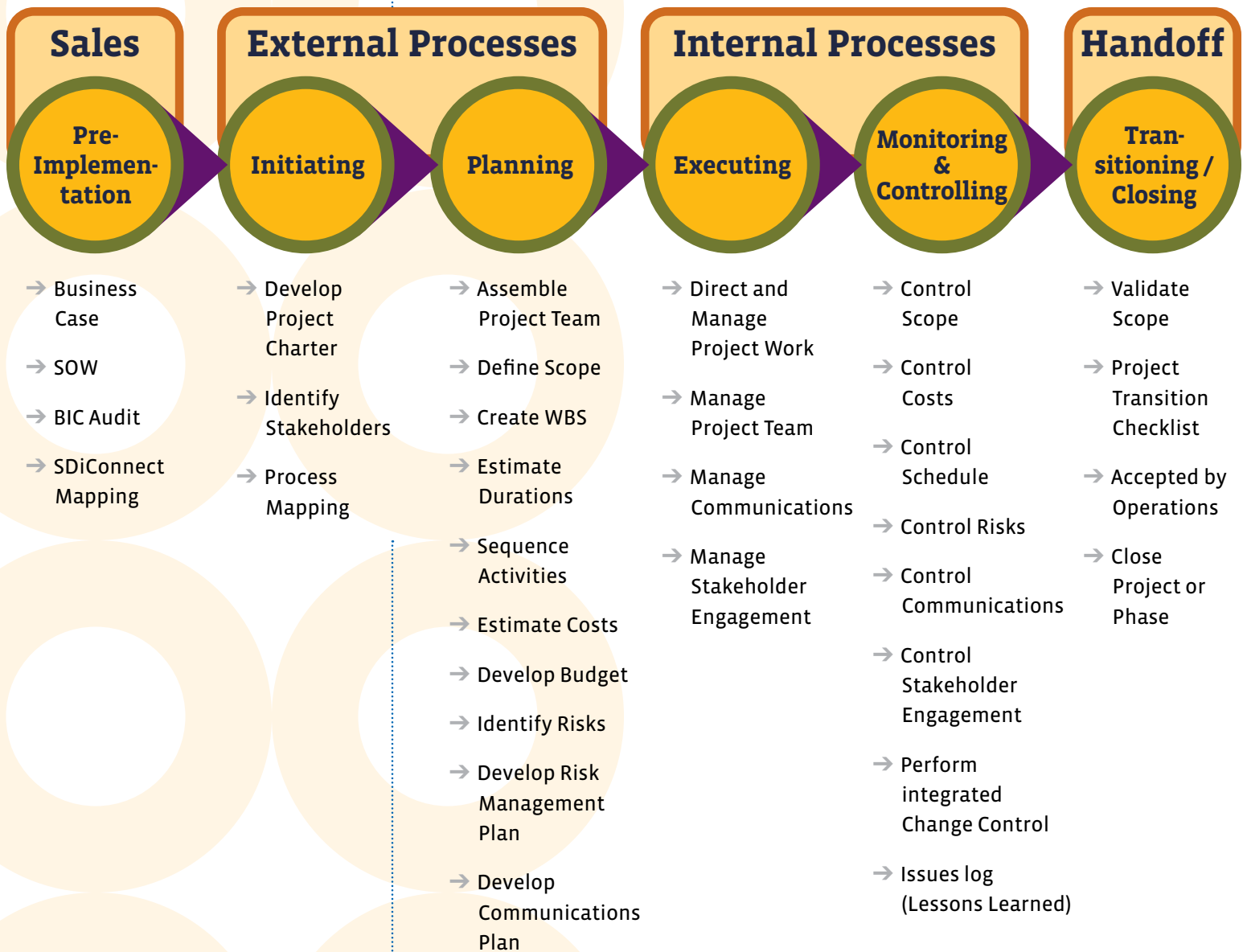
It is difficult to overcome the inertia that keeps organizations from making major changes. SDI provides our project managers and operations personnel with processes, standards and training based on our change management model.

**Figure 2:**  
**SDI's Change Management Model**



Once a new customer agrees to work with SDI, the Business Development team activates the MRO Project Services team to start pre-implementation tasks. Together they review everything they know about the new customer's requirements, expectations and environment. This Voice of the Customer (VoC) analysis provides the foundation for the implementation project AND ongoing operations.

**Figure 3:  
SDI's Project Management Life Cycle**



# PREPARING FOR CHANGE MANAGEMENT

What does success look like? It’s a deceptively simple question. Project managers realize that stakeholders’ understanding of success will change as a project advances. Too often, the scope of a project expands as stakeholders participate in it. Successful project managers control “scope creep” by planning for it right from the start. During the Pre-Implementation phase of the PM Lifecycle, SDI requires its project managers to document the answers to the following questions:

**Table 3:**  
**Pre-Implementation Questions and Answers**

QUESTION	ANSWER & CONTEXT
<b>1. WHAT DOES THE CHANGE ENTAIL?</b>	Capture the impact on the organization – employees, managers, customers, suppliers; be sure you understand the reason for the change and what benefits stakeholders will experience.
<b>2. HOW WILL THE PROJECT TEAM COMMUNICATE THE NEED FOR CHANGE?</b>	Stakeholder analysis & communications planning. Provide a consistent, accurate message to the right people at the right time. Define how to share quick wins.
<b>3. DO WE UNDERSTAND ALL OUR CUSTOMER’S EXPECTATIONS? DO THEY UNDERSTAND OURS?</b>	Create a Scope Statement and Project Charter and have the project sponsor & champion approve them in writing. This agreement becomes the official scope of the implementation / change project. Subsequent changes require a new agreement from the team via the change management process.
<b>4. DOES LEADERSHIP UNDERSTAND THEIR RESPONSIBILITIES IN THE PROJECT?</b>	The PM facilitates a kick-off meeting to explain roles & responsibilities to the major project stakeholders. The information is documented in the project plan for the PM to use managing the project.
<b>5. ARE THERE OTHER PROJECTS / INITIATIVES IN PLACE THAT COULD HAVE AN IMPACT ON THE IMPLEMENTATION PROJECT?</b>	Could access to project resources and personnel be restricted or modified by competing efforts? When? How will the project team prepare?
<b>6. WHAT LEVEL OF TRUST EXISTS BETWEEN GROUPS INVOLVED IN THE PROJECT?</b>	How much (or little) do customer stakeholders trust the SDI project team? Do they trust one another? Do they trust the decision-makers who brought SDI in?
<b>7. WHAT CAN WE LEARN FROM THE PROJECT (POSITIVE &amp; NEGATIVE)?</b>	The project plan includes time for reflection at the end. PM schedules a formal project closeout meeting to capture lessons learned and turn the project deliverables over to the operations team.