

## Setting up your complex change programme for success



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For business leaders, the decision to embark on large and complex change programmes are often found challenging. Their worries are justified.

According to one large study, the chances of delivering such a project successfully on time, on budget, and in scope are roughly one in ten.

The cost of failure can be quite large - the potential lost value from a major project delay, for example, can range from 100 to 170 percent of the investment cost.

Companies cannot run from these challenges, however the rapid rate of technology advances underpin an increasing percentage of essential business transformation initiatives, such as the establishment of digital business models and big- data capabilities.

The need for substantial technology investments can also arise when large supplier contracts expire, or legacy IT systems reach the end of their lives. Large change programme investments are therefore unavoidable.

Can steps be taken to materially improve a large change programme's chances of success? The answer is an emphatic yes - if executives know where to focus their efforts.

## **Why Do So Many Large Change Programmes run into Trouble?**

Large change programmes are vastly more difficult to deliver successfully than smaller ones, because the projects within the programme are riddled with complexity, interdependencies, and communication challenges which grow exponentially as the project progresses. What works well for the execution of small projects rarely suffices for the execution of large ones.

Although every large change programme and its circumstances are unique, projects that are flagging often have common characteristics.

### **Inexperienced Project Teams.**

Experience matters in large projects. Something we commonly see among project teams that lack large project experience is the inability to anticipate all the various activities that will be required as the project's complexity grows.

Such teams will underestimate the amount of testing activity necessary, for instance, or commit to aggressive milestones without underpinning this commitment with a bottom-up plan. Projects involving such teams frequently start to miss critical milestones and can even lose the confidence of senior stakeholders.

### **Lack of Engagement from Key Stakeholders.**

Projects that lack sufficient buy-in from the business - a situation often triggered by an absence of clarity about the project's economics, scope, business strategy, or execution - can find themselves struggling for the necessary resources.

### **Requirements That Are Unclear or Too Complex Relative to the Business's Needs.**

Many companies either fail to define (and document) projects' business requirements at a sufficient level of detail - or define requirements that are too complex. They often make matters worse by pursuing development before all requirements are fully defined, which can result in scope creep and lead to expensive redefinitions late in the game.

### **Insufficient Attention to Major Risks.**

Frank talk about project risks often gets "squeezed out" of the discussion in formal governance activities at status meetings or meetings of the project steering group. Those intimately involved in the project get so close to the details that they cannot see the forest for the trees. One of the most short-changed risks, and a particularly critical one, is the risk associated with data. Poor-quality data, or data designs that have not been sufficiently validated early in the project, can undermine the project, as can a failure to think through the risks of data migration.

Another risk that is often insufficiently discussed and planned for is the set of challenges accompanying projects that span multiple markets or countries: there may be material differences in products, processes, languages, and regulatory environments that cannot be left to chance.

Yet another risk that is often poorly prepared for and managed is the risk that project teams incur when they commit to a specific delivery date (for example, the date when a contract with a key supplier will expire) without giving themselves the flexibility to change the date if the project is delayed.

Although a sense of urgency can help a team focus, an overly aggressive schedule can lead to suboptimal decisions and compromises that cause lasting damage.

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## **Taking the Solution Live Without Sufficient Testing.**

Companies typically plan sufficient time for testing. What often happens, however, is that the time available for testing gets compressed because delays in earlier activities, such as development, lead to the short changing of critical testing activities, including performance testing.

The resulting toll can be steep, because once a solution goes live, fixing problems is vastly more expensive and difficult. The business consequences of poor-quality software can be severe.

## **Failure to Manage the Project Plan Effectively.**

Projects whose leadership fails to detect early warning signs of major problems, or a growing risk of missing milestones tend to go from crisis to crisis and repeatedly surprise stakeholders as milestones are missed.

## **Insufficient Attention to Change Management.**

Although much has been written about change management in the last 20 years, we often still see project leaders underestimating what is involved in managing the human side of change.

Leaders will devote insufficient resources to this aspect of their projects or generally be unaware of the extent of behavioural changes necessary for a successful outcome.

Any one of these conditions can be enough to undermine a project. More commonly, we find that projects that are going or have gone off the rails are characterized by several.



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Despite the long odds, large change programmes can be delivered successfully. In our experience, however, winning in this area is not luck. Rather, it is the result of careful, rigorous precision like planning and attention to detail. From our experience of managing and delivering successful projects, we have identified best practices in six domains.

- *Scope and Objectives.* Time is invested up front to determine the right project scope and to make sure that all relevant parties are crystal clear on what needs to be developed.
- *Business Value.* A positive business case for the project is developed and validated prelaunch; then the case is tested against scenarios that reflect risks that might emerge.
- *Governance and Organization.* Leaders are selected who have deep practical experience with similar large projects, and they create a culture of openness and transparency. Stakeholders are actively engaged, and accountabilities are clear.
- *Solutions and Deliverables.* Solutions are designed and validated in a well-structured, methodical way, whether through agile or waterfall development practices and efforts are made to minimize the customization of standard software.
- *Planning and Execution.* A strong, proactive project-management methodology, as well as a project-design authority structure that seeks to identify and tackle problems early on, are put in place at the outset right through to delivery in our cutover process.
- *People Change and Enablement:* The application of a structured process and set of tools, templates and the framework for leading the people side of the change programme to achieve the desired business outcome. All of this is also underpinned by a comprehensive two-way communication framework and plan throughout the programme lifecycle.

These best practices are “baked into” a project using a quality assurance scorecard, which can be a powerful tool for encouraging their adoption early in a project’s life. Such scorecards can also promote better practices

during the project’s execution and spread them to other projects that the company is undertaking or planning to undertake. Presented at steering-group meetings, the scorecards can also reassure stakeholders that progress is being made and that the project is under control.

Paying attention to these critical success factors early in a project’s setup can make a sizable difference in the outcome.

What is the size of the prize for successful execution of large projects? As noted, the potential lost value from a major project delay can range from 100 to 170 percent of the investment cost.

In our experience, a 50 percent reduction in delays, cost overruns, and other problems across a portfolio of projects could easily produce economic benefits equivalent to 15 to 20 percent of total portfolio spending significant money that could be devoted to other initiatives.



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## Steps for Business Sponsors and CIOs

Business sponsors and the CIO can take a number of steps to maximize the odds of a large IT project's success.

### **Reduce complexity through multiple milestones and sub projects in the drive towards the common goal.**

Assuming there is consensus on proceeding with a piecemeal approach, strive to minimize interdependencies among projects in the planning stage and be clear on the minimum viable in order to reduce complexity.

### **Get the right project leadership in place early.**

Select a project director who has significant experience with projects of this type and who will have the trust of senior executives. Appointing the right leader should be carried out early in the project's life to ensure that setup activities are properly executed, giving the project the maximum chances of success.

### **Make sure that the project team spends time up front defining and gaining clarity on the project's scope, high-level business requirements, benefits, and costs.**

The urge to launch the project and demonstrate progress quickly is understandable, but lack of clarity regarding direction is frequently a root cause of failure.

It's often tempting to skip the definition of requirements but doing so almost always leads to trouble down the line.

### **Select a service provider that has done a large project of this type before, if possible, and establish the right contract.**

The contract should, for example, spell out risks and ensure that key members of the supplier's team are available for and committed to the project. It should also ensure that the vendor is committed to delivering the project's targeted outcomes.

### **Work to engage stakeholders.**

Try to ensure that the project has a culture of openness and transparency, and that business stakeholders understand their roles and responsibilities and are fully committed to them. They need to be part of the journey from the onset and two-way communication is a fundamental key success factor.

### **Confirm that the project's risks are being proactively managed.**

Demand to see evidence of risk-identification and risk-mitigation plans and measures and commit to staying informed.



# At Quantum Change, we capitalise on decades of collective strategic change experience to unlock benefits for our clients

Quantum Change have a dedicated specialist team of programme leadership professionals who have the knowledge, skills and experience to lead and support large and complex change programmes.

In the ever-changing environment we are in, organisations frequently undertake large and complex changes. There are significant pressures to deliver benefits within tight timelines and cost constraints whilst minimizing risk. Our leadership team draw upon skills, techniques and expertise acquired through practical experience to provide our clients with valuable advice and support

Our team provides solutions which address a range of

challenges facing organisations as they adapt to regulatory changes, technological developments, mergers and acquisitions and pressures to increase profitability.

The amount of change that organizations go through requires expertise in issues and complexities around planning, designing, people change, benefits realization and precision execution.

Collectively, our team has extensive experience, spanning decades in delivering large complex change programmes across Africa. We value diversity, with a keen understanding of the regional context and nuances, required for successful Pan-African execution.

## Contact us to execute with precision



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