CHANGE READINESS:

FOCUSING CHANGE MANAGEMENT
WHERE IT COUNTS

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The Case for Change Readiness

Change management is becoming a ubiquitous concept in the management literature, and has a natural home in project management literature. It is reasonably being viewed as a competency worthy of research, study, and mastery as part of leadership development. Change management concepts and practices are also increasingly being highlighted as integral parts of many disciplines, including portfolio, program and project management, as PMI has articulated (PMI, 2013). It is increasingly the subject of academic research and post-graduate degree programs.

And yet, the value change management thinking and integration may be limited by insufficient attention to a single question: How successful can any change management approach be if the organization is not ready for the change? Examples abound:

- Numerous health care organizations in the United States have had to make changes to comply with new health care laws. Though it's been a challenge for all, for some it has been all but impossible. One health care organization, despite an admirable change management plan, cannot do required reporting because employees are mislabeling coded entries into new systems. Re-training efforts have not eradicated the errors. The problems have been traced to nursing directors who fear being held accountable for misjudging treatment decisions and are insisting on nonspecific treatment codes. Their lack of confidence in their nursing decisions limits the effectiveness of the change.

- A corporation opted to expand globally for all the right strategic reasons. It planned the change carefully, with strong management sponsorship and commitment, and a well-vetted selection of partners in the new marketplace. But its decision-making process for getting operations up and running ran into hurdle after hurdle, causing near-doubling of both time and costs to implement. In retrospect, it understood that its inclusive, consensus decision-making model was incompatible with the top-down hierarchical model prevalent in the country culture of their new base of operations. Furthermore, with only lip service paid to inclusivity by its global partner, decisions that were made were often inaccurate, ultimately resulting in its inability to fully realize the benefits of the global alliance.

There are numerous models and processes put forward for managing change. But many of them, even those by highly respected gurus, begin with an assumption that bringing enough sponsorship, vision, communication and resources can overcome any obstacles and make an organization and its people ready to successfully adopt the change. That is likely a faulty assumption, as evidenced by the examples above.

There are, to be fair, models and processes that attempt to assess how ready an organization is for the change. But as Weiner (2009) notes, "Unlike individual readiness for change, organizational readiness for change has not been subject to extensive theoretical development or empirical study."

In other words, there has not been a lot of substantiated direction on how to judge at a point in time whether an organization is ready for a change. Much of what has been offered is, at best, an overview of areas to consider. A few assessment vehicles have been formulated. They are often of limited focus, most often on employee readiness. The maturity of this type of organizational change readiness assessment is still young and incomplete.

What we do know, however, are the factors that contribute vitally to organizational change success. We know what aids change agility (Combe, 2014a). This area has been better researched and theorized. With this understanding of what makes organizations better able to absorb frequent and complex change, we can begin to identify, when faced with a need for change, a robust means to ask ourselves the critical question, "Are we ready for *this* change?" The answer to that question informs such decisions as:

- Whether to proceed with the change.
- How to address risks.
- What resources will be most valuable.

Judging readiness for a change is a critical step in the Change Life Cycle Framework presented in PMI's (2013) *Managing Change in Organizations: A Practice Guide*. It is shown in Figure 1 below as the second consideration of formulate change in the process of moving a strategic priority to a successfully implemented and well-sustained new operational reality. In this process, the assessment of change readiness is carried out in the management of the program and project portfolio even before the change is fully scoped.
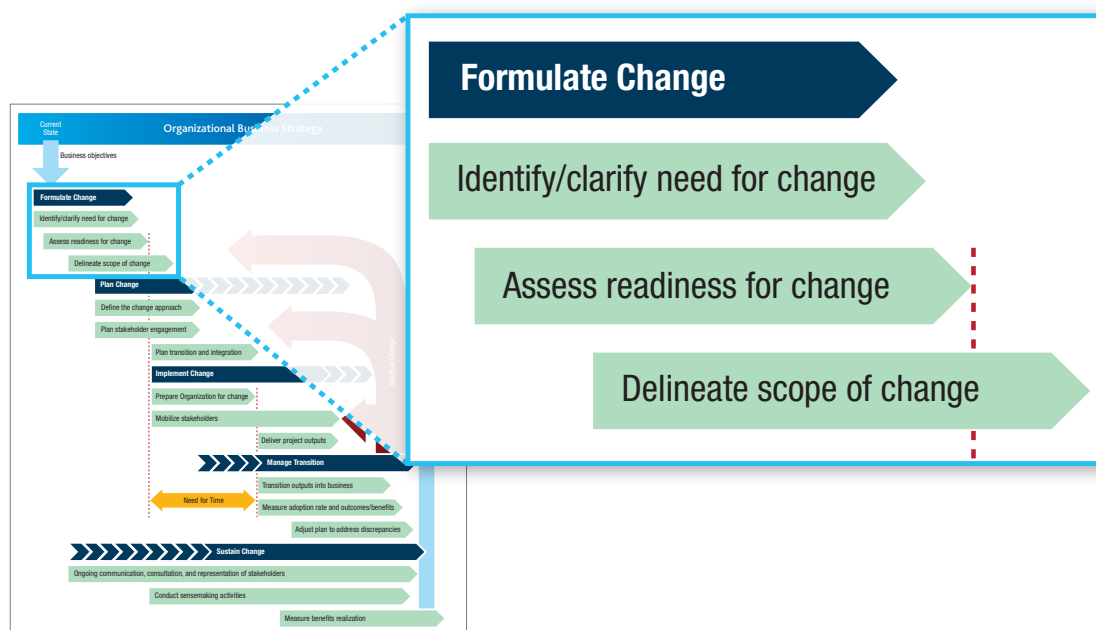
Figure 1: Change Life Cycle Framework

Given the critical decisions that rest on the assessment of change readiness, this paper offers guidance to the portfolio, program and project management community for assessing readiness for a specific program or project. In doing so, it offers practical working knowledge for practitioners, and begins to add theoretical options to the scarcity identified by Weiner (2009).

What is Change Readiness?

Part of the reason there is little clarity on the ways to judge organizational change readiness is "readiness" is a highly subjective term—subjective in scope, subjective in degree, and subjective in the eye of the beholder. What and who needs to be ready? How ready is ready enough? And whose viewpoint should be used when judging readiness?

Who and what: In current research on change readiness, as well as in consulting advice, there tend to be two primary points of view: 1) readiness is measured by the organization's financial, material, human and informational resources that can be applied to the change, and 2) readiness is determined by the psychological willingness of affected people to cooperate in bringing the change to fruition. These points of view are not commonly brought together.

Ready enough: Little, if any, attention has been given to the question of how to judge the degree of readiness needed to move forward with a change, and thus, the degree of risk abatement to apply. Most advice follows the "push" model of applying larger volumes of sponsorship, communication and resources to overcome deficits in readiness, but rarely with an eye to the degree needed.

Ready in whose eyes: In a large, complex proposed change, readiness may need to be assessed at multiple levels: individuals', work units', business units', organizations', global partners', etc. There may be pressure to use the viewpoint of one strong and influential proponent for the change as evidence that there is adequate readiness. Much of today's commercial assessment of readiness does a decent job of looking to the opinion of those most closely affected by the change, but it may neglect a complex environment of interlocking relationships and operating norms that requires a more holistic assessment.

Thus, even the language and concept of change readiness is difficult to pin down. For purposes of this paper, we will start from a working set of defining concepts.

- Change readiness is a **measure of confidence**, backed by defensible data and information. This concept acknowledges that readiness is a perception, and is measured both by judgment and by more structurally sound data (subjective and objective observation).

- Change readiness, like change agility, **considers three key drivers** that impact readiness (Combe, 2014a):

    1. Cultural readiness—the degree of alignment between cultural norms and the proposed change.

    2. Commitment readiness—the degree of resolve and ability of the organization, through its leaders at all levels, to see the change through to successful and sustainable completion within the organization's overall strategic agenda.

    3. Capacity readiness—the degree to which the organization is able to bring supportive work processes, historical knowledge and experience, current knowledge, skills and abilities, and resources to bear to aid in successful implementation and sustainability of the change.

- Being change ready does not require an organization achieve an ideal state. Change readiness is **measured in degrees toward a desired target** that will supply sufficient capability that varies in proportion to distance from the goal state.

- Change readiness takes into account a **compilation of multiple viewpoints** to assess not only whether various audiences feel confident in making the change, but also to establish root causes of discomfort.

- Change readiness is carried out through both **assessment and decisions/actions** based on the assessment. As such, it goes beyond helpful knowledge and assumes action derived from that knowledge.

Change readiness takes a critical look at the organization's resolve, fit and capacity to successfully deliver the benefits of a proposed program or project, and initiates appropriate actions to bring a current state of readiness to one of confidence in long-term success of the program/project outcomes.
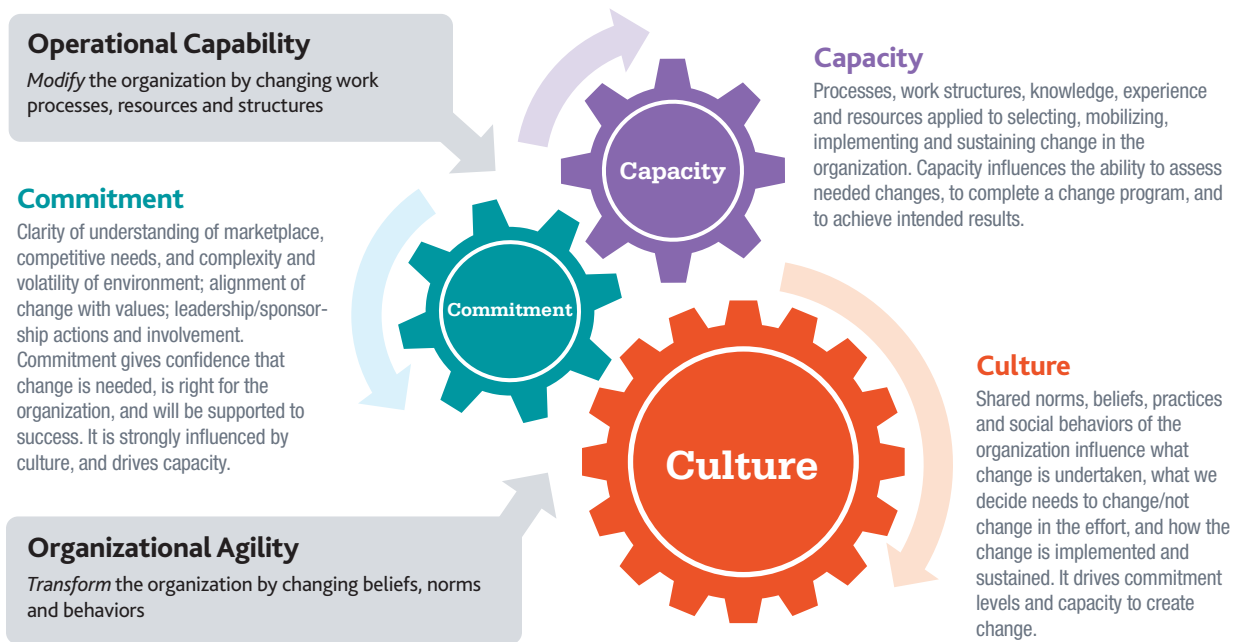
Why is change readiness important?

There are numerous studies that identify links between emotional confidence in a goal and the means of achieving it, and corresponding behaviors that support achievement of the goal, such as:

- Cooperative behaviors.

- Championing and supportive behaviors.

- Predisposition for adoption—consistency and quality of individuals' early use and adoption of the changed process, technology, etc.

- Perseverance in the face of difficulty, evidencing the preference for success.

While few studies have directly examined these trends in direct relation to organizational change efforts, there is enough psychological and social data to conclude that confidence similarly influences outcomes of change programs.

The relationship between change readiness and change agility

Assessing change readiness, like assessing change agility, is most robust when it considers three key—and interlocking—drivers that either aid or impede change adaptation. These drivers of organizational change agility, shown in Figure 2, are detailed in *Change Agility: Readiness for Strategy Implementation* (Combe, 2014a).

Operational Capability

Modify the organization by changing work processes, resources and structures

Commitment

Clarity of understanding of marketplace, competitive needs, and complexity and volatility of environment; alignment of change with values; leadership/sponsorship actions and involvement. Commitment gives confidence that change is needed, is right for the organization, and will be supported to success. It is strongly influenced by culture, and drives capacity.

Organizational Agility

Transform the organization by changing beliefs, norms and behaviors

Capacity

Processes, work structures, knowledge, experience and resources applied to selecting, mobilizing, implementing and sustaining change in the organization. Capacity influences the ability to assess needed changes, to complete a change program, and to achieve intended results.

Culture

Shared norms, beliefs, practices and social behaviors of the organization influence what change is undertaken, what we decide needs to change/not change in the effort, and how the change is implemented and sustained. It drives commitment levels and capacity to create change.

Figure 2: Drivers of Organizational Change Agility

Organizational change agility is the intentional assessment of these drivers throughout the organization, and the planning of strategies to enhance over time the organization's ability to adapt rapidly and effectively to change as a steady or recurring state. This longer-term strategic process is covered in detail in the publication noted above and in its companion piece, *Building Change Agility: The Strategic Process for Agility Improvement* (Combe, 2014b), and is not the subject of this discussion. However, these same drivers may be used as the basis for assessment of change readiness. Change readiness applies a just-in-time perspective to these drivers, asking a more limited question, "What do we need to impact—and to what degree—in order for this specific change to be implemented effectively and to sustainably realize the desired benefits?"

Change readiness addresses only what is needed to assure success of a specific project or program; but, it serves the organization best when it provides feedback into organizational needs for change agility.

The relationship between change readiness and complexity

As described in *Navigating Complexity: A Practice Guide* (PMI, 2014), "complexity is a characteristic of a program or project or its environment that is difficult to manage due to human behavior, system behavior and ambiguity" (p. 1). Many of the same factors that influence change agility also influence complexity. Thus, assessing change readiness early on in the project lifecycle aids the program or project team to assess and navigate complexity—or to recommend postponing a project because of the high risk associated with it at a point in time.

CASE**STUDY** Change Agility and Change Readiness

A chemical company well known for making fragrances that are ingredients in soaps, cleaning products and personal care items, over time has been entering the allied and profitable business of also compounding food flavors. Recognizing that anything going into food is subject to increased regulation and potential sudden changes in sourcing or availability of ingredients, and is a highly competitive business, this company has carefully added to its change agility strategies long-term development of:

- Increasing management understanding of the food flavoring marketplace (Capacity).

- A strong culture of sharing, with the goal of applying ideas learned on the fragrance side of the house to the food flavoring side of the house and vice versa (Culture).

- An overall emphasis in the organization, at all levels, on observing and reporting on competitive information and intelligence that might impact future regulatory direction (Commitment).

While the company attentively builds out these capabilities, it has undertaken a significant program to develop and market the compounds used in e-cigarettes. Both the flavor and the fragrance sides of the business need to be involved, and the rapidly changing marketplace needs to be carefully monitored. It would be ideal if the long-term agility strategies were more fully realized, but what the company's change readiness assessment pointed out was that, for this project, the important areas for action were to:

- Select development chemists from each side of the house who could work together effectively without competition, and to reward them equally for success (a short-term version of the culture strategy).

- Engage the services of an analyst in the emerging e-cigarette marketplace to investigate and report on emerging competition, health concerns and other external variables. This engagement recognized that the company's development of its internal capacity to observe and report on such data was immature. In its action plans it included methods for transferring not just the data, but also the processes and sources of information, to the people being developed for these long-term intelligence roles within the organization.

Assessing Change Readiness

Returning to the concept that change readiness is a measure of confidence backed by defensible data and information, assessing readiness for change is both a subjective and an objective process. To use a familiar analogy, consider a couple's readiness to have a child.

- On the objective side, there are capacity questions:
  Do we have the financial resources to support a child? Is our house big enough? What furniture and clothing and gear do we need?

- There are process questions:
  How will we choose an obstetrician and pediatrician? Who will take maternity/paternity leave, and for how long? Who will care for the child when we return to work?

- On the subjective side, there are commitment questions:
  Do we both really want a child at this time? Do our jobs permit us to dedicate adequate time to child care without undue stress? Are we willing to sacrifice any career steps to raise children?

- And there are cultural questions:
  What expectations do we have of each other about roles in child care? Do we have aligned ideas about discipline and religious upbringing? Are others who will be influential in our child's life aligned with our ideas about how to raise children?

And, as all parents know, despite incredible preparation, the subjective issues are often the ones that challenge the "change readiness" of having children.

Similarly, many project management professionals are skilled at assessing the objective readiness factors as part of project risk assessment, but may find their projects and programs stumbling because of subjective issues not fully anticipated during planning. Even if recognized, these stumbling blocks are often ones not easily influenced by a project or program team because the constraints extend well beyond a single project or program.

Therefore, it is important to address the following issues:

- What to assess—both objective and subjective information.
- How to assess in a way that offers the most useful data.
- How to interpret and prioritize the assessment data.

Assessing the Drivers of Change Readiness

Who is responsible for the change readiness assessment?

As defined in *Managing Change in Organizations: A Practice Guide* (PMI, 2013a), a change readiness assessment is carried out as part of portfolio management. This makes sense because it is at the portfolio level that decisions are made as to whether and when to move forward on programs and projects. Because change readiness assessments explore organization-wide, strategic considerations like cultural issues or commitment concerns, conducting an assessment in an organizational unit that interacts with the organization's strategy assures greater credibility of findings, and greater ability to influence appropriate responses.

The results of the change readiness assessment, by contrast, may be played out in actions and decisions at the portfolio, program or project level. For example, at the portfolio level, a decision may be made to delay a project until change overload on a business unit is alleviated. At the program level, an effective system for knowledge sharing may be developed to unite business units involved in the change.

Limited repeat assessments are inherent in an action such as a delay to clear change overload on a business unit. These may be carried out by the portfolio management function, but may be most timely and effective if completed as part of program management. In this case, results should continue to be forwarded to portfolio management for maintenance of the overall portfolio readiness view.

In situations where portfolio management is not practiced or not practical, change readiness may be assessed and managed by the program or project team. The success of this approach is directly linked to the team's delegated ability to:

- make go/no-go decisions
- influence commitment
- influence cultural norms
- influence resource decisions

When a program or project manager is completing the readiness assessment and planning actions, having strong organizational support is crucial. The project/program team needs endorsement so that the assessment results will be deemed credible and actionable, and the organization must stand ready to creatively address issues identified. Change readiness management is both a risk prevention and a risk mitigation activity. If the project or program team is unable to influence the readiness of the program or project up front, its best option may be to turn to risk mitigation activities such as those outlined in the *PMBOK® Guide* (PMI, 2013b) or as part of *Navigating Complexity: A Practice Guide* (PMI, 2014).

What is being assessed in a change readiness assessment?

The drivers of change readiness (and change agility) are depicted at a high level in Figure 2. This section creates a model for assessing the most important elements of readiness implied within those drivers, bringing Figure 2's contextual framework to a practical level for action. Whether the organization is using commercial assessment products or developing its own assessments, these models help to determine the adequacy of the assessment process.
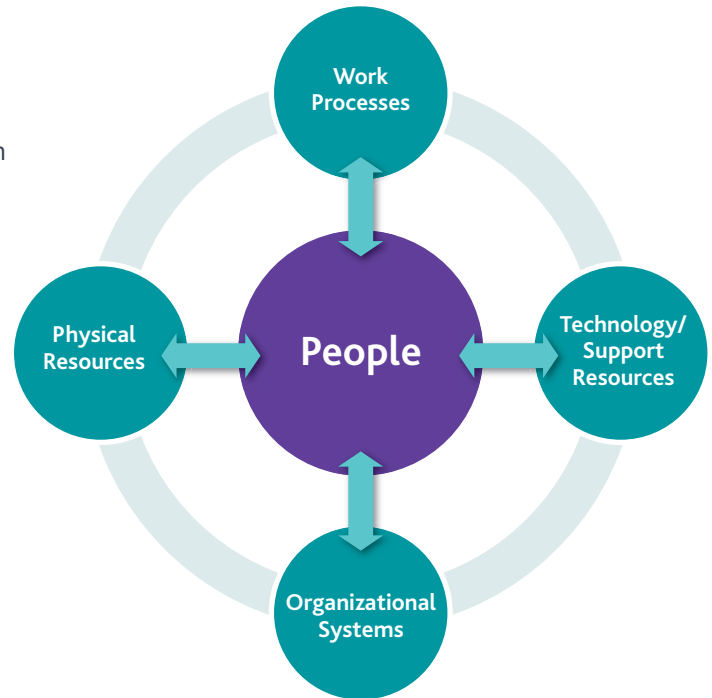
Capacity

Assessing readiness in organizational capacity is the most objective part of the assessment process, because it deals in large part with observable and even measurable attributes. In a capacity assessment, you are trying to learn whether organizational resources are ready, willing, and able to deliver a successful implementation, to integrate it into existing business processes, and to realize sustained benefits as envisioned.

A capacity assessment reviews the elements of people, processes, technology, physical resources, and organizational systems—and the interactions among them, as shown in Figure 3.

These elements are commonly mentioned in many commercial assessment products. However, there is inconsistency in the descriptions of what is important to assess in each element—both what is included in the review and what is important to gauge.

In broadest terms, an assessment of capacity is intended to judge four factors:

Figure 3: A Capacity Assessment Reviews Capability of Multiple Elements and Their Interactions

1. **How much** do we have of what we need?
   - Adequacy: Is it enough?
   - Availability: Will it be there when we need it?

2. **How good** is the capacity compared to the complexity and specific needs of this change?
   - Skill/experience: Are we applying people/processes who have adequate skill depth attained in similar circumstances?
   - Understanding: How accurate is our grasp of this area of capacity and ability to judge it with confidence?
   - Basis for comparison: How solid is the database that we are using to make our judgments about quality of a capacity?

3. **How accessible and easily mobilized** is the capacity/capability to be put to good use?
   - Intelligibility: Is it well-understood? Are roles, boundaries, steps, etc. clear?
   - Familiarity: Is it in common use and easily applied when needed?
   - Consistency: Is it accepted practice with little to no reservation?
   - Retrievability: Is it ready to be put into action when needed, without undue difficulty or hierarchy/bureaucracy?

4. **How helpful** is the capacity to aid this effort?
   - Usefulness: Can the capacity be applied with benefit to this effort?
   - Demonstrability: Does it have a good track record and experience base?
   - Efficacy: Is the capacity well-targeted to the accomplishment of this effort?

Translating these broad questions into more specifics, elements of a capacity assessment might be characterized as in Figure 4.

	Consider capacity needed in each phase of program or project delivery to: - implement; - integrate into the business; and - deliver benefits consistently over time.
People	Implementers, Sponsors, Managers, Operational experts, Impacted staff, Partners
	Knowledge/skills/abilities, Experience, Availability, Organizational structures
Processes	Decision making, Portfolio, Program and Project management, Change management, Strategy development and measurement, Communication
	Familiarity, Complexity, Boundary clarity and coordination, Role clarity, Consistency of use, Efficacy, Skills across organization
Technology/ Support Resources	Software/hardware, Bandwidth, Technical experts
	Familiarity, Experience base, Expertise, Availability, Targeted to need
Physical Resources	Financial, Space, Equipment
	Adequacy, Availability
Organizational Systems	Rewards, Accountability, Knowledge transfer
	Efficacy, Supportive of current goals

Figure 4: Assessing Change Readiness – Capacity

Figure 4 identifies the crucial "what" in assessing capacity—what people, what processes and systems, and what resources need to be reviewed? It also points to a number of judgments that must be made in readiness based on the broad questions. Finally, and importantly, the capacity assessment must consider three phases in the journey from plan to reality: 1) the implementation of the project or program; 2) the integration of the project/program's deliverables into business as usual (the transition); and 3) the sustainable long-term delivery of the planned benefits over time (sustainability).

The capacity factors are fundamental and immutable. Without them, the change has little chance of success, no matter the degree of management resolve. Sirkin, Keenan and Jackson (2005) reached this conclusion in a *Harvard Business Review* article on why change management efforts fail. "What's missing, we believe, is a focus on the not-so-fashionable aspects of change management: the hard factors. …Our research shows that change projects fail to get off the ground when companies neglect the hard factors."
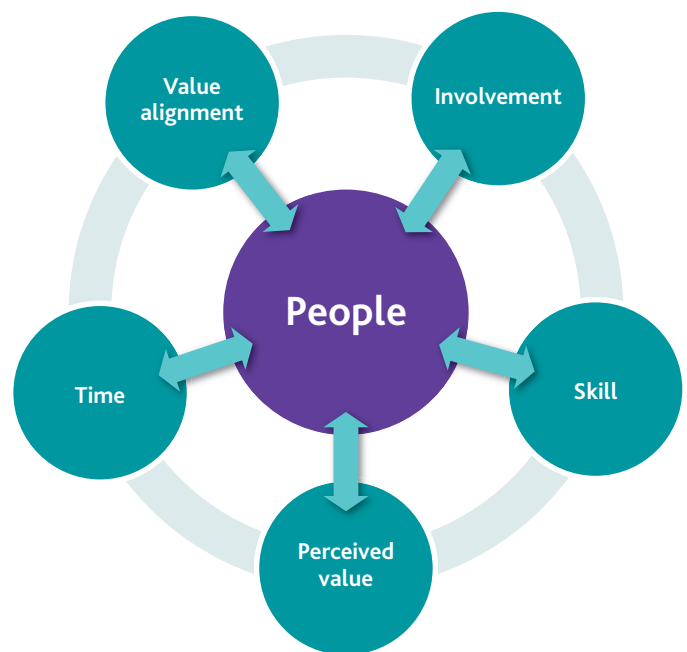
Commitment

One of the most common partial truths about fostering successful change revolves around the role of a sponsor or champion. This is an important role in the implementation and transition/integration phases of a project or program, but on the long road to a sustained success in delivering envisioned benefits, broad commitment of the operational contingent will have an even more powerful effect. That commitment needs to be present early in the project/program, and to be sustained until the desired outcomes are well-established. Over time, it trumps any work by a sponsor. This is one of many commitment questions that are rarely fully addressed in judging readiness for a change.

Using a construct from respected psychologist and social scientist Albert Bandura of Stanford University around how people behave in goal commitment, Weiner (2009) suggests that commitment to change be viewed as "organizational members' shared resolve to pursue the courses of action involved in change implementation." This notion of shared resolve is crucial in assessing commitment, going beyond the power of a sponsor or champion to single-handedly create. The commitment assessment gives greater insight into the crucial measure of confidence in the organization's ability to apply its capacity to the envisioned ends.

A readiness assessment should test the "resolve" of everyone involved in the change—from the top leadership to the line managers who will have to make it work over time, to external partners and suppliers, to employees who will need to do the work during and after implementation.

What the commitment portion of the readiness assessment tests is captured in Figure 5. These elements represent the contexts that contribute positively to development of commitment.

The primary questions that contribute to individual and shared resolve to implement and sustain a change are listed in Table 1. The more resounding the "yes", the greater the resolve. The sets of questions are also presented in somewhat of a priority order. For example, if there is little value alignment or involvement, the degree of time availability or skill development is inconsequential in creating commitment.

**Figure 5:** Elements of Commitment Assessed in Change Readiness

Value Alignment	- Does the change support or enhance (or at a minimum, not interfere with) the organization's ability to live up to values on which its good reputation is based? - Does the change align with not only the letter of the law, but with deep ethical convictions? - Does the change treat all parties fairly (i.e., customers, internal employees, partners, regulatory and taxing authorities, etc.)?
Involvement	- Are people affected by the change at all levels actively participating in defining what the change is, how it will be implemented, and how its success will be measured? - Are those same people accountable for the successful outcomes of the change, and will they benefit personally and as groups if the change succeeds? - Are interested parties invited to participate in the change process, even if they are not directly affected, but could influence outcomes (i.e., unions, trade groups, etc.)? - Is there confidence at all levels that the organization and its people are capable of offering an effective and innovative means of delivering the desired change?
People	- Are all affected people confident of their ability to cope with the change—to manage their way through the process successfully? - Are all affected people confident of their ability to contribute meaningfully to the definition of the change and how it is implemented? - Are all affected people confident that they will be able to perform successfully in the changed environment? - Are all affected people confident that their questions about occupational, logistical and psychological concerns will be addressed transparently?
Time	- Do the people who must contribute to successful implementation, transition/integration, and long-term absorption of the change have adequate time, in the desired timeframe, to take on this extra work? - Are other priorities on the horizon, or issues that could converge, that might alter the ability of people to commit the needed time to the change? - Are organization changes or staffing changes foreseen that could alter the availability of the right people at needed times?
Skill	- Is there a clear understanding at all levels of the degree and time commitment of knowledge/skill/ability development that will be needed for the change to be successful? - Is there a clear and accurate understanding of where this skill development can best be obtained, and what it will cost? Is there resolve to provide it? - Is there confidence at all levels that the organization and its people are capable and ready to develop these knowledge/skills/abilities?
Perceived Value	- Is there confidence that the proposed change will offer an opportunity for realistic, sustained value for the organization and those it serves? - Is there belief that the proposed change is a good solution to the problem or opportunity it addresses? - Is there belief that the proposed change minimizes downside risk or undue trauma to the organization, its partners, employees and customers?

Table 1: Commitment Assessment Questions

It is interesting to note in this structure that perceived value is placed last in order of importance for judging commitment. This may seem counterintuitive to the oft-quoted sponsor role of communicating need and benefits of the change. However, its placement follows the findings of research that carefully analyzed the factors contributing to individuals' readiness for change and found that the need for or benefits of a change (perceived value) are less influential than individuals' perceptions of their individual risks—logistical, psychological or occupational. (Cunningham, et al., 2002). Thus, all the sponsor emphasis on need for change and its benefits may fall on deaf ears if people feel the other commitment factors are not in order.

Culture

Culture is often pointed to as the most prominent cause of failure in programs and projects. In a study of CEOs, IBM (2008) identified the top challenges to successfully implementing strategic change. Corporate culture was mentioned as a challenge by half the respondents, second only to "changing mindsets and attitudes." But culture is a large and far-reaching concept, and it is useful in assessing change readiness to consider which aspects of the culture are likely to create the greatest range of impact (upside/downside) for a given change. For example, if the change is one imposed from the outside, like a regulatory change, the degree of openness to innovation may not be critical to assess, but the adaptability of systems and policies would be a crucial cultural norm to consider.
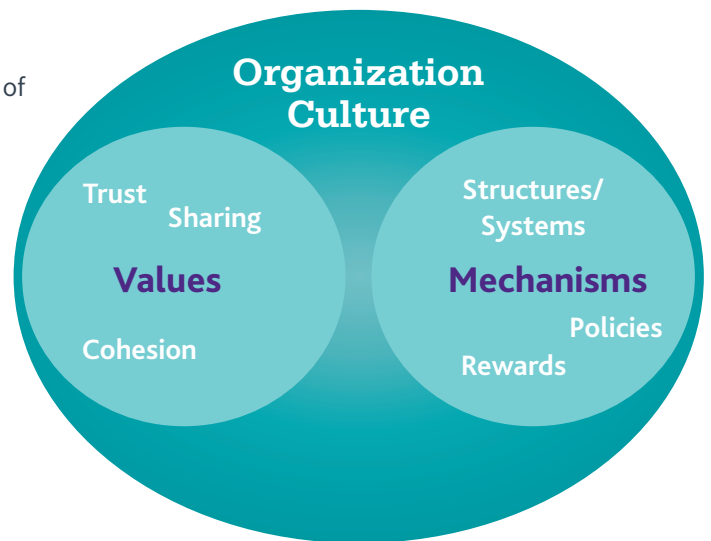
Figure 6: Culture Considerations in Change Readiness

Figure 6 identifies the areas of culture that have the most pronounced effect on a change program, broken down into the set of cultural values that most impact the ability of people in the organization to change, and the mechanisms in the organization that have the greatest impact—positive or negative—on implementation and acculturation of the change.

Values, especially cultural values, are mentioned consistently in research on change success and failure. While it is more appropriate for an organization to be attentive to these values holistically as part of an assessment of change agility, they are mentioned here because their presence or absence are certain to have an impact on a given change.

- **Trust** is an overriding value, the absence of which significantly depletes chances for success of a change. In assessing trust, the main values assessed are:

  - Respect: The degree to which everyone in the organization is invited to participate, are attentively listened to, and are given thoughtful consideration—do people believe respect will be accorded during this change?

  - Transparency: The degree of honesty and forthcoming manner of communication in the organization—does experience tell people that they'll be dealt with openly during this change?

  - Accountability: The degree to which people are equally held to a standard of performance—do people feel everyone will be treated fairly and held equally responsible for the change?

- Consistency: The degree to which actions of people, especially leaders, are marked by logic and continuity, free from contradiction or arbitrariness. Does experience tell people they can expect shifting sands or stable environments during this change?

■ **Cohesion** is the quality of the organization to pull together in pursuit of its goals. It requires the trust outlined above. It is assessed by considering:

- Boundary coordination: The ability of the organization, including external partners, to balance autonomy of business structures with the need for working effectively together to achieve organization goals; and the ability to quickly and flexibly adapt boundaries in pursuit of those goals.

- Collaboration: The degree of the organization's preference for and effective execution of work in groups across boundaries with the goal of seeking greater innovation.

- Open communication: The degree of the organization's preference for and demonstration of candid and helpful communication across boundaries.

■ **Sharing** is the intentional building of common interest and language, and requires trust and cohesion (see above) to be successful. In considering sharing, assessment should include:

- Shared priorities: How well the organization and its business units develop agreement on what is important to resource and support.

- Shared decision making: The degree to which decision making is pushed to the lowest level of authority necessary, and to which all affected parties are invited into the debate before decisions are made.

- Shared knowledge: The degree to which knowledge and data is made known throughout the organization in order to best inform decisions and interests.

Mechanisms, formal and informal, develop over time within organizations or among organizations and their partners. They can serve to aid or impede change. A classic is a rigidly hierarchical decision-making structure that impedes speed of implementation; but more subtle ones like confusion about a mish-mash of policies may also stymie forward movement for fear that any action falls afoul of policy.

■ **Structures and Systems** are "the accepted way of doing things" and the formal and informal methods that facilitate those accepted practices. For example, while there may be an accepted committee structure for granting approval of resources for a project, there may be an informal but critical expectation that decisions are previewed individually with each member of the committee prior to a meeting. Or the committee may be entirely window dressing and all decisions are really made by one person. Knowing these cultural norms in advance helps to judge whether one needs to put more time into walking decisions around to a group of committee members, adding to implementation time, or conversely, only needs to talk to one person before taking a decision to a committee. Aspects of structures and systems that should be assessed include:

- Decision-making structures/systems: The degree to which formal decision-making structures and informal reality is aligned; degree of added work time, complexity, and opportunity for conflict introduced into decision-making structures.

- Organization structures: The degree to which formal or informal power structures serve to support or impede decision making and problem solving.

- Problem resolution structures/systems: How well responsibility is accepted in difficult situations, with the focus maintained on rapid and successful resolution of difficulties.

- Feedback/sharing structures/systems: How easily and effectively feedback and information can be fed back into the process for implementing, integrating and sustaining a successful change.

- Measurement systems: What behaviors are driven by what the organization measures, and the degree to which those behaviors are consistent with the goals of the change.

■ Policies are often silent killers of change. Many are unwritten ways of doing business and subject to different interpretations or assumptions. For example, a change to sales compensation in one firm was stalled for months in decision making while many unacceptable alternatives were explored that would not change the bottom line on base compensation, centered around a long-standing, but never published, policy that base compensation needed to be a certain percent of total compensation. The deadlock was broken only when a group of salespeople finally questioned why there were no proposals put forward that offered lower base compensation and higher potential for upside for more sales in new markets. When assessing policies, consider the following guidance:

- Minimum necessary: Are there policies, formal or just accepted practice, that are excess for the work that needs to be done in this effort? Can they be excluded from consideration, or even eliminated permanently?

- Fairness: Are there any policies that, if considered in this change, will produce a bias that will seem unfair to one set of stakeholders over another?

- Flexibility: Are there any policies that are so rigid that it will be very difficult to adapt them if needed during the change effort?

■ Rewards provide motivations that may support or thwart change. Like the other mechanisms, they may be either formal or informal. For example, in some organizations, people who bring forward problems are considered as naysayers. This informal negative consequence virtually assures that changes won't be absorbed as effectively as they should. Instead, they will be ignored or worked around because the consequences of identifying even highly solvable problems are personally detrimental.

Look at formal reward systems and processes for evidence of conflicts with either the goals of the change, or the actions needed to implement and absorb it into the organization:

- Compensation: What are the factors that: Influence increases in base compensation? Impact bonuses? Determine variable compensation? Drive commissions? Determine inclusion and level in profit-sharing? Is all compensation based on individual performance, or are there compensation systems that drive group behavior, and if so, what group and individual behaviors do they drive?

- Non-cash rewards: What determines such perceived perks as working from home, use of compensatory time, granting of valued opportunities, employment security, working conditions or environment, workspace size/amenities, etc.?

- Performance systems: How is performance judged in the organization? What behaviors are assessed and valued? What behaviors are formally considered unproductive and/or are penalized?

- Development systems: What behaviors and norms are inculcated into people as they are formally developed in the organization? What behaviors qualify people for extra developmental perks, such as attending executive MBA programs or having coaches?

- Advancement/Promotional criteria: What factors are considered in succession planning and promotions? What takes people out of the running?

- Recognition: What formal recognition systems exist, and what qualifies people for public recognition?

Also consider informal reward systems. Again, these should be considered for potential conflicts on either the goals of the change, or on the process for getting to the benefits of the change. Though the number and type of such informal systems is limitless, there are certain benefits you can look for that may reveal informal reward systems at work:

- Power/Influence: Are there understood and somewhat regularized means to achieving power and/or influence in the organization or unit?

- Autonomy: Are there accepted ways to achieve autonomy and lack of interference?

- Recognition: Are there common actions or behaviors that generate informal recognition from bosses, peers or employees?

- Acceptance: Are there actions or behaviors that promote (or discourage) social acceptance in the group or organization?

- Growth: Are there behaviors that generate mentoring or positive developmental attention from leaders?

- Relationships: Are there factors that foster rewarding social or interpersonal relationships?

It is also helpful, in looking at informal reward systems, to consider what people may see as penalties, and be less willing to address during a change, such as:

- Risk: Are there penalties for trying and not succeeding? Are people rewarded for bringing forward problems for resolution, or considered negatively?

- Security: Is there uncertainty about implications of change for job status, job grade, compensation/benefits, work relationships, etc.?

- Social ostracism: Are there behaviors or actions that frequently cause people to be marginalized?

This section only touches on the depth of the questions to be asked in any assessment of change readiness, but is intended to give a substantive overview of the crucial drivers of change readiness, and some of the dimensions that should be explored in assuring readiness for a change.

How to Assess

A change readiness assessment is no small undertaking, but it can follow a standard template that is customized to the needs of the project or program. An initial assessment may be carried out as a survey of all people potentially impacted by either the implementation process or the results of the initiative. It is often followed up with targeted interviews or focus groups to focus in on root causes of issues identified in the assessment. Because of the large number of people that are likely involved, it is a significant endeavor.

While an assessment begins with a template of questions that judge current readiness, each initiative must pair those questions with custom questions intended to identify the degree of readiness required (see below). This infers custom work each time a change readiness assessment is undertaken. The necessity for follow-up interviews or focus groups also adds time and the need for expertise in question development.

All this suggests that portfolio, program and project managers should not underestimate the time, scope of work, and potential need for specialized expertise involved in a change readiness assessment.

How much readiness is enough?

As described earlier in this paper, "readiness" is not a defined state, but rather a degree on a scale. The degree of communication skill required for a change to an operational system may not be as great as for a change to sell off a business unit or launch a new product category. The degree of collaboration needed for a change in a single department is not likely to be as high as that needed for entry of a company into a new market.

For that reason, readiness is best assessed on two scales that measure a gap in confidence:

- The degree of readiness needed in this area.
- Current level of ability to meet the requirements.

A sample set of assessment dimensions might be:

- In our organization, collaboration among business units and teams is common (scale 1 – 5).
- To successfully achieve our goal of moving the accounting system to a new platform, it will require significant collaboration among business units and teams (scale 1 – 5).

The confidence assessment can also test different options for adjusting variables in the change effort by creating scenarios. For example, the two sample assessment dimensions above could be augmented with the one below:

- If the timing of the accounting system platform change is after the planned finance function organization changes, it will require significant collaboration among business units and teams (scale 1 – 5).

This type of assessment questioning works well at gauging confidence in the ability to deliver and sustain the change. It is a good practice to pair the confidence questions with more objective data to account for the potential effects of either under—or over—optimism.

What data supports confidence assessment?

One way to bring objectivity to confidence assessments is to bring historical data to bear. Assuming that lessons learned have been captured in the organization, an analysis can be made of similar types of efforts to learn what worked well and what did not. If the same trends are supported in the confidence assessment, you'll know where your difficulties lie. If, however, there is greater optimism in some areas of the confidence assessment, you'll want to learn what—if anything—has substantively changed that would warrant the greater optimism. Other methods of this type of data development are found in Section 4.2.3 of *Navigating Complexity: A Practice Guide* (PMI, 2014).

Similar data can be found in project and program risk registers, and again can be compared to the confidence assessment.

As experience with the confidence assessment grows, it is useful to do after-action reviews of a sort: comparing confidence gaps, actions planned, success of the actions—and the ultimate success of the program.

Who is part of the assessment?

The simplest answer to the question is that anyone touched by or able to influence the change is a target for assessment. Leaving any groups of people out of a confidence assessment assures you of incomplete data for making decisions that impact readiness. By obtaining input from and slicing data by business unit, department, team, external organization, business partner, influencing organization, etc., you will have a much better idea where to apply interventions, and at what points in the implementation and operationalization of the change.

Addressing Change Readiness Gaps

Too often, confronted on the one hand by warnings of poor change readiness, and on the other hand by an adamantly insistent executive who did not have the full picture or a rapidly changing market environment, change efforts move forward to face—at best—frustrating implementations and incomplete realization of benefits. The formality of a change readiness assessment creates both a more weighty set of evidence from which to make decisions, and greater clarity about where to apply resources to improve chances for success.

There are several decision points to be discussed following a change readiness assessment:

1. **Is this effort viable?** This is a go/no-go decision. Factors that would trend a decision toward a no go would include:

   - Significant capacity gaps that cannot be adequately filled in the needed timeframe. If you can't get the plane off the ground, it will never fly.

   - Multiple and/or deep commitment gaps, especially among key leaders. Especially when these gaps represent disagreements in fundamental direction rather than just specifics of the approach. They are not easily overcome by interventions.

   - Large gaps in areas in which there is historical evidence of similar issues. This may indicate a lack of resolve to overcome difficulties in pursuit of this change.

   - Large gaps spread across many areas of the assessment. A broad set of gaps may indicate overall organizational rigidity that is better addressed systemically through organizational agility strategies. In general, projects moving forward in the face of these large gaps under perform in meeting objectives.

2. **What's most important to address?** This is a priority decision. In considering priorities, two factors need to be weighed: the areas of greatest gaps, and the areas of greatest importance to fully realizing the benefits of the change. The most frequent oversight in addressing change readiness is in addressing only what will impede implementation. Indeed, most assessments only discuss factors related to implementation of the change. Often, to assure the change can be implemented, the full benefits are compromised, as in the example in the Sidebar: "Getting it done, but not getting the benefit." It is most important to address the large gaps where they most directly affect potential to fully achieve the project's benefits.

3. **What actions will meaningfully reduce the gaps?** This is a risk mitigation decision. The range of potential actions is too large to enumerate. However, one caution is worthy of comment. Many times, the actions applied are more cosmetic than constructive. Many change readiness action plans make the mistake of thinking confidence is built by turning up the volume, and they over-emphasize communication and sponsor involvement. As noted in the section on commitment, as important as these are, they are not a panacea. Confidence is not positively influenced by external pressure.

Getting it done, but not getting the benefit

A company was planning to introduce a new customer service system that emphasized self-service. The change anticipated that many routine customer transactions could be handled online, freeing customer agent time for more complex issues, and reducing the number of customer agents needed by 30 percent.

The readiness assessment revealed the unavailability of key technology resources at a crucial time in implementation, and time pressure for veteran customer service agents to train others on the more complicated issues. The program team opted to stage implementation, implementing only the customer inquiry portions of the software by the original delivery date, and delaying full implementation by nine months.

The impact of this decision on the organization was that staffing funds expected to be freed up by midyear for service support of a crucial new product line were not available, nor could the displaced customer service agents be potential hires for the new jobs, since they were still required for their current ones. Customers, alerted months before to the imminent ability to complete their own transactions online, began to call in with questions and complaints, further burdening the existing customer service system and making it more difficult to make the move to phase two.

The most meaningful areas for building confidence and reducing change readiness gaps tend to include actions that build intrinsic personal, team and organizational confidence:

- Increasing involvement, decision-making participation and discussion.

- Increasing cross-boundary teaming and problem-solving.

- Emphasizing confidence-building trials like pilots, simulations, user proof-of-concept tests and limited rollouts.

- Adequately freeing time of people needed to define, implement and transition the change. Additional suggestions on addressing change overload are outlined in detail in *Organizational Capacity for Change: Increasing Change Capacity and Avoiding Change Overload* (Harrington & Voehl, 2014).

- Assuring the alignment of reward systems and clear accountabilities.

4. **How much intervention is enough?** Much of the time, it is unclear to program and project teams how much intervention must be applied to get a readiness gap under control. This is where the value of the two-scale confidence assessment comes in. By asking both the current state question and the "how much is necessary for success" question, a team can better calibrate the intervention response. Another consideration is duration of the intervention. There is often a tendency to dose the intervention heavily up front, but a continual dosage over a more extended period of time may be more effective in sustainably reducing the gap. As an example, a collaboration gap might be addressed by bringing teams together to define the requirements for a program. But the gap might be more thoroughly closed if the teams continue to be brought together to resolve problems during implementation and transition.

5. **How will we continually reassess?** Readiness is not a one-time state, and actions to fill one gap may generate or augment another. It is wise to plan for periodic, if limited, reassessment. That reassessment needs to be carefully planned to reduce the possibility for optimism bias: "We took action, so we expect to find the gap reduced and we'll word our questions to elicit that result."

6. **What is our plan for "relapse prevention?"** The medical community—particularly addiction and nutrition counselors—has done a lot of work on change readiness of patients to make significant life changes. Part of their planning takes into account the reality that no matter how good a plan to reduce the change readiness deficits, humans have a preference for stasis. It's just easier to return to the familiar. For program and project teams as well, it is important to maintain the hard-won gains in change readiness by thinking ahead to how relapses will be handled. If critical interdepartmental knowledge sharing deteriorates in the crush of deadlines, how will it be addressed? If decision making starts going back to informal power structures rather than agreed-upon processes, how will it be addressed? If, after an initial period of toughing it out with a new system, employees work around the system to use familiar old processes, how will it be addressed? The relapse prevention plan, an integral part of the risk register, needs to identify likely relapses that could compromise benefits, how relapses will be detected, and what actions will be taken when they are.

Learning from Change Readiness

Change readiness is, at its core, a form of risk assessment and; as such, portfolio, program, and project managers can think of its long-term value in the same way. A single risk assessment may be valuable, but the compilation of risk assessments over time points the organization to systemic weaknesses that may benefit from more holistic strategies. The same is true for change readiness assessments. There are common weaknesses that an accumulation of change readiness assessments often point to:

- Holes in resources, particularly new or uncommon resources.

- Hot spots for change overload in the organization.

- Bottlenecks in decision-making processes or mismatched formal and informal decision-making processes.

- Difficulties accessing resources because of poor understanding of who is capable of what, or over-bureaucratization of access methods.

- Patterns of not involving influential parties to change.

- Questions of balance between organizational unit autonomy and the need to collaborate.

- Frequent underestimation of the degree of new skill acquisition required during change.

- Consistent diminishment of common practical concerns about logistical, psychological and occupational issues.

- Problems in reward, punishment and accountability systems that discourage adoption of change.

- Layers of organization structure, policies and standard operating procedures that slow down or limit the effects of change.

These examples are only a few of the types of findings that may emerge from a careful analysis of change readiness assessments over time. In turn, these findings are data that can be fed into strategic discussions about organizational change agility—the overall organizational readiness to act rapidly in response to change. For more information on this process, refer to the two PMI publications:

- *Change Agility: Readiness for Strategy Implementation*, (Combe, 2014a),

- *Building Change Agility: The Strategic Process for Agility Improvement* (Combe, 2014b)

Summary

Change readiness takes a critical look at the organization's resolve, fit and capacity to successfully deliver the benefits of a proposed program or project, and initiates appropriate actions to bring a current state of readiness to one of confidence in long-term success of the program/project outcomes.

It's significant that the primary measure is not an objective, but a subjective one. In 2013, the faculty of a university voted "no confidence" in the ability of their president to tackle the market challenges faced by their university. How likely to succeed was any strategy implementation effort there no matter how well resourced and planned? In contrast, consider multiple research studies on addiction that investigated factors correlated with successful efforts to turn around addictive behavior: High confidence in ability to change was associated with favorable outcomes. Confidence consistently tops factors like belief in importance, or desire to be liked, in predicting successful personal change.

Thus, change readiness tackles the important work of not only properly resourcing programs and projects to successful implementation, but the equally important work of building commitment to success and resolve to do that in the face of inevitable difficulties. It tackles human emotions and organizational norms and structures. These are often more difficult, even intractable, issues, but crucial to the success of programs and projects. The best portfolio, program and project managers know how to call them—and know how to address them well.

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