Defining Change: The Essential Value of Organizational Change Management
Research has proven that projects with defined change management programs are five to six times more likely to meet business objectives than those with poor or no change management.

But what exactly does change management mean? Many people – usually based on their role within the organization or project – define this common phrase differently. For IT professionals, it usually means managing systemic changes associated with applications (e.g., software upgrades or enhancements), architecture or infrastructure. And in project management, it usually refers to managing scope or schedule change for a specific project.\(^1\) And for the ones in between, Change Management is often defined as the planning and execution of communications, training and role clarity – most often associated with a major software implementation and/or a large organizational restructuring.

**TYPES OF CHANGE MANAGEMENT**

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<th>Type</th>
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| Systemic | Management of the systemic changes associated with IT applications, architecture or infrastructure | • System Implementations  
                         • Software Upgrades  
                         • Other IT Changes | • IT Professionals |
| Project  | Management of scope or schedule change for a specific project. | • All Projects                               | • Project Core Team  
                         • Extended Team               |
| Organizational | Planning and implementing the tools, processes, skills and principles for managing the people side of change to achieve the required outcomes of a project or initiative | • All Projects  
                         • Many System Implementations  
                         • Most Software Upgrades  
                         • Many Other IT Changes  
                         • Company Restructuring  
                         • Mergers & Acquisitions  
                         • Introducing New Channels, Brands or Business Models | • Targeted Employees or Departments  
                         • Ancillary Employees or Departments  
                         • IT Professionals  
                         • Stakeholders |

\(^1\) *Examining the definition of change management*, Change Management Learning Center

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These varying definitions often cause confusion about the value of Organizational Change Management (often called OCM), which is the focus of this point of view. We define OCM as all enabling activities required to achieve the desired outcomes of any major initiative. This means defining new or altered roles and responsibilities and tools as well as planning and executing effective communications and comprehensive training associated with the change.

Organizational Change Management is critical to support transformation expected by the above-mentioned systemic and organizational restructuring, but it is also important for any initiative that has transformational characteristics, such as enterprise growth or mergers and acquisition activity. Some executives dismiss Organizational Change Management as not offering value to their company without really understanding the implications of not having a structured, effective and ongoing OCM program. These same executives are also then perplexed and frustrated when their company does not achieve the expected value from their major initiatives.
Organizational change starts at the beginning

No one will argue that today’s retail world is undergoing major changes – from emerging technologies on both the consumer and enterprise sides, to dramatically changed consumer shopping patterns, to a global economy which has quickly broken down geographic borders and barriers. Many retailers are still scratching their heads trying to figure out just where and how to begin, how deep to dive in and what their competition will be doing next. We are not going to answer those questions here, since those decisions will be different for each retailer. However, once the decision has been made to introduce a new initiative, the very next decision should be “How will we manage this change?“

If you are planning on investing your resources – both people and capital – in undertaking a major initiative, Organizational Change Management should also be a high priority and built right into the planning phase of the project. Many organizations fail to do this at the beginning, and they wind up spending millions on new technologies, burdening their staff with impossible workloads, and ending up not achieving their desired outcomes and ROI. We witnessed one retailer who ended up scrapping a major enterprise system implementation after spending over $120 million and four years on the project, because they realized they were not going to achieve the expected benefits. They did not plan for the organizational impact and did not understand the major transformation this new system would require. As such, the implementation team had major difficulties in getting the company’s resources to cooperate on the project, and it resulted in a very expensive failure.
Organizational change means uncertainty

Any major initiative will impact roles and responsibilities – and smaller ones will likely as well. It will also create some level of anxiety and fear to those impacted. This is not to be taken lightly – especially in today’s economy, where many people are desperately seeking employment or unsure about their own job stability or career path. This uncertainty can also impact employee productivity and trust. What must be understood is that your organization’s initiatives and the resulting impacts must be comprehensively defined, planned, communicated and understood so that your employees are not only fully aware from the beginning, but can also become excited about and embrace the change instead of resisting it.

This means involving anyone even remotely impacted from the very beginning through a structured and well-executed communication strategy and plan. We mentioned in a previous point of view that over 60% of change initiatives fail, due in part to the absence of organizational acceptance. Do not get caught into thinking that a few emails throughout the initiative will be “good enough” because it is not. Communicate early, often and through multiple vehicles to the appropriate audiences – you cannot fall short on this critical Organizational Change Management element. People react to communications in different ways, so using multiple vehicles and correct timing is key. Soliciting feedback and having an open, non-judgmental forum for questions, comments and concerns is also vital so employees feel they have a voice and a role in the initiative.
Organizational change is transformational

Change is not limited to drivers from within the organization. Today’s fast-paced, ever-moving omnichannel retail world has created tremendous opportunities for retailers to completely reinvent themselves and to discover new customers, new markets, new products, new service lines and more. With any major initiative comes the chance to dramatically change how your business operates to become more relevant in the market and more successful. This new retail world and its transformational opportunities must be aggressively addressed through comprehensive Organizational Change Management.

Your organization should no longer operate the way it did even five years ago or in other words not with a “but we have always done it this way” mentality. Traditional retailers are moving away from their former silo’d models, and towards much more collaborative structures. The big push of moving towards customer centricity means no longer being product focused, and this has wide-ranging implications to your marketing and merchandising departments. New supply chain models that are also much more collaborative and have stronger supplier-retailer partnerships impact how your distribution, warehousing and logistics teams operate. New technologies like cloud, mobile and social are pushing retailers way beyond their traditional comfort zones. This means re-designing roles and responsibilities, clearly communicating the new processes and relationships, and implementing well-designed, ample training programs to help your company embrace the transformation and achieve the expected benefits.
Organizational change is ongoing

“Are we there yet?” The answer will – and should – always be no. This is fortunate depending on how you view it, because right around the corner is a new technology, a new competitor, a new consumer demand... *a new opportunity*. Each of these opportunities requires a structured approach to change around the project itself, but just as the impending change of seasons continues to bring new retail trends on which merchants must react, these dynamic forces of change will and should instill the fact that Organizational Change Management does not stop when the project is over. There will always be the opportunity to transform – these can be large or small transformations, but each one should have a solid program and dedicated resources to effectively manage the change.

Many retailers bring in outside consultants who are experts in the area of organizational change management; however, some organizations have internalized this competency. There is definitely a trend towards building in-house change management capabilities, but there are pros and cons to both approaches. Internally, it may be easier to challenge based on the fact that employees are ingrained and know the business better, and their opinions are therefore respected. Navigating corporate politics internally may also be easier. However, external consultants often bring more credibility (real or perceived), provide more objective opinions, and are typically granted more respect and access to key stakeholders and decision-makers. Often it is most likely a blend of dedicated internal and external resources that have the skills, tools and experience to most effectively manage change.

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be selective.
Final Word

Organizations who understand the value of having a structured, disciplined and comprehensive Organizational Change Management mindset baked into their culture are well positioned to continually and effectively transform themselves and achieve or exceed the benefits expected with their initiatives.
The Parker Avery Group

The Parker Avery Group is a boutique strategy and management consulting firm that is a trusted advisor to leading retail brands. We combine practical industry experience with proven consulting methodology to deliver measurable results. We specialize in merchandising, supply chain and the omnichannel business model, integrating customer insights and the digital retail experience with strategy and operational improvements. Parker Avery helps clients develop enhanced business strategies, design improved processes and execute global business models.

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