

Realizing Change: Knowing When and How to Successfully Change



A CONSORTIUM BENCHMARKING STUDY
BENCHMARKING REPORT

Project Personnel

Study Personnel

Steve Wright, project manager
Gerry Swift, project support
Becki Hack, project support
Angelica Wurth, project support
APQC

Study Adviser

John Crager, senior adviser
APQC

Special Advisers

Bob Elliott
The Transpective Group

Dr. Bob Frost
Measurement International

Editor

Krystl Campos

Designer

Connie Choate

MEMBERSHIP INFORMATION

For information about how to become a member of APQC and to receive publications and other benefits, call 800-776-9676 or +1-713-681-4020, or visit our Web site at www.apqc.org.

COPYRIGHT

©2005 APQC, 123 North Post Oak Lane, Third Floor, Houston, Texas 77024-7797 USA. This report cannot be reproduced or transmitted in any form or by any means electronic or mechanical, including photocopying, faxing, recording, or information storage and retrieval.

Additional copies of this report may be purchased from the APQC Order Department at 800-776-9676 (U.S.) or +1-713-685-7281. Quantity discounts are available.

ISBN 1-932546-54-5

STATEMENT OF PURPOSE

The purpose of publishing this report is to provide a reference point for and insight into the processes and practices associated with certain issues. It should be used as an educational learning tool and is not a "recipe" or step-by-step procedure to be copied or duplicated in any way. This report may not represent current organizational processes, policies, or practices because changes may have occurred since the completion of the study.

Contents of Study Report

- 4

Sponsor and Partner Organizations

A listing of the sponsor organizations in this study, as well as the best-practice (“partner”) organizations that were benchmarked for their success in implementing their business plans and strategies.
- 7

Executive Summary

A bird’s-eye view of the study, presenting the study focus, the methodology used throughout the course of the study, the key findings, and a profile of the participants. The findings are explored in detail in the following sections.
- 13

Study Findings

An in-depth look at the findings of this study. The findings are supported by quantitative data and qualitative examples of practices employed by the partner organizations.
- 61

Partner Organization Case Studies

Background information on the partners, as well as the innovative methods they use to implement their strategic plans.

Sponsor Organizations

Department of National Defence (Canada)

Groupo IMSA

Northwest Area Foundation

Occidental Petroleum

Tata Steel

U.S. Naval Sea Systems Command

The Williams Companies Inc.

Partner Organizations

American Express

FedEx Ground

Grants.gov

Graybar

IBM

Executive Summary

In light of today's competitive, technological, and demographic forces, no organization can escape change. Changes in business models, market focus, strategic objectives, processes, programs, policies, technologies, and job roles are increasingly common.

Yet for many organizations change is the great unknown. History's scrap heap is piled high with organizations that didn't anticipate and act upon major changes within their marketplace, organization, or society in general. The literature suggests, moreover, that most organizational change efforts fail. Nonetheless, history also contains examples of organizations that foresaw change, adequately got in front of the change curve, and prospered.

The best-practice organizations profiled in this study began their journeys toward change with different needs and objectives in mind, explored different paths in search of success, and achieved different outcomes. Despite the obstacles organizational change naturally presents and the odds against success, all have nevertheless successfully managed large, complex change within their organizations.

OVERVIEW OF FINDINGS AND INSIGHTS

This study focused on identifying the need for change, how to implement change and manage the human side of change, and understanding the impact of change on the organization.

The APQC study team identified 11 overarching patterns, insights, and findings from the best-practice organizations. The approaches taken by the partners provide many insights into how their organizations know when and how to successfully change.

The Underpinnings of Change

- 1.1 There are a number of time-honored necessary conditions that best-practice organizations have successfully met in their change journeys, including:
 - a. commitment to change from the very highest levels in the organization,
 - b. alignment to the core strategy,
 - c. a strong model or methodology to guide the journey, and
 - d. the ability to effectively and efficiently communicate the strategic message of change and a change culture.

Understanding the Dynamics of Change

- 2.1 Best-practice organizations possess clear definitions of what change means, both internally and externally.

S U M M A R Y

- 2.2 To help achieve success, best-practice organizations focus change efforts on “burning platform” issues.
- 2.3 In both planning and gauging success of change initiatives, best-practice organizations place the strategic focus on stakeholders.
- 2.4 Best-practice partners have developed simple frameworks to support the entire change cycle. These frameworks facilitate proactive, rather than reactive, change.

Managing Change

- 3.1 Best-practice organizations involve all levels of the organization in the change and the change process. Involvement is aided in some cases by shared ownership of the process.
- 3.2 To enable and sustain change, substantial commitment of a “critical mass” of integrated resources must be made during all phases of the change cycle.
- 3.3 Best-practice organizations have concrete strategies and simple tools for assessing readiness, as well as anticipating and overcoming resistance to change. These include:
 - a. work force transition strategies for managing change,
 - b. continuous communication via multiple channels regarding change and the change process,
 - c. application of established protocols for monitoring and managing change fatigue and absorptive capacity, and
 - d. facilitated efforts for managing resistance.
- 3.4 Best-practice organizations undertake systematic change efforts, entailing serious preparation and the development and training of skilled change agents.

Understanding the Impact of Change

- 4.1 Best-practice organizations successfully manage change by reviewing the outcomes and impact of each change and making adjustments to improve.
- 4.2 Best-practice organizations maintain programs of rewards and recognition and defined accountability to facilitate the change process among employees.

ORGANIZATION OF REPORT

The purpose of this report is to guide successful change management and implementation within an organization through the adoption and adaptation of the study results. This executive summary provides an overview of the key findings and sets the stage for the remainder of the report.

Chapter 1—The Underpinnings of Change

Chapter 2—Understanding the Dynamics of Change

Chapter 3—Manage Change

Chapter 4—Understanding the Impact of Change

Chapter 5—Change Challenges and Lessons Learned

Greater detail is provided in five case studies based on the organizations that hosted site visits: American Express, FedEx Ground, Grants.gov, Graybar, and IBM.

APQC'S CONSORTIUM BENCHMARKING METHODOLOGY

The APQC consortium benchmarking study methodology was developed in 1993 and serves as one of the premier methods for successful benchmarking in the world. It was recognized by the European Center for Total Quality Management in 1995 as first among 10 leading benchmarking organizations' models. It is an extremely powerful tool for identifying best and innovative practices and for facilitating the actual transfer of these practices.

Phase 1: Plan

The planning phase of the study began in late 2004. During this phase, secondary research conducted by APQC was used to help identify innovative organizations to participate as best-practice partners. In addition to this research, APQC staff members and the study advisers identified potential participants based on their own firsthand experiences, research, and sponsor recommendations. Each recognized organization was invited to participate in a screening survey. Based on the results of the screening process, as well as organization capacity or willingness to participate in the study, a final list of 10 potential partner candidates was developed.

A virtual kickoff meeting was held November 30, 2004, during which the sponsors refined the study scope, gave input on the proposed site visit guide, and indicated their preferences for site visits to partner organizations. Five organizations were ultimately selected for virtual site visits: American Express, FedEx Ground, Grants.gov, Graybar, and IBM.

Finalizing the site visit guide concluded the planning phase.

Phase 2: Collect

Two data collection tools were used to collect information for this study:

1. **screening questionnaire**—qualitative and quantitative questions designed to identify best practices within the partner organizations and
2. **site visit guide**—qualitative questions that covered the process issues implied by the study scope and served as the structured discussion framework for all site visits.

The five partner organizations selected for continued participation in the study responded to the screening questionnaire and hosted two-hour virtual site visits. The APQC study team prepared written reports (case studies) of the site visits and submitted these to the partner organizations for approval or clarification.

Phase 3: Analyze

The study advisers and APQC analyzed the qualitative information gained from the site visits. The analysis concentrated on examining the challenges organizations face in the three study focus areas, as well as the ways they address and overcome those challenges. The common themes that were found across multiple site visits constitute the basis for the study findings.

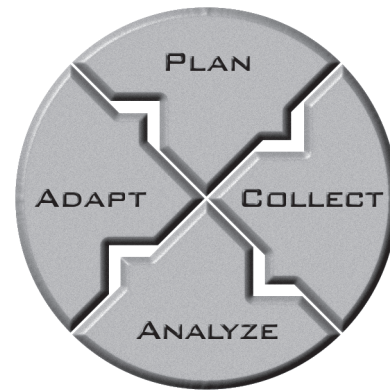
Phase 4: Adapt

Adaptation and improvement, stemming from identified best practices, occur after organizations apply key findings to their own operations. APQC staff members are available to help organizations create appropriate action plans based on the study.

KEY POINTS

APQC's Benchmarking Model: The Four-phased Methodology

- Plan
 - APQC conducted secondary research to identify innovative organizations.
 - Potential partners were invited to complete a screening survey.
 - The APQC study team selected partners.
 - Conference calls were held to develop the site visit guide and meet the sponsors.
- Collect
 - APQC conducted five virtual site visits with best-practice partners.
 - Partner profiles were developed.
- Analyze
 - APQC analyzed site visit data to develop final presentations.
- Adapt
 - Readers apply key findings to their own operations.



BEST-PRACTICE PARTNERS

American Express

Headquartered in the World Financial Center in New York City, American Express is a leader in charge and credit cards, travelers' checks, travel, financial planning, investment products, insurance, and international banking. In order to facilitate, communicate, and support change initiatives throughout the organization, American Express created a change management framework whereby change agents ensure that both the process and people aspects of change are adequately addressed.

FedEx Ground

As a subsidiary of FedEx, FedEx Ground provides ground delivery of small packages throughout the United States, Canada, and Puerto Rico. FedEx promotes a service culture that embraces change through its three tenets of service, product quality, and customer contact. By focusing employees on the organization's end goals and linking change initiatives to these strategic goals, FedEx Ground is able to help employees connect large-scale change initiatives to their day-to-day performance. Additionally, FedEx Ground spreads this cultural change focus to the numerous contractors used for delivery.

Grants.gov

Grants.gov is one of 24 President's Management Agenda E-Government initiatives; its mission is to provide a simple, unified, electronic storefront for interactions between grant applicants and grantor agencies. Grants.gov leveraged stakeholder support to accomplish a dramatic change in the grant application process and to increase awareness of available funds.

Graybar

Graybar is one of the largest distributors of electrical products in the United States. The organization launched a large-scale change initiative with its ERP implementation. Graybar worked to create extensive support for the implementation leveraging communication tools, reward and recognition programs, and stakeholder analyses.

IBM

Known as the world's leading provider of computer hardware, IBM is among the leaders of almost every market in which it competes. IBM's Business Consulting Services Group is the fastest growing area of the company and uses the findings from client interactions to promote continuous improvement and change within the organization. IBM has created an organizational change strategy framework to illustrate and guide the life cycles of the organizations' change programs.

STUDY ADVISERS

John Crager is a senior adviser and practice leader for APQC. In this role he oversees the development of custom measurement and benchmarking projects. Mr. Crager has delivered process and technical benchmarking projects, measurement development workshops, and other applied engagements for many large organizations. Mr. Crager, a Six Sigma Master Black Belt, has extensive operational experience in manufacturing and logistics, and his areas of expertise include process improvement, performance measurement, and change management.

S U M M A R Y

Bob Elliott is president and owner of The Transpective Group, a management-consulting firm located in the Boston area. Bob is an accomplished senior consultant in the areas of organization transformation and change initiatives. Client organizations represent industry leaders in health care, health care products, gas and electric utilities, telecommunications, higher education, high-tech, music industry, manufacturing, and defense. The Transpective Group has been delivering transformational consulting and leadership development programs for 17 years.

Dr. Bob Frost is an author, speaker, and practitioner who regularly advises organizations on performance metrics, strategy implementation, and operational effectiveness. His books, *Crafting Strategy: Planning How You Will Prevail over Competitors and Obstacles* and *Measuring Performance: Using the New Metrics to Deploy Strategy and Improve Performance*, are available through www.measurementinternational.com.

5

EASY WAYS TO ORDER

1. ONLINE

www.apqc.org/pubs

through APQC's
online bookstore

2. PHONE

800-776-9676

+1-713-681-4020
outside the United States

3. FAX

+1-713-681-0367

4. E-MAIL

bookstore@apqc.org

5. MAIL

APQC
Attn: Publications
123 N. Post Oak Lane,
Third Floor
Houston, TX 77024

APQC
PUBLICATIONS

Are you seeing question
marks everywhere?
Asked about a "widget"?
Go to the Adobe Web site
and download the latest
version of Acrobat Reader to
use our convenient order form
at right.

Order Form

Yes! I've read the executive summary and I want to
order this benchmarking Best-practice Report.

PUBLICATION TITLE	QUANTITY	MEMBER PRICE	RETAIL PRICE	SUBTOTAL
Realizing Change: Knowing When and How to Successfully Change		<input type="checkbox"/> \$95	<input type="checkbox"/> \$195	
APQC Publications Catalog		<input type="checkbox"/> free	<input type="checkbox"/> free	free
Texas Residents Only — 8.25% Sales Tax \$10+\$1 for each additional report — Shipping \$35+\$4 for each additional report — International				
TOTAL				

SHIP TO:

Full Name

Title

Company

Street Address (no P.O. boxes)

City/State/Country

ZIP/PC

Phone

Fax

E-mail

PAYMENT OPTIONS:

☐ Check enclosed payable to APQC

☐ VISA

☐ MasterCard

☐ American Express

☐ Discover

Card Number

Expires

Authorized Signature

Call 1-800-776-9676 to find out about quantity discounts.