Managing Change: the Human Factor in Process Improvement Initiatives

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Agenda

- The Speakers
- The company Kugler Maag CIE
- Change is a risky business
- 7 Rules of Managing Changes
- Conclusion
Frank Sazama, Process Director

- Since start of September 2006 with KUGLER MAAG, Key Account Manager, Leader of the KMCfutures-Team. Clients are Valeo, DaimlerChrysler and other Automotive. Actual main topics are Process Improvement, AutomotiveSPICE, CMMI, Metrics, Change Management, Future Management and Podcasting (www.Abenteuer-ChangeManagement.de)

- 6 Years Q-Labs, Manager Operations and Expert Consultant, Clients are Bosch, BMW, VW and other Automotive, Knowledge Management, Inspections, Assessments and Initial Process Analysis, Improvement Project Planning

- 5,5 Years DaimlerChrysler Research, Process Improvement, Learning Organization(Experience Factory - EF), Measurement and Analysis (Goal Question Metric - GQM), Reviews and Inspections

- 5,5 Years MTU Friedrichshafen, ECU-Development (Hard- and Software), Process definition and Roll-out, Development Framework
Christophe Debou

Business Development Director: Central and Eastern Europe
• Accredited CMMI Trainer

• Experiences:
  • About 10 Years Quality Management and Process Improvement
    • Alcatel, as Coordinator of CMM Initiative, for the overall company (1994-1997).
    • Q-Labs as consultant and member of management team (1997 – 2001)
    • KUGLER MAAG CIE (2006)
  • About 5 Years Senior Management
    • Board member of ComArch, a leading SW House In CEE

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KUGLER MAAG CIE is a service company with acknowledged expertise in process improvement

Facts
• Founded in 2004, today around 70 acknowledged experts
• Specialized on process improvement
• Expertise in CMMI®, SPICE / ISO 15504, Functional Safety / IEC 61508, Project-, Quality-, Requirements-Mgmt., Change Management …

Customers
• Global players, culturally diverse, operating in
  • Europe,
  • North America and
  • Asia

Industries
• Automotive Industry,
• Financial Services, ICT,
• Health, Telco and Railways

Partners & Networks

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We already work predominantly for international big companies in different industries, including …
KUGLER MAAG CIE Service Areas

Improvement Services
- Managing Change for the Purpose of lasting Quality and Productivity Improvement
- Evaluating Performance Improvement Potential

Process Application
- “Off-the-shelf” processes tailored for an accelerated and sustained Process Performance Improvement
- Operational Process Execution

Change Engine Services
- Organizational Change Control
- Agile Process Management
- Strategy Implementation

Appraisal Services
- Improvement “Readiness Check”
- Improvement “Health Check“
- CMMI® Appraisals
- ISO/IEC 15504 / Automotive SPICE™ Assessments

Knowledge Services
- Training and Qualification of Practitioners, EPG, Quality Group, Assessors, Management, and Executive Management
- Training in relevant standards and their usage, including qualifying for Customers’ or 3rd party Assessments
- Public training as well as customized in-house training
KUGLER MAAG CIE Expert Areas

CMMI®
- CMMI for Development
- CMMI for Acquisition

SPICE
- Automotive SPICE™, ISO 15504
- Co-founder of iNTACS

Functional Safety
- IEC 61508
- ISO WD 26262

Project Management
- PMI, PMBoK
- Prince 2, OPM 3

Performance Driven Improvement

Service Management
- CMMI for Services, ITIL

Quality Management
- Quality Management, Assurance & Control
- TS 16949, ISO 9001, VDA 6.3, …
- CMMI/PPQA, SPICE/SUP.1, …

Requirements Engineering
- Management, analysis and elicitation of requirements

Mastering Change
- Ensure successful and sustainable organizational change

Performance-off-the-Shelf
- Accelerated and sustainable Process Performance Improvement
- Project / Requirements / Quality Management Service Centre

PI = Process Improvement
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“There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain of success than to lead in the introduction of a new order of things, because the innovation has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well in the new.”
Machiavelli, The Prince, 1532
Change is a “risky business” ...

More than 70% of all change projects fail!

‘Failed’ means here:

• No or too little impact on project practices
• No or too little impact on business performance
Why change effort fails?

• Hard factors get all the attention:
  • Plans, estimates, budget, technology, …
  • The easy stuff

• Soft factors get ignored:
  • Organisational Context (how does the environment support change)
  • Resistance to change
  • Management of people
  • …
• We do not feel as psychologist
People in severe change

- Trigger
- Shock
- Denial
- Anger and Rage
- Bargaining
- Depression
- Testing
- Acceptance

Source: Kubler-Ross (1981)
People in Severe Changes

Where are we going and why?

What I am supposed to do?

How does it affect me?

Ask me to get involved

Well Being

First shock

Excitement

(a)

Minimising or denial

(b)

Disbelief

Numbness

Life event

1 2 3 4 5 6 7 8+ months

(a) positive events (b) trauma or loss

Uncertainty

Losing confidence

Confusion

Depression

Crisis

Testing

Exploring

Accepting

Letting go

Partial recovery

Extended crisis

New confidence, transformation

Quitting

Ask me to get involved

OK

Feel Good

Distress/despair

Ask me to get involved

What I am supposed to do?

How does it affect me?

Where are we going and why?

Ask me to get involved

What I am supposed to do?

How does it affect me?

Where are we going and why?
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7 Rules of Managing Change

- Changes won’t happen overnight
- Lay down the right foundation for changes
- Identifying Stakeholders, their influence and address them accordingly
- You will encounter Resistance – Manage it
- Communicate, Communicate, Communicate
- Involve particularly your middle management
- Remind the transition phase or “Valley of Tears”
7 Rules for managing change (1)
Changes won't happen overnight - 1
Changes won’t happen overnight - 2

• In early days, 15% of org. will jump right with you
• Most wait until they’ve seen it works or if management is serious
• A few won’t change until they are required to, if ever
• Key is when Early Majority adopts a new practice:
  • Requirements management driven motivation
  • Has to be seen to be part of their job
7 Rules of Managing Change (2)

• Lay down the right foundation for changes
Basis: Kotter’s eight-stage process for creating major change

Foundation Phase

1. Establish a **sense of urgency**
2. Create the guiding coalition
3. Develop a **vision and strategy**
4. **Communicate** the change vision

Action Phase

1. Empower broad-based action
2. Generate short-term wins
3. Consolidate gains and produce more change
4. Anchor new approaches in the culture
Success Criteria for process Improvement

- Resources
- Incentives
- Skills
- Vision
- Improvement
- Commitment
- Communication/Change Mgmt.
- PI Program Management
- Culture
Managing Complex Change: Requirements
Readiness for Change

- Are you ready for a quality Improvement Initiative?
  - What are success criteria?
  - What are the success factors?
- How can you implement them?
- What are/ were recent programs?
  - How successful are/ were they?
- Why/ why not?
- What can we learn?
  - To copy
  - To avoid
Case Study (Telecommunication Company, Western Europe)
Successful Implementation

- Sense of Urgency
  - Almost lost the major client and close to be thrown out of corporate standard design
  - Late deliveries and high fault density
  - Turbulent management situation
  - CMM level 1 on assessment spring 1994

- Vision:
  - Survive-)
  - Organisational Change (From Line to Process-Oriented Organisation)

- Guiding Coalition (Infrastructure):
  - General Manager as driver of the whole organisation
  - Key People as process owner

- Incentives:
  - Bonus was partly dependant on achieving high maturity level and also related to delivery and quality performance
7 Rules of Managing Change (3)

- Identifying Stakeholders, their influence and address them accordingly

![Matrix Diagram]

- Level of power & influence
  - High
  - Low

- Level of support
  - Low
  - Undecided
  - High
  - Blocker
  - Undecided
  - Champion
Attitudes to Process Improvement - Advocates

• Support initiative in general
• Offer to help piloting process and roll it out
• Speak to others about their experiences
• Advocate the new process as a GOOD THING to do

• Take care of them, reward them, recognize their contribution, otherwise -> Apathy
Attitudes to Process Improvement - Apathetics

- Haven't heard about it or just do not care
- Talk to them, show them what it is about
- When they see reasons for improving, they begin to consider how their work would be affected -> Incubate
Attitudes to Process Improvement - Incubators

- Are thinking about trying something new
- Look for enough positive evidence and reasons to change
- Get them involved, work with them -> Advocates

- Don’t over-hype message or put obstacles in their way -> Apathy or …. resisters
Attitudes to Process Improvement - Resisters

- Might have valid concerns – listen to them
- Usually just make things difficult and deplete everyone's energy
- Are hard to shift, work around them where possible
Other Social Types

• Opinion Leaders / Influencers
  • Not always to do with their position in the org. chart
  • Find them and bring them on board

• Connectors:
  • Know everyone, spread ideas

• Salesmen:
  • Convince anyone

• Experts:
  • Information specialists-teachers
7 Rules of Managing Change (4)

- You will encounter Resistance – Manage it
Sources of Resistance

- It’s never worked before
- Not enough time
- We are doing good today. Why bother?
- Need time to prepare/understand
- Concern whether this fits the organisation as it is now
- Fear
- I do not know

Sponsor to „walk the talk“
Make sure you do what you say you will do
(avoid contradictory Statement)

Time shall be explicitly freed from Management for improvement and checked against Avoid Overload

Provide the business case and evidences (Late, Overbudget, Overcommitment)

Listen and Learn

Staff needs the same time as management to study and understand

Loss of status?
Dialogue with Line Management

Training, coaching, patience
Examples Resistance

- New processes Ivory Tower, NIH
- Development wants new tool, management sees costs, build ROI
- Mid management do not want to support SPI?
  - Why? Loosing power to PL
  - Bonus-> SPI, delivery, …
7 Rules of Managing Change (5)

- Involve particularly your Middle Management
Involvement of Middle Management

• Are key influencers within an organisation:
  • Direct point of contact with staff
  • Leading by examples
  • Making things happen

• Barriers to change:
  • Resource limitation
  • Too many changes
  • Feel threatened by change
  • …

• Solution:
  • Lower temporarily project work priority compared to change project
  • Involve in the development of the solution
  • Ensure management goals aligned to new process
  • Implement quick wins and communicate
7 Rules of Managing Change (6)

• Communicate, Communicate, Communicate

Communication

- Case for Change - Developing the urgency for change
- What the change means for the business
- What the change means for me
7 Rules of Managing Change (7)

• Remind the transition phase or “Valley of Tears”

![Diagram](image-url)
Case Study (Software House, Central Europe)

• Sense of Urgency
  • Some customers mentioned CMMI during an audit. Company board got interested.
• Vision:
  • Seems alike ISO 9001. Let us implement and get certified
• Guiding Coalition (Infrastructure):
  • Project Leader appointed (same person as ISO 9001). No real resources allocated
  • One person in the board allocated to follow-up
  • Competencies development thanks to personal readings, no external support
  • Some kind of plan was developed (but we should not disturb project, best to pilot on small, non key projects).
• Incentives:
  • None
• What happened:
  • Board invited the project leader after one year and asked for the status (almost no progress, board member had no time to take care of the project)
  • CMMI Project was stopped; Official reason “Project leader is too weak to make something happening in the organization*” (she left the company some months later)
  • Few Projects applied some of the new processes, based on own decision of project leaders
  • Since them, nobody is talking about CMMI, except on a slide to potential customers, stating the organizations’s goal is to achieve CMMI level 3 …

* Organization = over 1500 Persons…
Conclusion

• PUT YOURSELF IN THEIR SHOES
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