From Discovery to Successful Implementation

Predicting Organizational Change Preparedness

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Decision Analysis Affinity Group Meeting
May, 2009
The Problem . . . .

- Implementation is the lengthiest part of the DA process
- Failure of strategic implementations is rampant
  - Research shows 70% fail
  - Up to 80% never achieve predicted value
  - Unchanged in 60 yrs - Truly costly in $ and havoc to people’s lives
- Why they fail
  - Little readiness for change; resistance
  - Poor alignment
  - Poor planning
  - Poor change management
  - Etc.
The Problem . . . . (cont.)

- Key concept: Change Threshold (a “tipping point” in Gladwell-speak)
- What companies do in response to falling short:
  - Fail
  - Move to the next initiative
  - Keep adding change management
  - Accept less value
- **Can we predict implementation failure/problems in the DA process?**
  - Few documented attempts in the literature
  - No real model of the Key Failure Points (KFPs)
Getting Over the Change Threshold

Time

Acceptance

Success ($)

Change Threshold

Change Threshold 2

Failure or Status Quo
Change Thresholds

• DA can help clients to *understand, predict & control* the Change Thresholds of their organizations
  - Critical to fully realizing the value of decisions

• How do we accomplish this?
  - *Integrate relevant factors into the decision-making process*
  - Help clients to quantify and understand the Change Threshold of their organizations *prior to strategy selection*
  - Show clients the value of targeted change management (CM) and risks associated with lack of CM
  - Assist clients with implementation and value realization through the use of change management tools and concepts
The DSI Organizational Change Preparedness Index (OCPI)™

- 42 KFPs in Implementation; 50 item survey (examples of areas measured below)

**Process Characteristics**
- Aligned Metrics & Rewards
- Roles not defined
- Organizational Capability
- Poor IT
- Initiative Overload
- Poor Flexibility
- Processes in Place
- Poor training

**Organizational Characteristics**
- Organizational Flexibility
- Too many silos
- Transparency & Trust
- Few “Go-To” people
- Communication Culture
- Long term goals not clear
- Positive Community
- Can’t publically express doubt

**Individual Characteristics**
- Ability to Change
- Poor Flexibility
- Motivation to Change
- “Care horizon” = f(age, time to retirement, etc.)

Increasing difficulty of CM
What we’re doing

- Measuring the likelihood of implementation success for each strategic alternative
  - Identify key failure points (KFPs) in implementation
  - Develop measurement of KFPs

- Adding to the DA Process
  - Develop methodology to balance strategies in Framing
  - Estimate the value gained by doing targeted CM (value of control) - Add to Framing and Evaluation

- Formatting the components of a targeted CM program
  - Building the capability and tools to apply a highly targeted & effective CM program based on known KFPs
Integrated Decision Management™ Process

**Process Steps**
- Clarify situation
- Define opportunity
- Criteria screen
- Critical Implementation Factors

**Decision Review Board**
- Business situation
- Stakeholder list
- Screening for objectives hierarchy
- Benefits & risks
- Potential Value
- Strategy deployment competency & capability evaluation

**Phase Deliverables**
- Discovery Screen Opportunity
- Creation & Framing of Alternatives
- Evaluation and Agreement
- Fully Develop Selected Alternative
- Implement & Monitor Performance

**Stop / Go or do IDM**
- Decision Hierarchy
- Strategy Map
- Qualitative analysis
- Influence diagram
- Expert identification
- Analysis plan
- Critical execution (DI) considerations

**Framing Review**
- Financials
- NPV / EVA
- Sensitivity tornado
- Risk profiles
- Risk reduction & contingency plan
- Organizational readiness level

**Select Alternative**
- Project work plan
- Staffing plan
- Strategy deployment plan (P, Sys., Struc., Culture)

**Funding Approval**
- Earned value
- Change management
- Decision integrity review
- Learning
- Quality audit
- Strategy management system
- Leadership training
- Executive coaching
- Communication

**CM Additions**
- KFP prediction surveys
- Include CM Personnel
- CM interviews
- Redefine stakeholders
- Markets & Blog analysis

- Balance Strategies
- HR in Core team
- Include CM Personnel
- Match KFP profile with Strategy map

- Cost needed CM
- Build CM into Tornado
- Use Game Theory to predict dysfunction of people/players

- Change Threshold Shift Analysis
- CM Processes & Tools
- CM deployment plan & proposal

- CM tools
- KFP reanalysis
- People mapping
- (see above)

What we’re doing (cont.)

• Developing simple, graphic presentation of the organization’s key implementation hurdles
  - Radar charts and targeted CM

• The result:
  - Implementation factors are taken into account as part of DA process
  - Clear presentation to senior leaders when decision is made
  - Alternative selection includes quantified assessment of probability of implementation success and plans for focused CM
  - Fewer unpleasant surprises at implementation
  - Consultant has the context to build a highly focused CM program
Simple Graphic Presentation

Rating | Implementation Difficulty
-------|---------------------------
100    | Achieve w/o CM
80     | Achieve with X
60     | Achieve with Z
40     | Achieve with Y
20     | Achieve with Z
10     | Possibly not achieve
The interface between the OCPI and DA

- **Discovery**
  - Conduct surveys; identify KFPs
  - Identify objectives vulnerable to KFPs; balance objectives hierarchy

- **Framing**
  - Include HR personnel in process
  - Incorporate CM decisions into strategies
  - Qualitative evaluation of strategies based on $P(\text{success})$

- **Evaluation**
  - Incorporate quantitative survey results into analyses
  - Conduct new surveys, specific to strategies under evaluation?
  - Include CM issues on tornado charts; estimate VoC
  - Modify quantitative evaluations to incorporate CM issues (Game Theory)

- **Alternative Development**
  - Develop CM plan as part of chosen alternative, including contingency plans

- **Implementation**
  - Use surveys as monitoring/feedback device; determine if overall Change Threshold is likely to be overcome
Summary: The Current State of Affairs

- The OCPI is in its infancy - first pilot going on now
- The economy isn’t helping
- Very few instruments have been developed to bring soft CM issues into the DA process
- **Might there be a CM issue around getting DA practitioners to accept a new concept/tool/approach?**
- Anyone interested in partnering with DSI to perfect this instrument and expand the DA process?
  - Contact Pat Leach at peleach@decisionstrategies.com