



From Discovery to Successful Implementation

Predicting Organizational Change Preparedness

Dr. Phillip Decker, School of Business, Univ. of Houston – Clear Lake

Patrick Leach, Christie McCormack, David Skinner, DSI

Decision Analysis Affinity Group Meeting

May, 2009

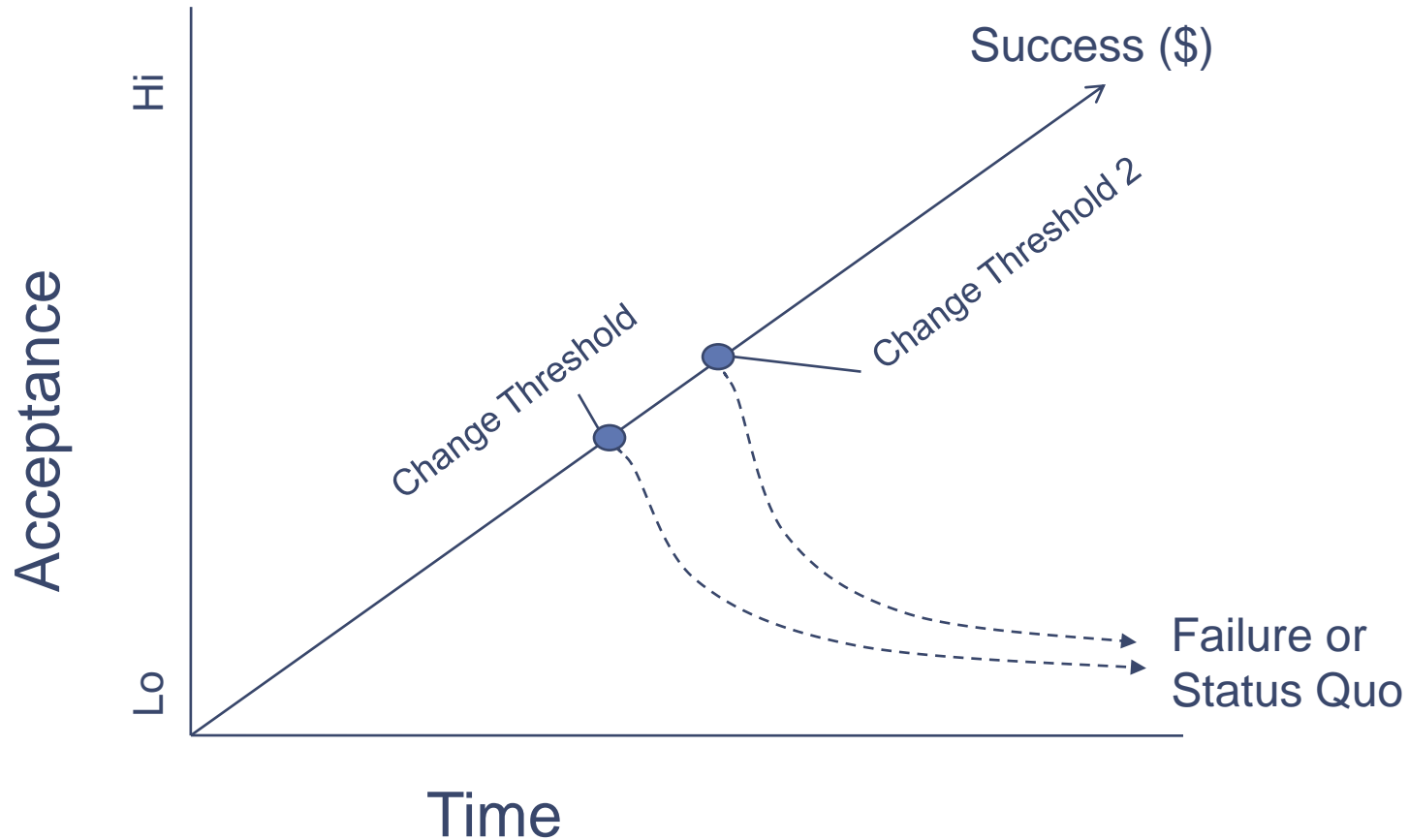
The Problem

- Implementation is the lengthiest part of the DA process
- Failure of strategic implementations is rampant
 - Research shows 70% fail
 - Up to 80% never achieve predicted value
 - Unchanged in 60 yrs - Truly costly in \$ and havoc to people's lives
- Why they fail
 - Little readiness for change; resistance
 - Poor alignment
 - Poor planning
 - Poor change management
 - Etc.

The Problem (cont.)

- Key concept: Change Threshold (a “tipping point” in Gladwell-speak)
- What companies do in response to falling short:
 - Fail
 - Move to the next initiative
 - Keep adding change management
 - Accept less value
- ***Can we predict implementation failure/problems in the DA process?***
 - Few documented attempts in the literature
 - No real model of the Key Failure Points (KFPs)

Getting Over the Change Threshold



Change Thresholds

- DA can help clients to *understand, predict & control* the Change Thresholds of their organizations
 - Critical to fully realizing the value of decisions
- How do we accomplish this?
 - ***Integrate relevant factors into the decision-making process***
 - Help clients to quantify and understand the Change Threshold of their organizations *prior to strategy selection*
 - Show clients the value of targeted change management (CM) and risks associated with lack of CM
 - Assist clients with implementation and value realization through the use of change management tools and concepts

The DSI Organizational Change Preparedness Index (OCPI)[™]

- 42 KFPs in Implementation; 50 item survey (examples of areas measured below)

Process Characteristics

Aligned Metrics & Rewards

Roles not defined

Organizational Capability

Poor IT

Initiative Overload

Poor Flexibility

Processes in Place

Poor training

Organizational Characteristics

Organizational Flexibility

Too many silos

Transparency & Trust

Few “Go-To” people

Communication Culture

Long term goals not clear

Positive Community

Can't publically express doubt

Organizational Infrastructure

Structure does not match need

Individual Characteristics

Ability to Change

Poor Flexibility

Motivation to Change

“Care horizon” = f(age, time to retirement, etc.)

Increasing difficulty of CM

What we're doing

- Measuring the likelihood of implementation success for each strategic alternative
 - Identify key failure points (KFPs) in implementation
 - Develop measurement of KFPs
- Adding to the DA Process
 - Develop methodology to balance strategies in Framing
 - Estimate the value gained by doing targeted CM (value of control) - Add to Framing and Evaluation
- Formatting the components of a targeted CM program
 - Building the capability and tools to apply a highly targeted & effective CM program based on known KFPs

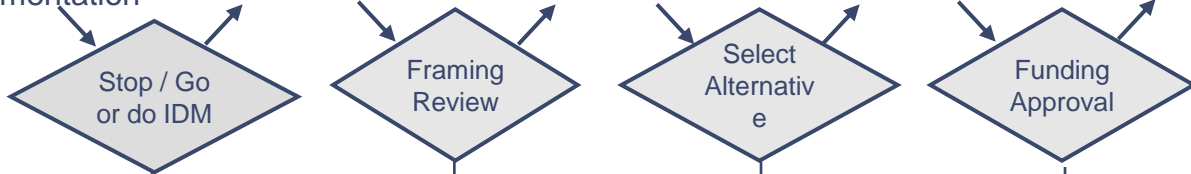
Integrated Decision Management™ Process



Process Steps

- Discovery Screen Opportunity:**
 - Clarify situation
 - Define opportunity
 - Criteria screen
 - Critical Implementation Factors
- Creation & Framing of Alternatives:**
 - Create options
 - Quant. model
 - ID Experts
- Evaluation and Agreement:**
 - Assessments
 - Analysis work
 - Sensitivities
- Fully Develop Selected Alternative:**
 - Optimize strategy
 - Resource plan
 - Scheduling
- Implement & Monitor Performance:**
 - Resourcing
 - Project Mgmt.
 - Tracking metrics

Decision Review Board



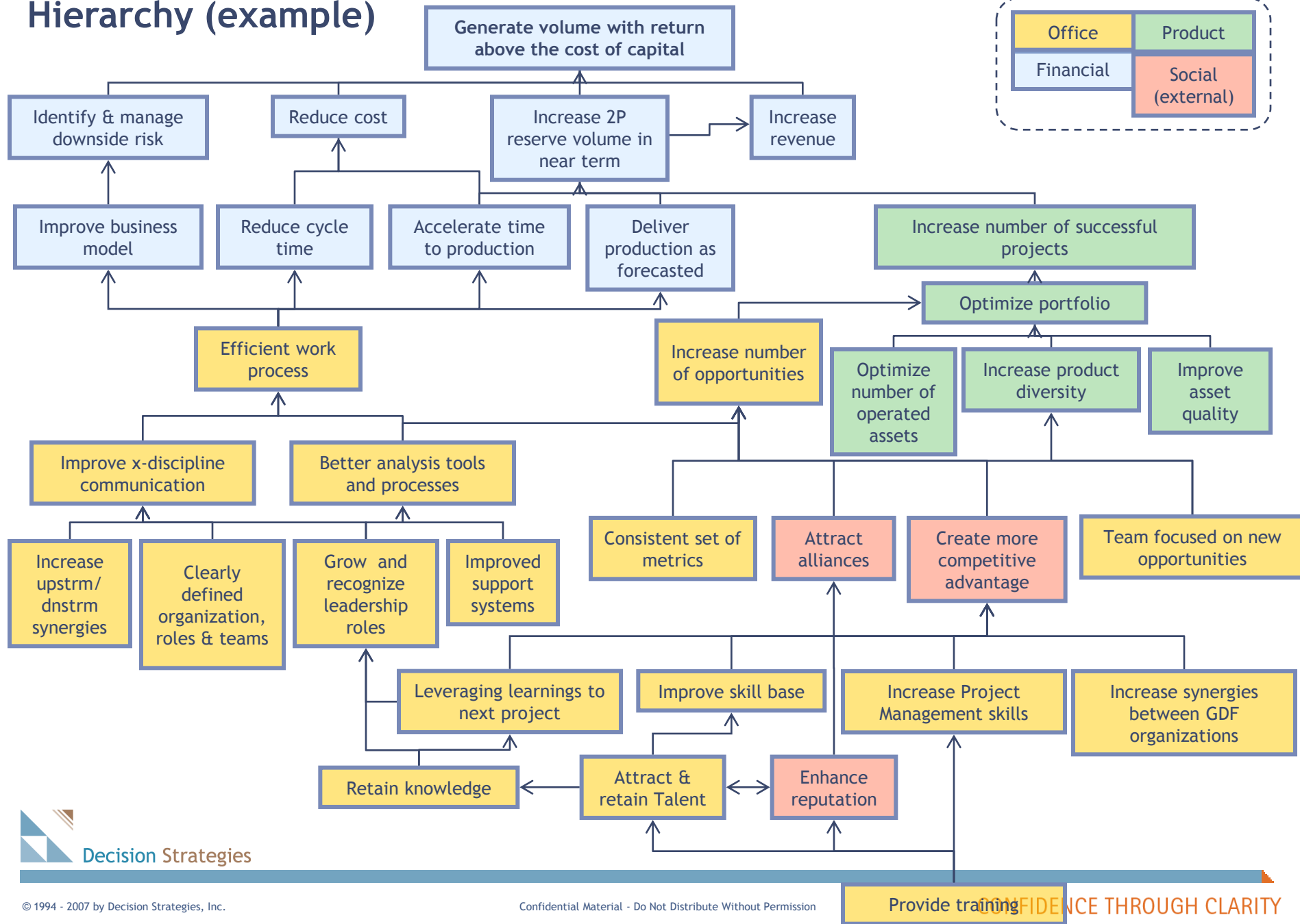
Phase Deliverables

- Discovery Screen Opportunity:**
 - Business situation
 - Stakeholder list
 - Screening for - objectives hierarchy - benefits & risks
 - Potential Value
 - Strategy deployment competency & capability evaluation
- Creation & Framing of Alternatives:**
 - Decision Hierarchy
 - Strategy Map
 - Qualitative analysis
 - Influence diagram
 - Expert identification
 - Analysis plan
 - Critical execution (DI) considerations
- Evaluation and Agreement:**
 - Financials
 - NPV / EVA
 - Sensitivity tornado
 - Risk profiles
 - Risk reduction & contingency plan
 - Organizational readiness level
- Fully Develop Selected Alternative:**
 - Project work plan
 - Staffing plan
 - Strategy deployment plan (P, Sys., Struc., Culture)
- Implement & Monitor Performance:**
 - Earned value
 - Change management
 - Decision integrity review
 - Learning
 - Quality audit
 - Strategy management system
 - Leadership training
 - Executive coaching
 - Communication

CM Additions

- Discovery Screen Opportunity:**
 - KFP prediction surveys
 - Include CM Personnel
 - CM interviews
 - Redefine stakeholders
 - Markets & Blog analysis
- Creation & Framing of Alternatives:**
 - Balance Strategies
 - HR in Core team
 - Include CM Personnel
 - Match KFP profile with Strategy map
- Evaluation and Agreement:**
 - Cost needed CM
 - Build CM into Tornado
 - Use Game Theory to predict dysfunction of people/players
- Fully Develop Selected Alternative:**
 - Change Threshold Shift Analysis
 - CM Processes & Tools
 - CM deployment plan & proposal
- Implement & Monitor Performance:**
 - CM tools
 - KFP reanalysis
 - People mapping
 - (see above)

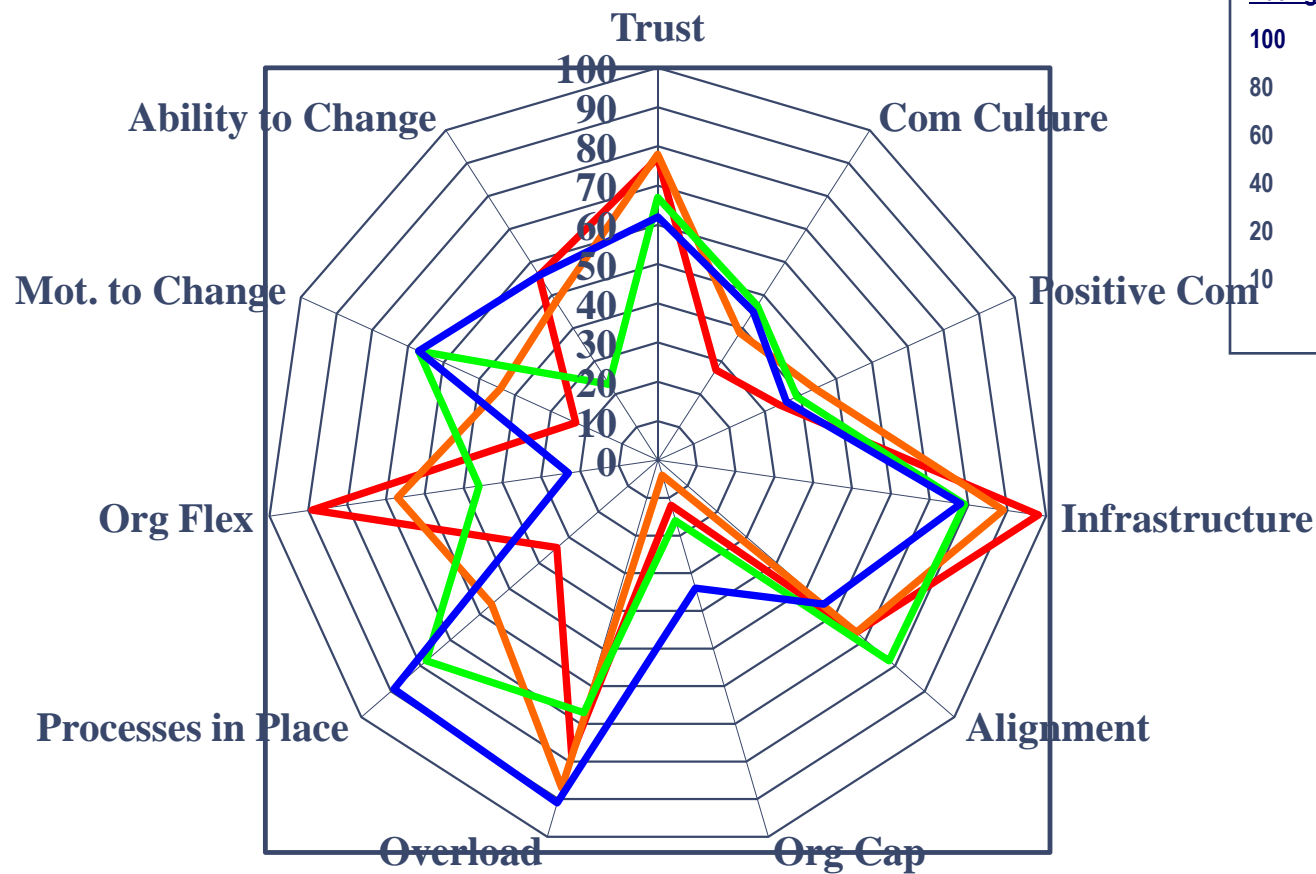
Balanced Objectives Hierarchy (example)



What we're doing (cont.)

- Developing simple, graphic presentation of the organization's key implementation hurdles
 - Radar charts and targeted CM
- The result:
 - Implementation factors are taken into account *as part of DA process*
 - Clear presentation to senior leaders when decision is made
 - Alternative selection includes quantified assessment of probability of implementation success and plans for focused CM
 - Fewer unpleasant surprises at implementation
 - Consultant has the context to build a highly focused CM program

Simple Graphic Presentation



Rating	Implementation Difficulty
100	Achieve w/o CM
80	Achieve with X
60	Achieve with Z
40	Achieve with Y
20	Achieve with Z
10	Possibly not achieve



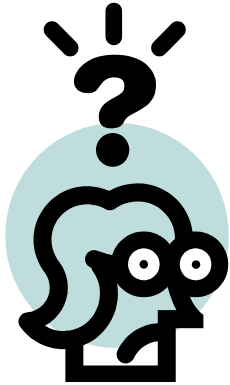
The interface between the OCPI and DA

- Discovery
 - Conduct surveys; identify KFPs
 - Identify objectives vulnerable to KFPs; balance objectives hierarchy
- Framing
 - Include HR personnel in process
 - Incorporate CM decisions into strategies
 - Qualitative evaluation of strategies based on P(success)
- Evaluation
 - Incorporate quantitative survey results into analyses
 - Conduct new surveys, specific to strategies under evaluation?
 - Include CM issues on tornado charts; estimate VoC
 - Modify quantitative evaluations to incorporate CM issues (Game Theory)
- Alternative Development
 - Develop CM plan as part of chosen alternative, including contingency plans
- Implementation
 - Use surveys as monitoring/feedback device; determine if overall Change Threshold is likely to be overcome



Summary: The Current State of Affairs

- The OCPI is in its infancy - first pilot going on now
- The economy isn't helping
- Very few instruments have been developed to bring soft CM issues into the DA process
- ***Might there be a CM issue around getting DA practitioners to accept a new concept/tool/approach?***
- Anyone interested in partnering with DSI to perfect this instrument and expand the DA process?
 - Contact Pat Leach at peleach@decisionstrategies.com



Questions?

