

Managing Change Risks

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What is a Change Risk?

Much of risk management work is focused on the management of risk in a 'business as usual' and relatively stable environment. The complexity is considerably enhanced when the organisation is in a state of change, the environment is intentionally destabilised, and still risk has to be managed. This kind of risk is significantly more difficult to manage as it impacts on capability:

- To continue to deliver business as usual during change
- To avoid reverting to the status quo such that the change investment is leveraged
- To deliver the sustained change for which the investment was originally made
- The article explores the nature of change risk and provides pointers as to how to be forewarned.

When are Change Risks and Project Risks the same?

This is the moment for the great consultant's answer: 'It depends!' Most managers would generally accept that most organisations are now always in a state of change - the only issues are: how much and how fast? The question is whether the change in your organisation is focused, harnessed and controlled, or whether it is the change that happens to you and all you can do is react, because you have done no strategic thinking about where your organisation is going, no risk assessments and no business continuity planning.

It is clear from studies, practice and simple common sense that if you can control change, you are more likely to achieve a beneficial outcome. Consequently, good practice in change management indicates that the employment of project management principles in defining and delivering organisational change reduces the risks of failure. In these circumstances, clearly much of the change risk is subsumed within the management of project risk - it is the same thing. However, let us be careful here. What do we mean by project management principles?

The critical issue in encapsulating organisational change within a project management framework is to ensure that the integrity of the holistic approach to change is preserved. This means avoiding the view that the project is about a 'hard change' (new software, restructure, relocation) and the management of change process (stakeholders, transition issues, knowledge capture) are peripheral 'nice-to-haves'. It also means that employing project management disciplines (such as Prince2) means following guidelines and not imposing straight-jackets.

What options are there for Change Risk Management?

There are only three strategies to manage change risk: avoidance, accountability or alignment:

- **Avoidance**, planning change so that it does not impact on high risk business areas, resources, systems, processes and stakeholder groups: easier said than done!
- **Accountability**, ensuring that a designated party (with the resources and capability to do so) accepts accountability for managing the risk. This may be an internal expert individual or group, or an external specialist agency that will monitor the risk and either recommend or undertake relevant action on your behalf.
- **Alignment**, designing the change and the change process so as to reduce the probability, impact and variety of risks in the enduring end-state that is developed.

One final word on 'Managing Risk': a frequent approach that we have observed, is to decide to 'risk manage' an identified issue. What is really meant here is:

'This is too hard to think about and it might mean we have to spend money. It will probably never happen, so if we ignore it and/or forget we noticed it, it will go away. And if it does happen, we will say - ah, yes, it was always a risk - and our bosses will nod sagely, because hopefully they know no better.'

Please let us all try not to fall for that one. To manage risk means to know where you're going, know what are the likely risks, contingency plan accordingly, and stay awake because tomorrow all the demands will be changed.

Identifying Change Risks

Experience, study and finely honed radar has taught me that there are many sorts of issues that can derail a change process. These can range from the senior stakeholder getting a new job, through the management of the say 'yes' and do 'no' team (most organisations have them) to the budget suddenly and inexplicably running out. Below is my checklist list of key risks that, if not attended to, have the most negative effect on the ability to achieve change goals:

1. There is a clearly defined problem that a necessary weight of senior stakeholders accepts they cannot live with. 'A necessary weight' means those in overall command of the space, those that hold the purse strings, those who will be expected to own and operate the Brave New World when it is delivered, and any others who are recognised in the organisation as 'opinion leaders'. In other words, for good or evil, if they speak, people listen. It is always best to be inclusive than leave any potential unanswered hecklers on the outside.
2. The population that will be impacted by the change is generally dissatisfied with the status quo. If not, you will build up a bow-wave of opposition that will absorb exponentially increasing resources.
3. There is a clearly defined solution that a necessary weight of senior stakeholders is committed to implementing. If they share understanding of the problem, do they share understanding of the required fix? This is a hard one as all change is more expensive and time consuming to fix, once and for all, than anyone expects. It is much easier to implement the quick, cheap and wrong answer that will need to be mended again in two years time by your successor. But as with the pig and the hen and the bacon and the eggs, these senior players must be committed like the pig, not just involved like the hen! And they must

demonstrate this by changing their own behaviours and talking up the change at every opportunity.

4. Strategic Alignment: are the strategic direction of the organisation, the needs of its customers, the intent of the change, the exhortations of managers, and the reward and recognition of staff effort all heading in the same direction? If not something will come unstuck sooner rather than later when someone notices the gaps opening up.
5. The change recognisably adds value for all stakeholders, demonstrates benefits (WIIFMs) and therefore will drive their behaviour. A WIIFM is a 'what's in it for me', and nobody does anything differently without one. It can range from being for money, to the loyal 'for the company', to the grateful 'because it removes my frustration with the old way.'
6. The post-transition stakeholders have been fully consulted in the development of the solution and are committed to its implementation and to the development of the new structures, processes and behaviours that will ensure the embedding of the change in the new 'business-as-usual'.
7. Arrangements are in place to regularly communicate with and manage the issues of all stakeholders throughout the process of change. Communications is another of those project functions that you see beautifully managed by lip service! Stakeholder communications is not just putting regular articles in the staff newsletter, nor is it having a website on the intranet. Your toolset might include these things, but there are two key issues to manage. First, analysis: who are the target groups, what do they need to know and how often, and what is the best medium for getting the information to them? Second, surprise, surprise, communications means two-way exchange of information, so by what means will you engage with your stakeholders to capture their feedback, and how will you visibly act upon it, so demonstrating that their efforts are not wasted. Change is always a failure in the middle, so how will your stakeholders keep the faith?
8. Plans for embedding the change are integral to developing and implementing the change itself. What do I mean? If I want to market a car powered by hydrogen I have to ensure that purchasers will be able to buy hydrogen at the filling stations, otherwise, they have bought white elephants. In terms of change, it generally means that the new organisational processes and the supporting knowledge have been suitably captured and redeployed so that they are accessible to those who will operate under the future changed environment., without using excess effort, reverting to old ways or over reliance on what is in the heads of the old-stagers.
9. The change process is supported by appropriate training and education for stakeholders (including customers), managers and operators to ensure that all those involved have the competency to deploy the changed process or system intelligently and effectively.
10. The change has ONE overall owner that is specified as an individual person or role holder and NOT an organisation or group. The Project has one leader, one team, one focus, shared goals, and a common problem solving process to tackle issues as they arise and implement fixes.

So ten big risks, but turn them on their head and they become the guidelines for planning and leading successful change!