# 5

# Building Organizational Change Capability

*Your success in life isn't based on your ability to simply change. It is based on your ability to change faster than your competition, customers and business.*

—Mark Sanborn

By taking a more thoughtful and disciplined approach to change, conscious change leaders naturally begin to address how they can improve their organization's change capability. Their motivation is obvious: "If we can proactively increase our results in this change effort using these approaches, why don't we do so for all our changes for the years to come?" They begin to realize that strong change capability is vital to their organizations' near-term and long-term success, and they start to look for ways to build that capability. In this chapter, we will explore how approaching change as a strategic discipline is key to building your organization's change capability. This means not only building your leaders' and internal consultants' knowledge and skills but also the organizational systems and infrastructure that will enable change to be led more effectively and consistently.

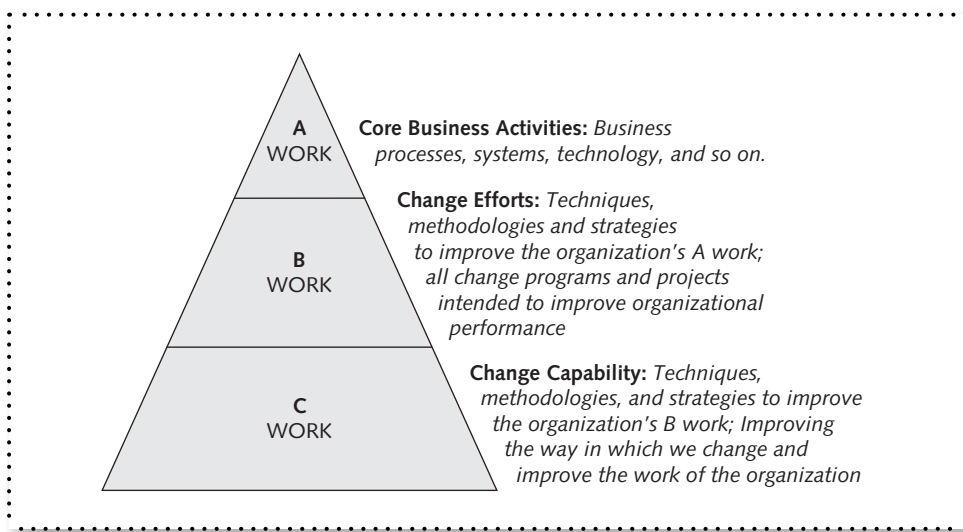# CHANGE CAPABILITY: A KEY TWENTY-FIRST CENTURY COMPETITIVE ADVANTAGE

Organizations that excel at change have a competitive advantage. Āey capture market opportunities; significantly improve their operations; innovate, merge, downsize, rebrand, grow, restructure, acquire, and implement new products, services, and technologies; improve their supply chain; and perform numerous other critical activities better than their competitors who struggle with change.

Change capability establishes the core competency of improving just about every aspect of business performance. Conscious change leaders understand this and recognize the importance of building their organizations' change capabilities.

*Change capability* is the ability of an organization to plan, design, and implement all types of change efficiently with committed stakeholders, causing minimal negative impacts on people and operations, so that desired business and cultural results from change are consistently achieved and integrated seamlessly into operations to deliver maximum ROI.

Figure 5.1 shows how building change capability positively impacts your organization. In the diagram, A Work denotes your core business activities, that is, everything your organization does to provide value to customers. B Work is all of

**Figure 5.1.  The Impact of Change Capability**



Core Business Activities: *Business processes, systems, technology, and so on.*

Change Efforts: *Techniques, methodologies and strategies to improve the organization's A work; all change programs and projects intended to improve organizational performance*

Change Capability: *Techniques, methodologies, and strategies to improve the organization's B work; Improving the way in which we change and improve the work of the organization*

the change efforts you put into improving A Work, making you or your organization the best it can be. C Work is improving your ability to do B Work, in other words, improving your ability to improve, to change. C Work is consciously building change capability so you continually improve the results you get from change. Remember the statistic of the 60–70 percent failure rate from change? C Work stops the failure and delivers change results.

Building change capability requires commitment, resources, and time. It starts with increasing executive, management, and employee change knowledge and skills. Executives must learn how to sponsor change effectively. Change process leaders and change team members must develop solid competence in planning, designing, and implementing change. Managers must learn how to facilitate change in their operational areas, including how to engage employees to build commitment and ownership of the changes. Workers must learn how to adapt to change, make the changes relevant to them, and contribute to successful outcomes.

Ā is requires a serious commitment to training and development, including real-time change project application that goes beyond the typical classroom. Action learning and ongoing feedback are critical. Communities of practice are vital for coaching, mentoring, and sharing best practices. All of this development will improve your track record in leading change, but a most important action is positioning change as a strategic discipline in your organization.

## CHANGE: THE NEW STRATEGIC DISCIPLINE

Virtually all key functions in organizations—strategy, finance, marketing, sales, human resources, and information technology—are set up as strategic disciplines to ensure they function consistently at the highest levels possible. Ā ese disciplines, and the management protocols that go with them, are crucial to these business functions performing effectively. In today's organizations, change is as mission-critical as these other key functions and must be embraced as such. Otherwise, the approaches to building change capability will be superficial, temporary, and piecemeal, and not produce the sponsorship, resources, or operational excellence required.

We have identified five key strategies so far to creating change as a strategic discipline: (1) identifying and managing an enterprise change agenda; (2) having one common change *process* methodology; (3) establishing a change infrastructures; (4) building a strategic change center of excellence for all change practitioners; and (5) creating a strategic change office. We will describe each in order, although

sequence is not implied here. You will quickly see that they fit together as an integrated approach, where the fifth strategy, the strategic change office, runs all of them. Read each description first for understanding, and then consider the possibility for creating each in your organization. You may find that your leaders have an appetite for one or more of the disciplines; build from there after value is demonstrated. Creating and mastering all of these strategies can easily be a three- to five-year undertaking. (See premium content: Building Change Capability: Leading Change as a Strategic Discipline; www.pfeiffer.com/go/anderson.)

As we explore each strategy, imagine your organization bringing to change a similar level of resources, organization, and strategic attention that it currently gives to finance, IT, and HR. What greater results would your organization be producing from change with this level of executive commitment, practice, and capability in place?

## 1. Enterprise Change Agenda

An enterprise change agenda names the most important change initiatives required to execute your organization's business strategy. Its purpose is to capture and integrate the major changes underway or planned in your organization, ensuring their strategic relevance to business success. It may or may not include less significant changes underway or planned, depending on your capacity to monitor them. Its intent is to focus on mission-critical changes for the enterprise as a whole and its primary businesses.

You may be familiar with project portfolio management—a method for collectively managing a group of current or proposed projects. While similar in concept, the enterprise change agenda is owned by the senior executives and designed to address the organization's strategic changes. Its focus remains high-level—appropriate to executive oversight. Ā e specifics of project objectives, timelines, resource requirements, risks, and interdependencies are handled by a strategic change office (if you create one), project change leadership teams, and other mechanisms within your organization's change infrastructure, described later in this chapter. If you have a project portfolio office that serves the executives, the enterprise change agenda can be tailored as an extension of it.

Consciously establishing an enterprise change agenda counteracts the pervasive chaos, "project of the month," and costly capacity issues that leaders inadvertently create by initiating untold numbers of changes and pet projects. Ā e agenda ensures that

adequate attention is given to prioritizing projects, aligning them to what is needed to implement business strategy, ensuring capacity and adequate resources to succeed, and minimizing the negative impacts on operations and the people who have to implement the changes while doing their "day jobs." Establishing an enterprise change agenda ensures that change does not get out of control in your organization and enables greater strategic oversight and accountability for priority changes. It also helps the leaders weave a cohesive story to communicate to stakeholders and the workforce about where all of the change activity is leading and what it needs to produce.

The agenda assists your organization and executives to ensure five critical success requirements:

1. **The change efforts happening are the right ones to fulfill your business strategy.**
   Identifying all efforts enables you to stand back and assess priorities against both your business strategy and your resources.

2. **The efforts are prioritized, organized, assigned, and paced in the optimal way.**
   Each change effort is a piece of your organization's overall change strategy. Looking objectively at the whole picture reveals whether the picture is realistic, complete, and possible within a given timeframe. It also allows you to see where there may be conflicts, overlaps, interdependencies, or opportunities for integration and coordination.

3. **The organization has the capacity to actually carry out—and succeed in— these changes.**
   Defining the entire change agenda is the only way to obtain realistic data on capacity, including workload, stamina, capability, and the best use of your in-house change resources.

4. **You are effectively managing your external consultants to help with the range of change efforts underway.**
   The agenda enables an enterprise look at the use of these resources, and supports leveraging them, coordinating them, and ensuring you have all of your needs covered to produce your outcomes in the most cost-effective and timely ways without duplication, loss of strategic oversight, or excessive expenditures.

5. **Your change efforts are aligned to support your desired culture.**
   Most if not all change initiatives on your agenda will have an impact on the organization's culture and be affected by leadership style and competency. Coordinated, overt attention to changing culture and realigning leadership

style in *each* effort is essential to producing and sustaining overall culture change and collective tangible results from these critical efforts.

Āe organization's change agenda is built by identifying change initiatives currently under way or planned in four categories, from the most strategic to operational:

◗ Strategic importance to business success
◗ Enterprise-wide impact
◗ Functional or business-line specific
◗ Operational requirement

You identify the change efforts within each category, cluster them to assist with prioritization, review your available resources and contracted services, and ascertain if you have adequate capacity for the change efforts within each level.

The creation of the enterprise change agenda typically follows on the heels of the organization's strategic planning process and precedes your operations planning cycle. Because new change efforts may arise in any of the categories throughout the year, you must revisit the agenda periodically to ensure that it is still relevant and accurate. Having one executive oversee the agenda and coordinate its use and accuracy throughout the year is the best way to ensure it supports economies of scale and minimal negative impact on the organization. Organizations that have large autonomous business units have each business create and monitor its own change agenda, aligned with enterprise requirements. This makes reporting on each business unit's annual change priorities, progress, and resource usage very easy. These issues can and should be added to your scorecard.

Āe agenda is also the basis for leaders deciding how to allocate the organization's in-house change-related resources to the highest priority efforts. Āese resources and services might include project management, organization development, change management, LEAN management, training and development, quality improvement, and so on. Āey also include the change leaders and team members you take from operations. Āe use of resources and oversight of the enterprise change agenda can be handled by creating a strategic change office, described later in this chapter.

In most organizations, the decision to establish the discipline of an enterprise change agenda belongs to the senior executive team. Ideally, you would recognize its value before its absence overwhelms the organization. Consider the following Case-in-Point.

Exhibit 5.1 provides an assessment to identify the need you have for establishing an enterprise change agenda and the degree of benefit it will provide you. It asks you to identify the number of major initiatives you have going on, which indicates your basic need for this strategy. It then asks you to assess your organization against

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### CASE-IN-POINT

We worked with a federal government agency that was undergoing a major transformation. We began our work with an Executive Change Lab, a one-and-a-half day session where the senior leaders were briefed on the requirements of leading transformation and determined their risk of failure. One of the outcomes of the session was a mapping of their existing change efforts. Three things became clear as a result of this exercise. First, they had over 40 initiatives on their "priority" list, which had been honed down from 100. Secondly, many of these efforts were good ideas, but not driven by the immediate needs of the agency's transformation or its mandate. Thirdly, they had nowhere near the capacity to address these efforts successfully and maintain their operational standards.

The executives created an enterprise change agenda of seven top transformational priorities and focused their attention on the success of these. They were able to staff, train, and support these efforts to be successful. In the three years since this work, their change agenda has enabled them to review and adjust each year as new priorities have surfaced and change efforts were completed. Their success catalyzed them to initiate a formal process for adding to or reducing their enterprise agenda, resourcing the initiatives, and monitoring progress and ongoing capacity. This has had huge positive impact on their agency in terms of fulfilling their mandate of achieving citizen outcomes, employee engagement, and morale. More results have been produced with better efficiency and use of resources. They have also created a number of the change infrastructures we discuss in this chapter, all to their organization's change leadership benefit.

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**Exhibit 5.1.  Enterprise Change Agenda Needs Assessment**

## WORKSHEET

How many major* change efforts are underway in your organization or planned to begin within six months? _____ *(*Major* refers to scope, complexity, impact, necessity, scale, and demand for significant resources and capacity.)

Consider the implications of having the number of major change efforts you have:

< 5: no need for an enterprise change agenda

5 to 10: slight need

11 to 15: moderate need

16 to 20: high need

Over 20: critical need

Rate the following statements using a scale of 1 -5, where 1 = Strongly Disagree and 5 = Strongly Agree.

_____  1.  We effectively use mechanisms to identify and track all of the significant change efforts in our organization.

_____  2.  We effectively use a process to ensure that we have the right change efforts to deliver our business strategy.

_____  3.  All changes currently underway are necessary to executing our business's strategic direction.

_____  4.  Our change initiatives are sponsored and resourced according to their priority.

_____  5.  We effectively use a mechanism to identify and assess our organization's capacity to succeed with all our changes while continuing to operate effectively.

_____  6.  We have the capacity to undertake—and succeed in—the key changes currently underway without major negative impacts on people and operations.

_____  7.  Our operational plans reflect the requirements and demands these changes have for the organization.

_____  8.  We have and effectively use a formal protocol for adding/dropping/modifying/reprioritizing initiatives on our agenda as priorities shift.

_____  9.  We have an effective process to ensure that high priority changes get resourced ahead of low priority ones.

_____ 10.  We are effective at managing resource expenditures to ensure best and highest use across the organization.

_____ 11.  We are effective at managing our in-house change-support expertise and services to ensure best and highest use across the organization.

*(continued)*

**Exhibit 5.1.**   **Enterprise Change Agenda Needs Assessment**

| WORKSHEET (continued) |
| --- |

_____ **12.** We know how many external consultants are on contract to work on our various change efforts and in what capacities.

_____ **13.** Our current change leadership capability is what it needs to be to produce the desired results from these changes.

_____ **14.** We have and effectively use a mechanism to review the fit of our culture to produce needed results from change and to identify how we need to alter our culture to do so.

_____ **15.** We use an effective mechanism for raising issues like pacing, resources, competition, cultural impacts, people issues, technology, and any other topic that may inhibit our organization's change results.

_____ **Total**

   Scoring: Add your scores. Your total score reveals the potential benefit of formally creating and actively using an enterprise change agenda.

15 to 30: Extreme benefit potential, especially if you have more than ten major initiatives occurring. Formalize your enterprise agenda right away.

31 to 45: Significant benefit potential; creating your agenda is critical if you have more than fifteen initiatives occurring.

46 to 60: Moderate benefit potential; you may be able to expand what you are already doing to better handle your needs, unless you have over 20 initiatives.

61 to 75: You already have much of what you need.

fifteen criteria that describe the benefits an enterprise agenda can produce. Ā es e criteria reflect the five success requirements of having an agenda described earlier. Your data—the amount of change you have occurring and the potential benefits you are currently realizing or not—will determine how important having an enterprise agenda would be to your organization right now.

Engage your executives in this exercise and discussion. First, have them complete it individually; then compile the numbers, average them, and review your results collectively to determine the value of establishing and working an enterprise change agenda.

## 2. Common Change Process Methodology

We are not surprised when we do change audits for clients and discover that they have multiple change methodologies being used across their organization. Often,

when new leaders come into an organization, they bring their familiar approaches with them. Some models address start-up, some people issues, some just implementation, some engagement, and some communications. All are pieces of the overall picture that a change process methodology needs to provide. Intentional or not, these various change models, concepts, and terms end up competing and conflicting, confusing both employees and change leaders who work on multiple efforts, making it very difficult to coordinate across initiatives and measure progress in common terms.

We must also note the organizations that have no distinct approach to change at all. With each change effort, they reinvent their process, waste enormous effort, often create greater confusion, and lose all opportunity to learn from and expedite their changes. Āe absence of a shared process model is costly.

A common change process methodology overcomes these challenges and produces many positive outcomes that you cannot achieve with multiple approaches to change, such as the following:

◗ Increasing change capability, through a common language, skill set, process roadmap, and tool kit

◗ Sharing best practices across initiatives because of shared approaches

◗ Sharing work products across change teams to increase speed; for example, multiple initiatives borrowing from a standard template for writing their cases for change, designing their change solutions, or creating their implementation master plans

◗ Moving people to different change teams with rapid start-up and little disruption

◗ Collaborating effectively across functional areas on enterprise-wide initiatives

◗ Managing capacity

◗ Integrating initiatives to minimize overlaps and gaps and reducing impact on the organization

◗ Communicating effectively to stakeholders about all key change efforts

◗ Monitoring progress of different initiatives

◗ Using a phase gate approach to decision making and resourcing

Using a common change methodology across your organization is critical to building change capability. We will discuss change process methodologies more extensively in Chapter Eight. Our companion book, *Āe Change Leader's Roadmap*, describes Being First's change process methodology in great detail. You can also get more information at www.changeleadersroadmap.com.

## 3. Change Infrastructure

Change infrastructures are standard structures and practices for designing, implementing, and monitoring your organization's change efforts. They underlie the work, making it clear, consistent, and manageable. All strategic functions in your organization have such infrastructures. Think about your IT, finance, marketing, or HR functions. They all have standard practices, methods, templates, and ways of ensuring high-level performance and outcomes. Those methods and practices are structured, overt, accessible, understood, and used. Each of the professionals in those functions are trained and held accountable for applying those standard practices to their areas of responsibility. Over time, those "infrastructures" are refined and developed to produce best practices to ensure the highest results. This is all possible because the methods and practices are common to everyone engaged in that function.

The purpose of developing change infrastructures is identical to these other strategic disciplines: to support your organization to deliver results from change by establishing and using overt, commonly used structures and practices that optimize change execution, accelerate time-to-results, and build capacity. Once established, these infrastructures become the baseline for people to increase their change leadership effectiveness. They provide a foundation for building your organization's change capability.

Change infrastructures include standard roles, templates, and methods for governing your change initiatives, as well as common practices for setting up, orchestrating, and overseeing their effectiveness. When you establish a common change process methodology, it will become your most significant change infrastructure. For example, in our change methodology—The Change Leader's Roadmap — each task can become a change infrastructure because it provides guidance on best practices for executing that task. Our clients use these to standardize and optimize how their change leaders and consultants then apply them. Over time, these become best change practices for their entire organization. Standard change tasks are included in the following sample list of change infrastructures:

**Sample Change Infrastructure Elements**

◗    Standard practices for creating your case for change

◗    Standard templates for building change strategy

- Standard change governance, including roles, team charters, and decision making
- Standard conditions for success and ways of measuring success
- Standards for change communication plans and stakeholder engagement strategies
- Expectations and methods for rapid course correction
- Expectations and requirements for multiple project integration ("air traffic control")
- Change leadership competencies: skills, knowledge, behaviors, and mindsets
- Roster of best practices and change tools for all key tasks in your common change process methodology
- Universal support mechanisms for communications, feedback, and information management, such as intranet sites, project software, and communication protocols

Make key change infrastructures known and available to anyone involved in leading change in your organization. However, beware of the fear of mandated standards. Leaders and change consultants can easily balk at the idea of standard approaches unless you demonstrate the wisdom in using them. Make the enterprise benefits overt, and engage users in helping develop and refine your infrastructures. Ultimately, your change leaders and consultants should "own" these infrastructures and be held accountable for making them "best-in-class."

## 4. Strategic Change Center of Excellence

Many organizations have internal change consultants. Ā ese professionals are found in different departments in different organizations, including organization development, organization effectiveness, change management, quality, process improvement, LEAN and Six Sigma, IT, HR, and project management. Each adds its own value in its own way, depending on the discipline.

Ā e most common scenario we see in organizations is that leaders call on these services when they happen to see a need, often too late in the process to ensure clear foresight or prevent predictable people or process problems. Many leaders, operating on autopilot, simply do not see the need very often, and when

they do, miss significant opportunities for how best to apply these talents. Most of the existing services offer a piece of what is needed, but challenges arise because no one is looking after all of what is needed. To make matters worse, these resources often compete among themselves to be engaged on major change efforts. The end result is that the organization does not get its full value from these resources.

Consider: Who has their eye on the organization's strategic change needs? Who keeps conscious, proactive attention to ensuring that the organization sets up its mission-critical change efforts for success from the very beginning? Who oversees that the level of change expertise needed is being developed and used in the best way? Who ensures that there is effective collaboration among these various change resources for the good of the change efforts and the entire enterprise? Someone must, or breakthrough results can never occur.

These issues and the complexity, cost, and potential benefit of enterprise transformation have generated a need for a *Strategic Change Center of Excellence*. This Center of Excellence is comprised of the organization's major change support resources, many of which were listed previously. Likely, your organization has all of this consulting expertise in place, at its headquarters and in its business lines. The Center is a way of organizing, networking, and training them for the best and highest use. It need not house all of these resources; rather, it supports them, accesses them, and develops them. The Center's charge is to create a "new breed" of change consultant, devoted to the overall success of the business, no matter what their expertise or where they live in the businesses.

The Center can play several value-added roles:

◗ Provide the central pool of the most highly skilled consulting resources for use on major change efforts.

◗ Determine complementarities and ensure consistency among all of the change resources and their approaches, thereby providing the best and most aligned guidance on change.

◗ Provide temporary or "loaned" resources where the organization most needs them.

◗ Be a vehicle for developing the highest level of change leadership and consulting that the organization needs to succeed.

◗ Identify, build, teach, and use the organization's change process methodology and change infrastructures on major change efforts.

- Identify, build, and distribute best change practices.
- Pilot new change practices before rollout.
- Provide "case management" learning clinics and showcases for others (consultants and leaders) during any phase of change.
- Help address cross - boundary/cross - business integration needs relevant to producing the highest results from change.
- Help match resources to demand and be a voice for change capacity reality checks.
- Surface critical risk factors, issues, and needs for course correction from all levels of the organization engaged in major changes.
- Advocate for realistic conditions for success on how changes are set up and led.
- Input to and look after changes in culture and leadership style affecting key change efforts' success, including coaching executives as they lead their change efforts.

The Center's consultants advise and support the executives in charge of the enterprise change agenda and can be a central resource within the strategic change office (SCO, described later), strategic planning, or HR. Their function is to provide the best resources and services on major change efforts — for start - up, change strategy development, planning, design, implementation, and consultation on the multiple project integration requirements among all priority initiatives. They ensure effective stakeholder engagement and change communications. They also input to and facilitate essential course corrections to the change agenda and its priorities, and work toward creating full organizational alignment in the design and execution of all change efforts in support of the business strategy.

These consultants also provide high-level change education and coaching for executives, change sponsors, and leaders. A critical role they can play is to help identify the organization's past practices and patterns that inhibit its ability to succeed in change. They can use change history audits to surface this data and then work with key executives to determine how to prevent these negative practices and embed better ways to oversee change.

The Center can be structured and run in a number of ways. It is a convener, organizer, developer, and orchestrator. It can host periodic face-to-face meetings and trainings, work virtually, provide Web-based education and support, and use an interactive intranet site for meeting, learning, project or issue tracking, logistics, and communications. When working on key change initiatives, Center consultants

will partner with business line or headquarter change sponsors to provide the best change consulting from the very beginning of the effort, which is the heart of strategic change consulting.

Ā e Center's role, in whole or in part, is a necessary investment in ensuring that your organization can actually achieve results and create the value it needs from its most important change efforts over the long term. Building strategic change consulting expertise within such a Strategic Change Center of Excellence is the next edge of organization development and change management. It expands the role and positioning of these services to focus on the organization's most important changes, using and teaching the strategic disciplines for change the organization chooses to create. Ā e Center is one of the first steps that you should consider in creating change as a strategic discipline because it builds on your current expertise and successes in leading change and takes them to new levels—levels required for breakthrough results. Because the Center works as a network and does not require changes in organization structure, it might be the best place to begin. (See premium content: Upgrade Your Organization Development and Project Management Staff to Strategic Change Consultants; www.pfeiffer.com/go/anderson.)

## 5. The Strategic Change Office (SCO)

Approaching change as a strategic discipline to build superior change capability all comes together in establishing a strategic change office. Ā is is a pioneering concept that we have yet to see in full application. A few of our clients are experimenting with aspects of this function. Others are becoming more and more interested in it and seeing its potential value. We believe establishing an SCO represents the current cutting edge of change disciplines—a wave of the future that will become more common over the next decade. We introduce it here because it is a key strategic discipline for ensuring results from change, managing your enterprise change agenda, building superior change capability, and sponsoring your Strategic Change Center of Excellence. As you read about this function, imagine having an SCO in your organization and its impact on change results, change leadership, and change capability.

Ā e SCO is a senior executive function that oversees the success of change across the entire enterprise. It is led by the Chief Change Officer (CCO), who sits on the executive team. Ā is enables the SCO to be positioned to ensure that major change initiatives are the right ones to drive the business strategy, advocating for what is

needed to maximize results on these mission-critical initiatives, and ensuring strong change capability throughout the organization.

Ā e SCO is the primary vehicle for making change a strategic discipline in your organization. It is responsible for building and monitoring your organization's enterprise change agenda, raising the priority level of the oversight and support of change from somewhere down in the organization—usually in a Program Management Office—up to the "C" Suite. It also promotes consistent and rightful use of your change process methodology and change infrastructures, housing your Strategic Change Center of Excellence, which enables it to access the best resources, services, and methods for every phase of change.

Ā e SCO does not "own" all of the priority change initiatives; it creates the conditions for them to be optimally successful. Ā e SCO leader and consultants partner with the executive sponsors of key initiatives to support those leaders to accurately scope and launch their change efforts successfully. Ā e executives still own the decisions about what needs to change to implement their business priorities and the strategic decisions about how they are run. But instead of simply naming change projects and handing them off to their line organizations, the executives first engage with the SCO.

SCO consultants work closely with each executive sponsor to create a change strategy that clarifies change governance, potential integration with other initiatives, scope, pace, and a true picture of the resources and time required for the change effort to deliver on its promise. Ā e SCO also helps assess the impact of the change on current operations and people, so other executives can know early on what impacts they will have to deal with and when. Ā e SCO then secures professional change support from the Strategic Change Center of Excellence, the organization's content experts, and/or external resources to define and mobilize the effort according to its priority, desired outcomes, resourcing, and requirements.

Ā e SCO enables change leaders and project team members to have far greater access to the executive suite when critical issues emerge. Being knowledgeable about all the large change efforts in the organization, the SCO can more easily get the right senior leaders to engage in key strategic change issues, such as the impacts of taking on any new change, how it will or will not tax capacity and resources, what priority and level of urgency it has, what organizational activities can be stopped or modified to address capacity constraints, issues with external consultants, and what will be required of the executives collectively to ensure results. Ā e SCO has the authority to get the executives' attention when any changes—or the organization's

capacity to deliver on them—are at risk. With this intelligence, the executives have far more capability to ensure the effective implementation of their own individual initiatives, enterprise-wide efforts, and, more importantly, the organization's collective business strategy.

Recall that successful change leadership requires competent attention to the three key areas of content, people, and process. Typically, executives focus on content and delegate the people and process issues to others. Ā e SCO ensures that the change leadership teams of the major initiatives build change strategies that can deliver the best *content* solutions, and simultaneously engage *people* in the change process in such a way that they develop commitment, ownership, and skill in implementing the desired state effectively. Ā e SCO is not in charge of any content decisions but influences the *change process* so it generates the best content solution and proactively handles the people and cultural dynamics to deliver on it. It contains the organization's highest change process expertise, including how to deal with all of the people requirements from the beginning of the effort. Ā is is key to the SCO providing its strategic value as a standard-setter and an advisor to executive change sponsors. Ā e SCO advocates for the importance of people and process, and places both on par with content, which is what makes establishing an SCO so critical to your organization's success with change.

Ā e SCO is also in charge of ensuring that the organization has the change capability that it needs to succeed at long-term change. It partners with your training functions—in particular with your corporate university, executive, and management development groups—to ensure the right change training and development occurs at all levels of your organization, for all of the groups who have a role in making change successful.

### Functions and B enefits of the SCO

1. **Ā e SCO can increase speed and lower the cost of change.** Every executive wants change to happen faster, with less financial and human cost. Establishing the SCO supports those results. Ā e SCO is tasked to ensure that each new change fits within your enterprise change agenda. It reduces duplication of effort; ensures that the outputs from one project flow seamlessly as timely inputs to others; ensures effective integration and pacing across projects; and stops competition and clashes among them. It increases people's understanding of the big picture of change and how all change efforts work collectively to implement the organization's business strategy, thus lowering resistance and

building commitment in stakeholders. Ā is alignment speeds up change by removing so many classic barriers to implementation.

2. **Ensures major change efforts are directly linked to business strategy.** Ultimately, all major change is strategy execution; the primary reason you do change is to enable implementation of your organization's strategy and goals. With the SCO leader at the executive table co-creating the business strategy and overseeing your Enterprise Change Agenda, this link is ensured. Each of the other executives, including the other "chief officers," relies on the oversight of the SCO and the competency of the Strategic Change Center of Excellence to support them to successfully launch and implement their major changes. Ā e SCO helps ensure the success of *their* changes to achieve the organization's collective business strategies and goals.

3. **Ensures the Enterprise Change Agenda is appropriate, realistic, and vital to identifying and driving the right strategic changes.** As described previously, the SCO plays the oversight role for ensuring that the organization has the right change efforts in place to be successful and has the capacity and resources to succeed in them.

4. **Ensures your organization has the capacity to succeed in its agenda's change efforts.** Far too often, the executive team initiates major change efforts without assessing whether the organization has the workload capacity to succeed at the changes without negatively impacting people or operations. Ā is is especially true if you do not have an Enterprise Change Agenda. Always remember this: All internal resources for change are borrowed from operations, so there is always some level of impact on operations. How much impact can you tolerate? How much impact will your changes have? With the SCO, the "get real" conversations about capacity can happen among the executives before they initiate major changes, not later when those efforts are spiraling out of control, operational goals are not being met, or your best talent is burning out.

5. **Ensures executive accountability for proactively leading change efforts until full ROI is achieved.** A major source of failed change is change sponsors not seeing changes through. Ā ey delegate responsibility and go on to new things before the changes have been fully absorbed into operations and are delivering their full ROI. Sometimes leaders reduce resources too early; other times, they quit championing, monitoring, and holding people accountable for an effort's full success. Ā e SCO, linked to the executive team, minimizes

these shortcomings. The SCO does not run the change efforts; it oversees their effectiveness and integration, ensuring their optimal results.

6. **Ensures that top change efforts get priority selection of staff and resources.** With executives fully informed about the purpose and role of all major change efforts in executing strategy and achieving key goals, the resource allocation conversation becomes much more pragmatic and hard-hitting. With the SCO facilitating, they can talk through the trade-offs around staffing and resourcing to ensure each effort gets its proper due. They can take a stand against "pet projects" that bleed off resources and capacity needed for higher priorities.

   Often, executives commit to a significant enterprise transformation, as in cultural transformation or ERP implementations, but months later when they must provide necessary resources from their organizations to the change, they balk. They say, "I never agreed to that" or "I didn't know you would want *those* people." The SCO can ensure from the beginning that all executives understand the downstream resource implications on their operations of any enterprise change and then hold them accountable at those later dates to earlier commitments made to support the change. This causes the executives to listen more completely when enterprise efforts are being discussed and produces deeper commitments that will sustain when challenges arise.

7. **Ensures effective course corrections.** With the SCO at the executive table holding a place on the executive agenda, course corrections are more easily made. The required executive discussions regarding the trade-offs, costs, and benefits of different scenarios in response to emerging dynamics can occur more thoroughly and in a timely manner to generate alignment and a sustainable course of action.

8. **The SCO owns your change process methodology, change infrastructures, and best change practices, and ensures effective dissemination of these throughout your organization.** With focused commitment to a common methodology and change leadership standards, executives and line change leaders can more readily build superior change capability.

9. **The SCO houses your Strategic Change Center of Excellence, and ensures efficient access and best use of your organization's change expertise and resources.** The SCO does not necessarily house all of the resources that may be required for a change to succeed; it may simply know where they are and how to access them as needed. It has a dotted-line relationship to the myriad types of expertise and resources in the organization, and it has the authority to mobilize the right resources and skills for any given change that it supports.

Ā e consultants who live inside the SCO include master-level change consultants. Ā ey should be trained as highly skilled consultants to your line executives, being the super users of your common change process methodology and champions of your best change practices and infrastructures.

Consequently, t he SC O m ust b e st affed b y p eople w ho under stand ho w to scope and prepare for all typ es of change and how to bring the right people together so change is set up for success from the beginning. Ā e SCO can request to hire more of these resources to ensure adequate capacity and capability. People and process resources are usually tougher to secure and are far less developed in most organizations than their content counterparts. Ā e following list shows people and process expertise that may be needed for any type and size of change.

### People and Process Expertise

- Build the case for change.
- Establish shared vision.
- Scope change accurately.
- Develop change strategy.
- Design change governance.
- Address le adership minds et a nd s tyle r equirements; de velop a nd le ad leadership breakthrough processes.
- Develop stakeholder engagement and change communication strategies.
- Create change initiative integration strategies.
- Coordinate the logistics of projects.
- Conduct o rganizational ass essments f or co ntent design s, r eadiness, a nd capacity to change.
- Conduct impact analysis.
- Create culture change strategies.
- Provide organization development; team building; new team start-up.
- Deliver change leadership development and executive coaching.
- Audit and measure individual change efforts.
- Develop rapid course correction systems.
- Deliver HR support services.
- Provide plans for and/or facilitate key meetings.

10. **Ā e SCO oversees the best use of external consultants.** Managing change-related vendors is a very high-leveraged use of the SCO. Ā e SCO can create preferred vendor relationships with the various types of external experts your organization needs. It can be particularly helpful in selecting contractors for the full range of services that support your change agenda. It can align the external consultants with your internal resources, coordinate efforts across multiple consulting firms, and renegotiate agreements and deliverables to better serve your needs as they change over time. Ā is oversight can greatly reduce fees, confusion, and redundancies, as well as ensure that external firms deliver their services in ways that align with your organization's cultural requirements, common change process methodology, and change infrastructures.

11. **Ā e SCO can oversee enterprise culture change and leadership style strategies.** Given that so many strategic initiatives require the organization's culture and leadership style to change, enterprise oversight of this complex and sensitive imperative can be effectively provided by the SCO. Cultural transformation requires a multi-pronged approach, touching most areas of the organization. Success requires master-level skill and attention. For all the reasons stated, the SCO can be the best facilitator of cultural transformation. Not the owner, but the facilitator! Ā e executive team must own culture change, just like they own content decisions. Ā e human resources department has a huge role, but in many organizations, they are not positioned to own culture change either. An SCO/HR partnership is critical to support executive-owned culture change. Ā e areas of responsibilities between them must be diligently negotiated. With both the EVP of HR and the SCO leader at the executive table, they can have the appropriate influence on the executives to be models of the new cultural mindsets, behaviors, and norms.

12. **Ā e SCO ensures that your organization takes an integral view and promotes a conscious approach to (change) leadership.** Ā ese five strategies for creating change as a strategic discipline will bring benefit to your organization. But real breakthrough happens when they are founded on the wisdom of operating consciously and approaching organizational performance and change from an integral perspective. We know of no better initial starting point to champion this approach enterprise-wide than through a formal SCO structure. Ā e positioning of the SCO, and in particular the Chief

Change Officer, can influence leadership throughout the organization to wake up, operate more consciously, and unleash human potential throughout the organization.

## *Leading the SCO: The Role of the Chief Change Officer*

Ā e head of the SCO is the Chief Change Officer (CCO), who is a member of the executive team and ultimately in charge of creating change as a strategic discipline for the organization. Ā is puts the SCO in its proper place in your organization, on par with your chief strategy, chief financial, chief information, and chief technology offices. Placing change leadership in the executive suite—where it belongs—secures all of the benefits provided earlier in the "Functions and Benefits of the SCO" list.

To get the full benefits of conscious change leadership described in this book, your CCO will need to embrace, model, and effectively promote a conscious, integral approach to transformation. He or she will need to be—by their own will and choice—a conscious change leader themselves. Ā ey will need a level of personal development that enables them to champion these ideas successfully with their executive peers and throughout the organization. Ā ey will need to model a conscious approach.

Creating a CCO role will require an adjustment in your organization's executive ranks. Because this role does not typically have line authority, the person in it must have strong influence skills and full legitimacy. Ā e role, and the SCO, must be seen as advocates for corporate success, not as the "change police." Our first CCO met with confusion about his role because his peers only understood line authority, not this type of "people, process, and standards" authority. Ā ey had not made the mindset shift necessary for this to work. Ā e senior team must have the foundational understanding of the value of the SCO, and of conscious change leadership, for this approach to take hold. Ā is understanding can be aided by generating accurate data about the real risk factors the organization has in leading—or failing to lead—its strategic changes. Performing a change audit can generate this data. Ā e best scenario is that you can proceed in this direction before your organization faces a major crisis in change and that this can be done in a conscious, proactive way, not as a reaction to failure.

Creating a SCO is a bold move. Some of our clients have established their enterprise change agenda and then ensured that change project leaders have access to the executives when issues of pacing and capacity surface. Others have established a change oversight function or Center of Excellence that supports strategic

initiatives in their use of Āe Change Leader's Roadmap methodology. Others have established key change infrastructures and published best change practices.

An example of a less formal approach to the SCO function is occurring with one of our hospital system clients. Āey have established a person (not a senior executive, but one level down) who oversees many of the functions of the SCO without naming them. She just does the work. Over the course of three years, she has demonstrated to the executives the strategic advantage of being smarter about how they define and lead their key changes. She does not have much staff but does have influence over the use of the organization's change-related resources and their use of Āe Change Leader's Roadmap methodology. She guides the change initiative leads and the senior Change Leadership Team's work, and surfaces key issues of pacing, change strategy, capacity, and timing. So without a title or a department, she accomplishes many of the important functions of the SCO. Her level of influence with the senior team is unique and grows with every critical course correction she names and oversees. Over the next decade, we expect that a major aspect of our consulting will be helping visionary companies develop an SCO and a Strategic Change Center of Excellence, and that the CCO role will become more common.

If you establish an SCO or CCO, please let us know about your experience and outcomes. We would appreciate adding your insights to our research.

## SUMMARY

Developing change capability requires a significant investment in training and developing people, but it also requires building the organizational infrastructures, systems, and processes that support change execution. Āis means treating change as a strategic discipline within your organization and giving it the same type of study, standards, and application you give to other strategic functions such as finance and HR. In this chapter, we addressed five key strategies for establishing change as a strategic discipline to build your organization's change capability.

We introduced the enterprise change agenda as a vehicle for executives to create a strategic—and realistic—view of the change priorities they require for business success. We discussed the benefits of using a common change methodology across your organization. We described the various elements of a change infrastructure that can drive best practices and consistency in the leadership of all of your change efforts. We discussed the value of a strategic change center of excellence, the services it would provide, and why it is the next evolution for how OD, OE, and change

management consultants can contribute to their organizations. Lastly, we introduced the SCO and the role of the CCO as a senior-level function chartered to ensure that the organization has the capability, conditions, and vehicles to succeed in its mission-critical change efforts. All of these strategies push the envelope of change leadership, and all of them drive toward greater leadership attention to consciously succeed at change.

Conscious change leaders embrace building change capability as an outcome of their work. Ā ey integrate the activities required into the normal course of leading their change efforts, consciously using their change projects as laboratories of development for all involved. Ā ey build and use their organization's strategic change infrastructures and systems to continually expand their organization's ability to change successfully, always seeking to improve the way their organizations improve. And most of this moves conscious change leaders far beyond the realms of change management.

## SECTION ONE SUMMARY

We are at the close of Section One: A Call to Conscious Change Leadership. Ā roughout this section, we have been building an understanding of what conscious change leadership entails beyond traditional change management. Fundamentally, conscious change leadership is about how to achieve breakthrough business and cultural results, while *simultaneously* building superior change capability in our organizations (Success Levels Ā ree, Four, and Five).

So far in our discussion, we can conclude that concious change leaders:

◗ Are accountable for both business and cultural outcomes, and pursue breakthrough results in each.

◗ Know the type of their change effort and build a change strategy suited for that type.

◗ Integrate attention to content and people into one unified change process.

◗ Address all seven drivers of change to pursue the full scope of change required.

◗ Take an integral view, attending to all quadrants and levels. In their change processes, they attend to individual mindset and behavior as well as collective (organizational, team, and relational) culture and systems.

◗ Integrate ways to build change capability into their change initiatives and their organizations.

- Approach change as a strategic discipline, building where possible organizational infrastructures, functions, and systems to support that end.
- Choose to operate consciously, intentionally turning inward to become increasingly self-aware of their own mindset and autopilot functioning in how they lead their change efforts.
- Choose to grow personally to become better models of the changes they are asking of their organizations.

Fundamentally, conscious change leaders need a thorough understanding of both how human beings function and the change process so they can unleash the human potential in their organizations as they go through change. We now turn to Section Two: People Dynamics, where we will explore Chapter Six, Human Dynamics: From Resistance to Commitment; Chapter 7, Ā e Role and Impact of Mindset; and Chapter Seven, Ā e Role and Impact of Culture. We will then take this comprehensive understanding of people into Section Ā ree: Process Dynamics, and apply it to designing change processes that deliver extraordinary outcomes.