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10 Potential Pitfalls That Jeopardize Change Management Effectiveness

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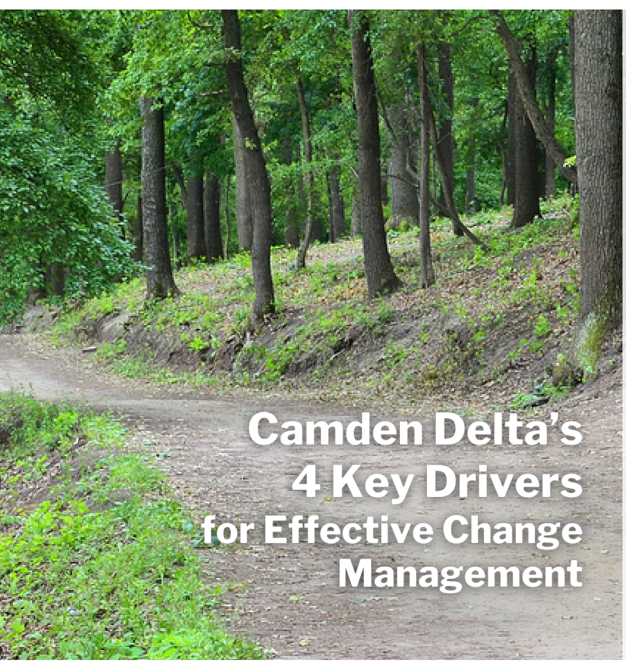
Both academic research and practical experience reveal that most corporate change initiatives—technology implementations, downsizing, restructuring, or corporate culture transformations—fail. According to John Kotter, only 30% of change initiatives are successful[1]. Continued studies and research continue to prove this out – that even today, the success rate of change is startlingly low at 30%. Complicating that low success rate is the current business environment, in which businesses need to change more often and changes are more complex and interdependent than ever before[2]. In one study by Gartner, organizations planned changes increased from 2 in 2016 to 10 in 2022[3].

And this high failure rate often results in high costs: a 2020 Benchmarking survey by Prosci showed that when the people side of change is NOT managed, the chances of bringing a project in on-time is only 16%, on-budget is only 51%, and meeting it's objectives is only 16%[4].

Kotter's Eight: Why Change Efforts Fail

- Not establishing a great enough sense of urgency
- Not creating a powerful enough guiding coalition
- Lacking a vision
- Under-communicating the vision by a factor of ten
- Not removing obstacles to the new vision
- Not systematically planning for–or creating–short term wins
- Declaring victory too soon
- Not anchoring changes in the corporation's culture

While Kotter's research on change is well known, in this article we take a less theoretical and a more practical approach, based on our own client experience. At Camden Delta we find that – at a high level – four key drivers are essential for effective change management: Leadership readiness, employee communication, resource management, and risk mitigation. We will share examples of each of these challenges, and more importantly, offer some practical solutions to help you avoid these potential pitfalls.



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Leadership Readiness

Reason #1: Leadership Messaging is Inconsistent

It is critical that the details of the change be consistently communicated to all affected employees. It's common, however, for employees to receive mixed messages from management. Even when the C-suite offers a compelling reason for change, if the next tier of management fails to clearly deliver this message to their respective work groups, inconsistencies and confusion develop across the organization, reducing employees' understanding and receptivity to the change. Often, the root cause of this inconsistent messaging is that senior leaders are not able to convince management that the changes are a worthwhile pursuit. Consider the case study below:

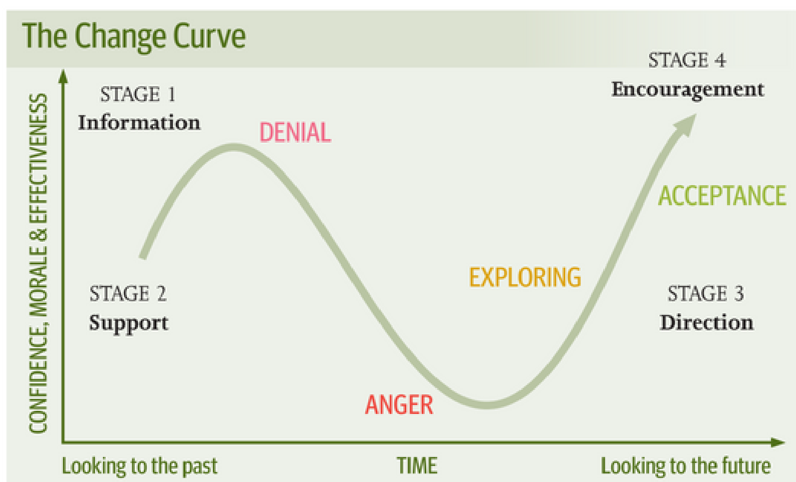
CASE STUDY

SITAUTION:

A top-heavy insurance brokerage firm recognized that their current operating model was neither efficient nor cost effective. To resolve these issues, they undertook a complete transformation of their business operating model. This change impacted over 1,000 employees at all levels of the organization, with roughly 100 employees losing their jobs and the rest of the population either moving positions or experiencing change in their day-to-day work activities.

THE PITFALL:

The communication strategy had been designed in a cascade approach, meaning the C-suite would deliver the initial messaging, then the next tier of management would communicate to their respective work groups. While in theory this approach works well, it's critical that the employees are hearing genuine and consistent messaging from not only the C-suite and management, but across all managers. Unfortunately, this organization set the launch for the change initiative to adhere to a predetermined timeline, but failed to first ensure that all managers understood and believed in the change. Manager A and Manager B were not communicating a consistent message regarding the change process, the vision, and the outcome to their team. This had major consequences: the inconsistencies created misalignment among employees and management, resulting in poor support of the change.



PRACTICAL ADVICE:

Start by building time into your change plan to adequately develop management buy-in; conduct pulse surveys across the managerial population to ensure their alignment. Like all employees, managers need some time to experience the change curve; however they need to reach the acceptance/commitment stage before their employees so that they can guide their team through the change. Next, provide communication coaching to managers to assist them with key messaging and handling difficult questions regarding the change. Build in immediate positive reinforcement. With genuine buy-in and adequate communication preparation, managers can contribute to the effectiveness of an organization's change implementation.

Reason #2: Leaders Lacking Decisiveness
Even when it's "business as usual", some managers may avoid making decisions out of fear of making mistakes; and this fear is often exacerbated during periods of change. Such behavior can have detrimental consequences, as indecisiveness may stall the project. Without decisions around key dependencies, the project hits roadblocks, thus impacting the budget, resources, and the legitimacy of the project. Sometimes indecisiveness can also cause leaders to pause after they've started a change, or even to change directions mid-stream. The longer leaders ruminate over decisions impacting the project, the more likely the program will end up being marginalized and failing to achieve its original objectives. It's quite simple: it's difficult for employees to decide to support a change when leaders appear to waver or change their minds frequently.

PRACTICAL ADVICE:
Early on, identify executive sponsors and establish a steering committee of leaders, specifically tasked with responsibility for making decisions in a timely manner and removing any program barriers. Project goals around behaviors should be documented and include mechanisms for building in positive reinforcement for making tough decisions.

Employee Communication

Reason #3: The Organization is Not Culturally Ready for Change with Increased Change Fatigue
Having in hand the calculated ROI, project risk mitigation plans, and dedicated resources are not enough to ensure a successful change implementation. It is critical not to underestimate the organization's culture, attitude and readiness as key factors in the success of a change initiative. Employee attitudes need to be positive, willing and ready to accept and adopt the change. A 2022 study by Gartner shows a likely deficit to begin, with change willingness dropping steadily since 2016 (74% to 43%) while change volume increases (from average 2 to 10 per year) [3]. A function of their attitude is the organization's culture. You need to consider:

- Culturally, how does this organization view change?
- How successful (or not) were previous change management initiatives?
- How ready is the business for the change?
- What other changes are happening in the organization?
- Are any impacted groups likely to be experiencing change burnout/target of too many changes in close order or simultaneously?

PRACTICAL ADVICE:
If your organization conducts engagement or employee surveys, incorporate change willingness questions. Leverage this data to gauge–from the employee perspective–how well your organization handles change. For specific initiatives, conduct readiness assessments to better understand how employees feel about this change. The results from such surveys will influence your change management project plan, particularly around how to educate employees about the change and the best way to communicate going forward.

Reason #4: Employees Do Not Understand the Case for Change

When you're heavily involved in a project—either as senior leader or as one supporting the change implementation (e.g. HR)—it's easy to overestimate the knowledge level of the general employee population regarding the change. This disconnect from the reality may result in project leadership's resistance to adequately communicate to the broader employee population.

Here's what that resistance might sound like:
"We don't want employees to have information overload."
"It's obvious why we're going through this change. We don't want to come across as patronizing."
"This change doesn't impact too many employees; no need to over communicate."
"We've explained the change once; no need to make it sound like a bigger deal than it is."

However, unless the troops genuinely understand and buy-in to the change, adoption rates will be low and the risk of missing the expected ROI will be high. See the case study below as an example:

CASE STUDY

SITAUTION:

A large medical organization with multiple facilities redesigned all HR processes, outsourced them to a third-party administrator, and implemented new manager self-service (MSS) tools.

THE PITFALL:

Based on the assumption that this implementation would not impact the day-to-day operations for most employees, project leadership planned a minimalist approach to change communications, relying on posters and a few information sessions to announce the new MSS features.

Not surprisingly, at the time of go-live, end users felt inadequately prepared to use the system and flooded the outsourced call center to report system issues which were– in fact–user errors. The unanticipated call volume resulted in long wait times. So at least in the short term, a system that was intended to streamline and speed up HR processing of data and payroll produced instead confusion, resistance, agitation and increased processing times.

PRACTICAL ADVICE:

Never assume your employees have embraced the change. Conduct anonymous pulse surveys throughout the project to gauge their readiness for the change. This feedback is invaluable! You can leverage the responses to make adjustments to your communication strategy to address any concerns. While delays in projects are frustrating, it's risky to go live without employees understanding and supporting the change.
Remember WIIFM- what's in it for me? Employees want to know how this change will benefit them.

Resource Management

Reason #5: Work Required of Subject Matter Experts Is Not Accurately Estimated

We see a few key issues here. The first is what we call "project fatigue." Some organizations repeatedly call on the same individuals to be engaged in multiple initiatives or projects; this is especially true when the individual is a specialized subject matter expert (SME) and the organization lacks deep bench strength in that area. In this scenario, these SME's are expected to do their "day jobs" while also participating in new projects. Over time, burning the candle at both ends leads to project fatigue, which may escalate to general burnout. When this occurs, even high-performing employees who were once fully engaged and willing to help become disengaged and resistant to additional responsibilities. Some studies show as high as two-thirds of workers experience burnout crisis, which further causes transformation failure[5].

PRACTICAL ADVICE:

In the early stages of project planning, include a quantitative assessment of the work effort that will be required of key internal resources—and be sure the project plan/schedule is reflective of that assessment. If an initiative is going to require more time commitment than is reasonable for any team member, create a plan to mitigate the negative fallout, such as extending the project timeline or adding resources where necessary and removing key SMEs from areas or projects where their time/input is less critical. Lastly, have a mechanism to track which SMEs are engaged in which projects. This visibility will help realistically gauge capacity of the highly sought-after specialists.

CASE STUDY

SITAUTION:

A healthcare organization was preparing for an ERP implementation. Multiple external resource partners were engaged to provide strategy leadership, technical expertise and support for the implementation, including organizational change management (OCM) support. The organization's internal project team was sizeable, including business directors/ process owners and their direct reports who served as SMEs. At project launch, there seemed to be an assumption among the client's internal team that—especially given the scale of the external resources engaged on the project—the work effort required of them would be manageable, even on top of their "regular" work duties.

THE PITFALL:

In reality, technology implementations require huge commitments of time and attention from business directors, process owners and subject matter experts, as only they know the business, own the processes, and understand the needs of the end-users. The same individuals are not only "on the hook" for approving technical aspects of the project, but also for providing content for change management messaging, reviewing and approving training materials, and perhaps leading end-user training. With so much decision-making being funneled through a small team of people, bottlenecks and backlogs are common, resulting in delays for obtaining information and/or deliverables and impacting downstream activities. Days filled with back-to-back meetings leave insufficient time for thoughtful review, feedback and creative problem-solving. Deadlines are missed as the real work effort far exceeds initial expectations.

Reason #6: Meetings Are Not Managed for Optimal Results

Like it or not, in business, meetings are all but essential. And when changes are being implemented, meetings seem to increase exponentially in both frequency and duration. Employees engaged in enterprise change initiatives may find themselves in back-to-back meetings, leaving little time to respond to project-related requests for information or review—creating bottlenecks and slowing the project's momentum.

The sheer number of meetings can make it difficult for project leaders to prepare for, facilitate and follow-up. It may seem that there's not enough time to stop and critically assess and rationalize the value of these meetings, so the meeting madness simply continues, gobbling up participants' time and energy.

PRACTICAL ADVICE:

Many business are now either hybrid in-person/virtual or even fully virtual. Rules for good meetings still apply [6], whether you are in-person or online:

1. Have a well-defined agenda. This should include the clear purpose/objective of the meeting and should be sent in advance, so participants can bring all required materials.
2. Have a meeting moderator. The moderator can make sure that everyone has an opportunity to speak, keep the group on point and make a list of actions and decisions agreed to in the meeting.
3. Set time limits. Keeping agenda items timed keeps people on point. Additionally, according to a 2020 study by Microsoft, multitasking takes place six times as often in video meetings lasting more than 80 minutes compared with meetings that take 20 minutes or less [7]. The shorter the meeting and more focused you are, the better!
4. Minimize distractions. On or off camera? That is the question! While sometimes it's a great break to meet "off camera", the reality is that lure of multi-tasking is great. This can lead to people not fully participating, missing important information, and possibly agreeing to something they didn't fully hear. The larger and longer a meeting, the more likely people are to multi-task, and recurring meetings encourage more multi tasking than ad hoc meetings. All more reasons to keep meetings intentional, brief as possible and...maybe with the cameras on.
5. Conclude with Specific Action Items. And don't forget to follow up on them either in or outside the meeting as needed.
6. Last but not least: share notes. It might be helpful to rotate responsibility for note-taking. In any case, having a common site/place for people to access notes after the meeting and/or sending them out to participants will ensure everyone has the same information going forward.

Reason #7: Required Resources are Underestimated

The larger the project, the more difficult it is to accurately gauge the resources—money, time, people—that will be required for successful delivery. It's only when allocated resources begin to run short that project managers realize they've underestimated what it will actually take to deliver the project. At that point, the overall health of the project may experience new risks, including:

- Employees who are already stretched beyond capacity can't operate indefinitely at that level
- Ideal choice for additional resources may not be available on short notice, requiring the project to settle for second choice
- Overall project scope may have to be scaled back due to funding shortfall

PRACTICAL ADVICE:

According to one source[3],change management resources should account for about 7-10% of the total project budget. This range may need to increase to allow for the nuances that add difficulty to the project, including the complexity of the change, range and number of stakeholders impacted, organizational culture, or multicultural/multi geography impacted by the change. Typically, for every $10M in the project budget, at least 2.5-3 change management FTE's should be staffed on the project, with some variance for the specific phases of the project. For example, the project strategy phase typically requires more specialized and strategic personnel; later phases of the project require fewer strategy folks and more communications resources.

Reason #8: Project Teams and Schedules Are Not Flexible
As noted earlier, projects rarely go according to plan; it's critical that those involved in the project to be prepared to adapt. It's not unusual, however, for project teams to resist changes in project meeting cycles, reporting protocols, or even the inclusion of new stakeholders into project routines. They cling tightly to the original project plan, governance routines and protocols instead of flexing to accommodate a new reality.
This resistance to slowing down to check and potentially alter the team's course is often driven by rigid schedules and the commitment of a few, highly influential project team members (e.g., project sponsor, project management office, etc.). Without their flexibility, the project will, by default, continue on its set path.

Preparing for change? Ask yourself:

1. Are all the tiers of management genuinely bought into the change initiative?
2. Is there an accountability mechanism to ensure leadership decisiveness?
3. Is the organization culturally ready for this change?
4. Do you have data to show that employees buy into this change?
5. Are you relying on the the same SME's for multiple corporate projects?
6. Are all of your meetings and project check-ins necessary? Productive? Efficient? Effective?
7. Is your project adequately staffed and budgeted? Does the project plan identify risks and include plans for mitigation? Does the budget reflect contingencies?
8. Is the project plan and sponsorship supportive of adapting the project's schedule, protocols, meeting cycles, etc. as needed?
9. Have you completed a thorough stakeholder analysis, focusing on both internal and external stakeholders?
10. Is your contingency plan well thought out and documented?

PRACTICAL ADVICE:
It is incumbent on the change management office along with the project management resources to recognize current limitations of existing protocols and simply ask on occasion of those involved:

- *"Are these meetings and routines helping us to meet our objectives?"*
- *"What other routines should we consider that may help us accelerate completion of tasks and successful change?"*
- *"What other resources are we not including in these meetings/routines that we think will really benefit from increased inclusion?"*

Asking and answering these questions honestly at periodic intervals during the project may lead to changes in the project schedule and/or key milestones. Flexing the schedule does not insinuate poor planning, but in fact is a best practice that will ensure time is spent most effectively to meet the project goals. Communication and stakeholder engagement will be keys to implementing these changes and maintaining buy-in.

Risk Mitigation

Reason #9: All Relevant Stakeholders Are Not Identified

While most organizations do a fairly good job at identifying change impacts for various stakeholder groups, they will often miss the opportunity to further segment stakeholders. Not all stakeholders will be impacted by the change in the same way or need to be engaged in the same manner. Relevant stakeholders include those who are directly impacted by the change as well as those who are key influencers within the organization (e.g., certain senior leaders).

Change management programs sometimes overlook the need to engage external stakeholders sufficiently. Yet this is absolutely critical in changes involving external stakeholders, such as changing involving procurement systems, or client interfacing processes. The magnitude of the impact on external stakeholders in these cases may be high. Failure to identify and engage with these stakeholders may have negative consequences, including compromised relationships, unnecessary rework, and time delays in essential services.

PRACTICAL ADVICE:

When creating a project plan, allocate sufficient time for thorough stakeholder analysis; it is critical to identify both internal and external stakeholders and understand their relative influence, interests, and the way the changes impact them. After segmenting your stakeholders, create a communication plan for each stakeholder group. This plan should include key messaging, frequency, and mode of communication (e.g., emails, conference calls, notices etc.).

Reason # 10 Risks Are Not Identified or Mitigated

Many organizations fail to develop adequate contingency plans. When teams fail to spend time identifying possible risks and developing contingency plans for mitigation, they are generally ill-prepared when the project goes awry. The team makes quick and uninformed decisions – which have real dollar, time and implementation implications - to minimize the risks rather than leveraging a pre-defined plan.

PRACTICAL ADVICE:

First, identify any potential risks for the project and conduct a risk impact analysis to determine the probability of each occurring and its relative impact to the project's success. Be sure to consider risk factors that have been relevant for many other projects such as culture, readiness, commitment, etc. Focus on those risks that are more likely to occur and have greater impacts. Start developing mitigation strategies, such as a communication plan or training. You will also want to create contingency plans should those risks materialize. Invest the time up-front to determine the best possible solutions to save time and money later.

At Camden Delta, we have an appreciation for the challenges leaders and project teams face. Today's leader has the competing priorities of successfully implementing change, and doing so without interruptions in the business or losing any top talent. We understand that the only constant for most organizations is change and that the rapid pace and scale of changes are particularly challenging in today's global context. Camden Delta helps organizations successfully meet this challenge and guides them along the change journey from awareness to adoption.

About Camden Delta

At Camden Delta we help our clients analyze, define, execute and measure the right people programs to achieve strategic organizational change objectives. We do this in collaboration with our clients and within the context of the world around us. Our solutions focus on:

- Strategic workforce planning
- Change management
- HR strategy and HR organization effectiveness
- Talent strategy and integrated talent management process improvement
- Leadership/individual coaching for change

Our model of working with our clients is centered on the philosophy that organizations must constantly strive to balance the need for results with the needs of their people. We strive for long-term strategic relationships with our clients and are committed to providing value in every encounter.

Camden Delta consultants typically have more than 20 years of experience in leading and collaborating with clients on critical organizational initiatives. We bring a unique blend of experience to the table and have a passion for what we do.

To learn more or to schedule a Camden Delta Sharing Session, please visit www.camdendelta.com, e-mail us at info@camdendelta.com, or feel free to call 404-460-8200.

Find us on:

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