Making Change Work

The IBM Global Making Change Work Study examines how organizations can manage change and identifies strategies for improving project outcomes. This report continues the conversation that began in the IBM Global CEO Study 2008 regarding forward-thinking companies that are "Hungry for Change."[1] For its very survival, the Enterprise of the Future must better prepare itself as the pace, variety and pervasiveness of change continue to increase.

Over a two-year period, the percentage of CEOs expecting substantial change climbed from 65 percent in 2006 to 83 percent in 2008 but those reporting they had successfully managed change in the past rose just 4 percentage points, up from 57 percent in 2006 to 61 percent in 2008.[2] This disparity between expecting change and feeling able to manage it – the "Change Gap" – nearly tripled between 2006 and 2008.[3]

Our Making Change Work Study focuses on how to close the Change Gap. Through surveys and face-to-face interviews with more than 1,500 practitioners worldwide – project leaders, sponsors, project managers and change managers – we gained practical knowledge about how to increase the likelihood of project success.

Most CEOs consider themselves and their organizations to be executing change poorly, but some practitioners have begun to learn how to improve their outcomes. From the practitioners themselves, we found that, on average, 41 percent of projects were considered successful in meeting project objectives within planned time, budget and quality constraints, compared to the remaining 59 percent of projects which missed at least one objective or failed entirely.

Even though just 41 percent of projects were described as successful, those with the highest project success rate (the top 20 percent of our sample) – we call them Change Masters – reported an 80 percent project success rate, nearly double that average.

In sharp contrast, the bottom 20 percent of our sample – the group we describe as Change Novices – reported a disappointing project success rate of 8 percent.

What accounts for these vastly different rates of project success? We found in our detailed analysis of study results that achieving project success does not hinge primarily on technology – instead, success depends largely on people. But what is more illuminating is the discovery that four common factors helped these practitioners address their greatest project challenges. When used in combination, these factors provided a synergistic benefit that was even greater than the sum of their individual impacts, resulting in higher rates of project success:

- **Real Insights, Real Actions.** Strive for a full, realistic awareness and understanding of the upcoming challenges and complexities, then follow with actions to address them.

- **Solid Methods, Solid Benefits.** Use a systematic approach to change that is focused on outcomes and closely aligned with formal project management methodology.

- **Better Skills, Better Change.**
Leverage resources appropriately to demonstrate top management sponsorship, assign dedicated change managers and empower employees to enact change.

- **Right Investment, Right Impact.**
Allocate the right amount for change management by understanding which types of investments can offer the best returns, in terms of greater project success.

These four change-related focus areas are represented graphically as four facets of what we call the Change Diamond (see Figure). Neglecting even one area can inhibit change excellence. Practical insights from the experience of Change Masters show that the most powerful approach is to take actions that address each of the diamond's four facets and help guide the Enterprise of the Future in its quest to make change work.

The Change Diamond.

RIGHT INVESTMENT
RIGHT IMPACT

REAL INSIGHTS
REAL ACTIONS

BETTER SKILLS
BETTER CHANGE

SOLID METHODS
SOLID BENEFITS

While the Enterprise of the Future is indeed hungry for change, our Making Change Work study shows that executing change well remains the exception, though certainly an achievable goal. By focusing on all four facets of the Change Diamond, organizations can gain synergies that make change work in their favor: delivering more successful projects and building a change management capability that is vital to becoming an Enterprise of the Future.

To request a full version of this paper visit **ibm.com**/gbs/makingchangework or e-mail us at iibv@us.ibm.com

Authors

Hans Henrik Jørgensen, Associate Partner and Global Lead of the Change Management Community, *hans-henrik.jorgensen@de.ibm.com*

Lawrence Owen, Global Leader, Organization and Change Strategy Practice, *owenl@us.ibm.com*

Andreas Neus, Senior Managing Consultant, Strategy and Change Practice, *andreas.neus@de.ibm.com*

References

[1] "The Enterprise of the Future: IBM Global CEO Study 2008." IBM Corporation. May 2008. www.ibm.com/enterpriseofthefuture

[2] Ibid.

[3] Ibid.

How can IBM help?

- ***Strategy & Change:*** Fuses business strategy with technology insight to help organizations develop, align and implement their business vision across four strategic dimensions — business strategy, operating strategy, organization change strategy and technology strategy — to drive innovation and growth.
- ***Selected IBM Solutions:*** Solutions include value realization, culture transformation, organization design, program strategy and governance.

Key contacts:

Americas	Saul Berman	*saul.berman@us.ibm.com*
Asia Pacific	Steven Davidson	*steven.davidson@hk1.ibm.com*
Japan	Ryuichi Kanemaki	*kanemaki@jp.ibm.com*
Northeast Europe	Sara Longworth	*saralongworth@uk.ibm.com*
Southwest Europe	John Papatheohari	*jpapathe@fr.ibm.com*