GUIDE TO CHANGE AND PROJECT MANAGEMENT

Getting it right and achieving lasting benefit

Third edition

Paul Roberts

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Preface to third edition

DURING THE MONTHS when I was completing the third edition of this book, calamity struck. News arose of a virus that was travelling at speed around the world, affecting the lives and livelihoods of anyone in its path. As a catalyst for transformational change, not much else can compare. The consequences have been felt in every aspect of life, and will be with us for years to come. What it also shows is that leadership and management are needed in equal measure to address such challenges. Indeed, the importance of both is proven not just by the value they can provide when exercised well, but also by how their absence can invite further disaster.

Together, good leadership and management can mitigate panic, provide direction and offer a method for transition, if not to a new normal, then at least to the next stage. Having change imposed on us only increases the importance of navigating our way effectively through its emerging consequences. Now, more than ever, leadership and management of change is essential.

Much else has changed since this book was first published in 2007. In that year, Apple released its first-ever iPhone, ushering in an era of mobile computing that has transformed the way we engage with each other, our shopping habits, our business transactions, our access to knowledge and our very behaviour. It may be true to say that, at that time, few of us imagined that we might need anything more sophisticated than a mobile phone that could perhaps also take photographs and play music. However, someone had a bigger vision. A project followed and the iPhone was born, with the potential to transform our lives. But that potential may never have been realised had mobile computing not been so enthusiastically promoted to – and embraced by – a community of users, eager for something new. In other words, change happened because there was a vision, an engaged and eager audience, and a sense of motivation among them to adopt something different.

I mention this as a way of introducing the significant changes that have been made in this book's third edition. Where, a decade or two ago, it was necessary to persuade many institutions that effective project management was required, it is now very widely accepted as an essential discipline. Why? Because as the pace of change has increased, there has been a growing realisation among senior managers that only effective project management has the potential to deliver the transformation they seek. However, a greater awareness of the benefits that change can bring does not necessarily go hand in hand with successful project delivery. What I have noticed is how many projects, no matter how well managed, have failed to deliver the outcomes that their sponsors anticipated. Too many have produced apps, buildings, processes, products and services that remain on the shelf, unadopted, and a costly reminder that projects are vehicles that can just as easily deliver failure as success. So the revisions in this edition – including its title – are significant. Agile development has understandably gained significant traction; an entirely new chapter is now devoted to this most important of topics. And other new chapters and sections place emphasis on the methods and effort needed to envisage what change looks like, engage people to join the journey towards it, educate them sufficiently so that they can use what the project delivers, and adopt the anticipated values, actions and behaviours with enthusiasm.

Paul Roberts
July 2020

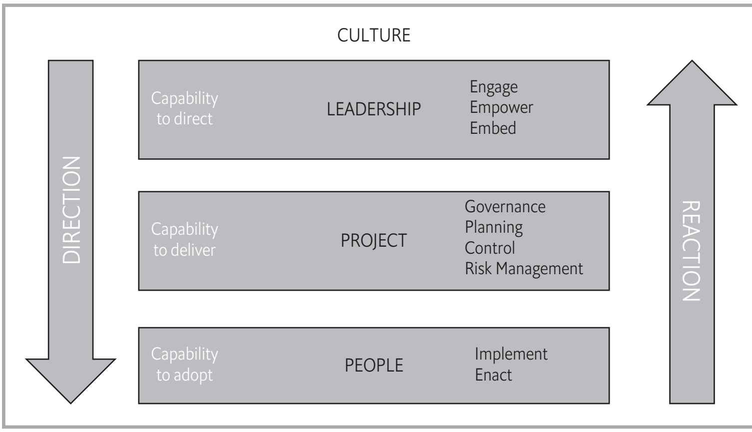
Introduction

MOST ORGANISATIONS USE PROJECTS to deliver change. Projects are management vehicles that transport people to a "new normal". Whether or not that new way of doing things is fully adopted depends very much on the extent to which arrangements have been made for its arrival. Therefore, a project must not only prepare a solution to an institution's problem or opportunity, but it must also prepare the institution for the solution. All too often, the latter is forgotten until it is too late. Without the adoption of change, its benefits can never be fully realised. Any project that delivers an output that is not sufficiently utilised or adopted may be considered a failure. So it follows that, if we are to understand and practise effective project management, it is necessary to understand and apply the principles and practices of change management. This book brings together these two interconnected subject areas.

Project and change management have the power to affect the prosperity of entire institutions. It is important to remember that while many organisations have benefited from change, many have suffered for having failed to manage its delivery. In some cases, the mismanagement has resulted in a complete business or institutional failure. This is because managing change cannot be separated from managing business-as-usual; each affects the other. If an organisation is serious about improving the way it manages change, it will have an opportunity to improve its business.

If projects are to deliver successful change, then it is crucial to ensure that the entire institution is configured to do so. No-one is immune from its draw or impact. However, people play vastly different roles in directing, delivering or adopting change, depending

FIGURE 0.1 **Executive layers involved in change**



on their role in an organisation. Figure 0.1 identifies three executive layers.

Each layer is marked by its respective authority: those at the top of an organisation are commonly held to have more executive power than those at the bottom. However, those who are expected to implement changes to fit into their way of life also wield power by virtue of their level of readiness to adopt it. In between, a delivery layer exerts its own authority in the shaping and governance of the change.

The layers also reflect different responsibilities. These range from the obligation to engage and empower the workforce and to embed new behaviours, to the governance of the programme of change, to its eventual implementation and enactment.

It follows that each layer must also have the capability – that particular combination of skills, knowledge, experience and character – to discharge their respective responsibilities. Each participant makes a contribution, whether directing change, delivering it, or adopting it.

The provision of direction from the top is matched in importance by the reaction from affected stakeholders. This results in a dynamic flow which acknowledges the co-dependence between the layers. Within this relationship lies the potential for co-operation and collaboration, and also for confusion and conflict.

The leadership has the most significant responsibility to manage change in the direction of a positive and calculated outcome. It can be shaped according to the needs of an organisation to grow or contract, respond to competition or threat, or simply to keep pace with the world around it. Typically, leaders are expected to have the capability to identify opportunities for change, to direct it, and to engage and educate communities of people to embed it.

A layer of management is necessary to govern and deliver change. Usually, this happens through the use of projects. If projects are to deliver successful change, then it is crucial to ensure that each individual project can be well governed.

Yet project management is too often considered a discipline that applies only to a select few. It is often delegated to people who struggle against sometimes impossible odds to deliver a successful outcome. So effective project management means much more than having an effective project manager.

Critically, if the rewards of change are to be enjoyed, targeted groups of people must adopt it as an improvement to the status quo. For example, the introduction and embedding of new project and change management practices may represent just such an institutional transformation. To achieve this, it will be necessary to deliver not only a myriad of new processes, practices and deliverables, but also adjustments in mindset, behaviour and values. It may involve abandoning norms and some sacred cows, educating people to work differently, and persuading customers to buy something new.

All of this is enacted within an environment defined, in part, by its culture. This will have a material impact on the way in which change is understood and handled. So, when success depends on changing the way people think, speak and act, it may be understood that organisation-wide collaboration is needed, including among those who commission and finance the change, those who build the end product, and those who will use and adopt it.

Although it may appear that change follows a project, it is more the case that change begins to happen from the moment the idea has been conceived. The enactment of a project is merely further evidence that change is taking place. In other words, change precedes, accompanies and follows project activity; change and projects occur in parallel, not in sequence. However, for the structural integrity of this book, and to aid the reader's understanding of its complex and interrelated content, the leadership's direction of change will be explored in Chapter 2, people's adoption of it in Chapter 13, and project management as a delivery capability will be widely covered throughout. A further significant addition to this third edition is an entirely new chapter (Chapter 11) devoted to the management of projects that have chosen to employ an agile development approach.

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The components of effective change management

FOR ANY NEW FORM OF MANAGEMENT to be accepted, it must be sold to those who do not yet believe in it. Until an organisation has had time to get used to the new way of working, apathy and cynicism towards its introduction are likely. It is common for the promoters of change to be subject to some friendly fire because not everyone will think as positively about project management as they do.

Project management has much to do with identifying and managing the risks a project may face. It can be unsettling for those who are used to solving problems once they have arisen rather than working in advance to prevent the problem arising. This is the essential difference between risk management and "issue" management, and is central to the introduction of a project-based culture. Many people may be impressed by the hero who charges in to solve problems, but arguably those who studiously identify things that could go wrong and do a great job of avoiding the need to call in support deserve greater praise and assistance. These two extremes of character can be seen not only in individuals, but also in organisations. There are issue-managing and risk-managing organisations. The former encourage and reward heroics in managing current problems and challenges. The latter praise those who seek in advance to mitigate the likelihood or impact of those problems and challenges. Project management is more effective in an environment that supports the management of risks because this gives the organisation greater control over its fortunes.

This is not the only challenge that promoters of change face. Effective project management, like any form of governance, brings with it a necessary element of administration needed to control the project. This too will be challenged by those who object to the introduction of a new way of working, procedures, routines and regulations. Care should be taken that the administrative measures are not stifling and are light enough to ensure that the right decisions are made by the right people at the right time, and that the value of them is generally understood.

Sooner or later (probably sooner), the cost of introducing a new form of management will be questioned and a budget will be needed. Senior managers have a great many priorities on which to spend scarce resources, so the money being spent on embedding change and project management must be promoted as an investment with a planned, measurable return. In other words, embedding the principles of change and project management within an organisation should be managed as a project in itself. This will help mitigate some of the challenges identified above.

Any attempt to alter opinions or working practices will face difficulties. If the approach being described here is considered along the lines of changing a culture, the following risks identified by leadership expert John Kotter in his book *Leading Change* will need to be mitigated:

- there is no sense of urgency;
- a powerful, guiding coalition is not adequately created;
- the programme lacks clear vision;
- the vision is poorly communicated;
- essential change is prevented by a will to protect the status quo;
- short-term wins are not systematically planned or delivered;
- victory is declared too soon;
- changes are not anchored in the organisation’s culture.

Later chapters consider how these risks may be mitigated through the introduction of effective change and project management.

Selling the benefits

Change and project management must address issues that matter and that people want to solve. It is essential to ask questions before presenting solutions. What are the problems that the individual or organisation faces? Where do their priorities lie? Where could the greatest gains be achieved for the least investment?

For example, if there is a concern that too much project work is duplicated, it could be suggested that effective project management encourages everyone to work to a plan. But what is the benefit of a plan? It helps to explain that once people are clear about their own and each other's responsibilities, there is likely to be a reduction in rework and duplication. In seeking a form of words persuasive enough to overcome the objections of others, it is often illuminating to ask "So what?" in order to expose the heart of the benefit and to make it clear how the changes the project will bring will make their lives better.

Not every benefit will carry the same weight with every stakeholder. Some, such as the project's end users, will be encouraged to hear that effective project management provides for the definition, design, implementation and control of quality, thereby reducing the risk of a poor outcome. Others, such as those with commercial responsibilities, will be more interested in knowing that it requires the justification for the initiative to be regularly reappraised, thereby managing the risk of making a poor investment. Arguments should be tailored to meet the interests of different stakeholders.

It can help to have a list of the benefits to refer to when facing objections to the introduction of change and project management, or simply to articulate how it will make everyone's lives more ordered. Effective change and project management allow an organisation to:

- involve the right people at the right time for the right reasons to ensure that the best quality decisions are made;
- encourage customers and suppliers to participate so that the result is mutually beneficial;
- focus on the milestones of the endeavour to encourage a greater and common understanding of what will be delivered;
- reappraise the justification for the change regularly, thereby reducing the risk of making a poor investment;
- demonstrate how resources can be used as effectively as possible, thereby allowing their efficient use across the organisation;

- emphasise the risks the project faces so that the likelihood of their occurring and their impact can be managed;
- agree on the definition, design, implementation and control of quality, so reducing the risk of a poor outcome;
- minimise the dangers of unmanaged "change";
- be clear about who does what, thus reducing duplication of effort and removing the potential for "responsibility without authority";
- manage unforeseen problems sensibly and practically;
- increase the likelihood of adoption such that the benefits are more likely to be realised.

Addressing risk

An organisation that does not put sufficient resources into the management of its change management activity is running several risks:

- An organisation's normal business can be compromised. As managers focus more on failing or inefficiently managed change, they pay less attention to the business the organisation is seeking to maintain and develop (and which is funding change).
- Projects will be conducted as a second priority. Unless projects are discretely and efficiently scoped, planned and resourced, the workforce will remain focused on the normal operation of the business. Projects will be funded by "goodwill" rather than the ring-fenced budget they deserve.
- An organisation's reputation with its customers will suffer. This is especially the case if products and services are delivered by means of projects. When customers depend on delivery on time, on budget and to their specification, any failure of that project to meet their standards can affect the commercial relationship between supplier and client.
- Costs will escalate. Projects are undertaken because they are necessary or essential for the continuation or growth of the business. Their abandonment is not seen as an option. If projects are not adequately managed, they will consume increasing

resources. If they have to be abandoned, the financial and other costs can be enormous. For the business, there may be a direct impact on profitability with implications for shareholder value and investor relations.

- Competitors will use their project management capabilities to their advantage. Their innovations will be delivered more quickly or economically. The market will welcome other organisations that can deliver products and services more efficiently.
- An organisation's management competence will not grow. Competent managers will either burn out from the pressures of working in an environment that is not suited to the effective delivery of change through projects, or seek positions in organisations where they have an opportunity to work in a culture that is supportive and conducive to success.

If change management remains unrecognised as a specialist discipline in its own right, the organisation will probably fail to deliver the changes it needs to stay, or become more, competitive.

What are a project's characteristics?

A project has several characteristics that set it apart from an organisation's "business-as-usual". Business-as-usual can be characterised as:

- requiring activities to be carried out repeatedly and/or regularly;
- employing resources of similar skill-sets;
- being constrained by annual, cycle-driven deadlines or budgets.

An organisation's typical business-as-usual activities may include:

- delivering its products and/or services to its customers;
- maintaining its financial affairs;
- managing its people;
- keeping its systems and processes running from day to day.

Business-as-usual is what departments do to maintain the performance of the organisation. If it can be established that a project differs from this, it can be shown why projects need and deserve a tailored form of management. There are several things that differentiate a project from business-as-usual:

- **A project produces a "defined deliverable".** A project is a vehicle for delivering change. It provides the governance by which an organisation can move from one steady-state to another, from A to B. One result of a project is a "defined deliverable", something which, by its use, enables the new steady-state to operate effectively. So this deliverable must be of sufficient quality to serve the purpose demanded of it.
- **A project has a defined end date.** There are many examples of projects whose deadlines are revised time and time again. For example, the European Fighter Jet had several delivery dates set and missed. This may be because the defined deliverable was not defined as well as it should have been. A project should have a target end date otherwise it will lose focus, probably go over budget and delay the business from benefiting from its investment. Furthermore, since a project is temporary, any delay in its completion means that those working on it cannot be released for other tasks.
- **A project has a defined budget.** This will extend for the life of the project, in contrast to a departmental budget, which will cover the financial year.
- **A project uses a wide range of resources.** A project will need to benefit from the capabilities, knowledge, skills and experience of people from a wide range of backgrounds from within and, possibly, outside the organisation. However, a business-as-usual department is, almost by definition, characterised by a narrower range of knowledge and skills.
- **People will be involved in peaks and troughs during the project.** Whereas a department is likely to have roughly the same number of people working in it throughout the financial year, a project will use a variety of people at different times in its life. For instance, the people specifying what the project must achieve will probably be most heavily involved at the beginning and at the end,

whereas those developing the end product may be most involved during the middle phase.

- **A project has a life cycle.** Philip Larkin, a 20th-century English poet, once described the structure of a novel as having "a beginning, a muddle and an end", and many projects feel as though they are in a constant muddle. A project needs attention every day to reduce the risk of disorder and confusion, but it also needs direction from senior managers to ensure that it starts and stops according to plan. So the beginning is intended to create governance suitable for the project's management, and the end is to make sure that the project has an outcome that meets expectations.

Business-as-usual may share some of the hallmarks of a project. For instance, every month management reports will be produced to assist the company's decision-making. These reports are defined deliverables, but their creation is a repeatable, low-risk activity that does no more than maintain the steady-state of business. Similarly, business-as-usual requires a defined budget. However, it is usually calculated in order to maintain or improve performance during the coming year.

A project is intended to deliver a step change. Such changes may transform processes, performance or culture. In seeking to improve something, a project is moving firmly into a territory where expectations are less easy to predict or manage. It must produce something that, perhaps, has not been produced before, at least not in the same circumstances. There will be expectations about when the project will be completed, how much it will cost and what it will deliver. Articulating a clear and commonly held understanding of these variables is what makes each project both unique and risky.

Risk is a feature of projects. That so many fail is often because the risk of failure has been managed inadequately. Common reasons for failure include:

- inadequacy of the plan;
- absence of a plan;
- poor monitoring or control;
- unmanaged change;

- inadequate communication;
- constrained budgetary provision;
- poor management of expectations.

If uncorrected, such failures will lead to any one or a combination of the following:

- missed deadlines;
- exceeded budgets;
- substandard quality.

Time, cost and quality are the three criteria by which failure is most commonly measured. But what about success? Can a project be judged a success if it delivers:

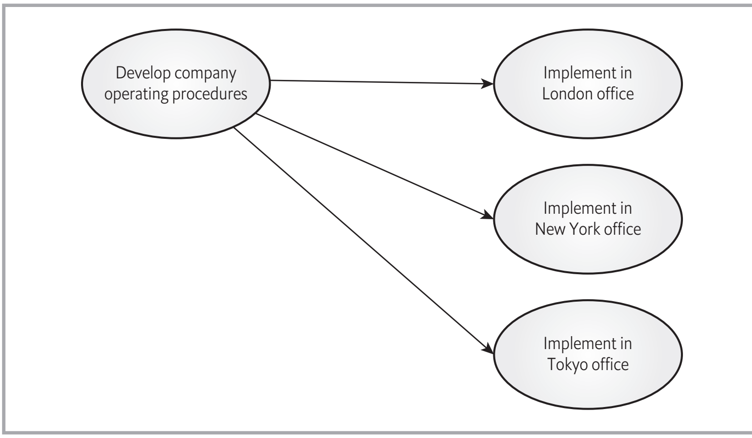
- on time;
- to budget;
- to specification?

These may be measures of successful project management, but they are not adequate measures of a successful project. A project may result in a fit-for-purpose output, on time and on budget, and may have excited those who were involved, but did it make a positive difference? If it failed in this respect, what was the point of the investment? A successful project is best characterised by the change it delivers.

How can projects deliver change?

The outcome of any project is for an issue or opportunity to have been addressed. This means that, for the project to be considered a success, something must have been changed intentionally and by design. Although planned change is often considered to be positive, it may also be costly, risky and upsetting. For this reason, many organisations prefer to implement incremental change as part of their business-as-usual activity, to match the pace of the world around them and minimise potential resistance from within the organisation. However, it is often not possible to do this. Sometimes, an organisation is required to react to something unforeseen, or to address a problem arising from change

FIGURE 1.1 **A plan to develop operating procedures**



having been delayed for too long. At such times, a more significant transformation is needed. Given the heightened risk, a project is the safest and most secure means by which to respond.

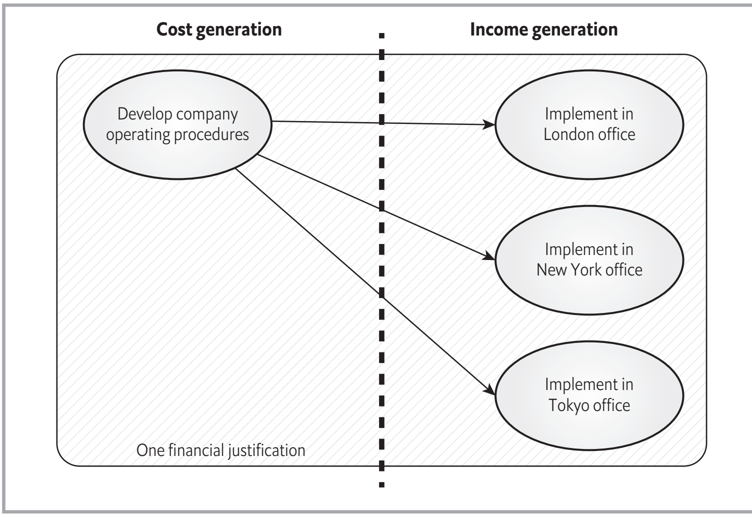
Projects are undertaken to produce benefits and add value. The output should result in benefits that outweigh the investment. Later chapters will consider how to describe and quantify benefits, but first it is important to understand how the comparison of benefits and costs can help to define the scope of the project.

Figure 1.1 illustrates a company's plan to develop operating procedures that its international offices will be required to implement to gain savings from consistent and improved working practices. There are clear dependencies. For example, none of the implementations can happen until the operating procedures have been developed.

How many projects are needed to deliver this outcome? It could be four, one for each area of work. Or it could be two, one to develop the procedures and one to implement them in the offices. Or perhaps there could be economies from treating the whole endeavour as one project.

The decision is made easier when taking into account the value that must result. None of the implementations can take place if the operating procedures are not developed. But would the initiative be viable if it was not implemented in the Tokyo office? This is not clear. The critical question is whether the exclusion of Tokyo would so

FIGURE 1.2 **Cost versus income generation**



significantly reduce the benefits of the initiative that the investment could no longer be justified.

In any project there will be a point at which the investment being made is outweighed by the expected return on that investment. In this way, a project and a commercial business are no different. The question about how many projects there are can be addressed by taking a commercial perspective, as illustrated in Figure 1.2.

The development work on the left-hand side of Figure 1.2 will contribute to the costs of the project, while the implementation activities, although requiring some investment, will principally contribute to the generation of value. Whether the investment can be justified depends on knowing what value each implementation will generate. One may be insufficient, two may be enough and perhaps the third would be needed to make the case indisputable. Therefore, all four areas of work should fall under the same governance to ensure that the intended positive difference between costs and benefits is protected. This balance, with cost on one side and income (or benefit) on the other, is the foundation of any individual project. It answers the crucial question: "Why do we want to undertake this project?"