



Organizational Change Management in Support of Asset Management

Recap of a conference session presented at CEATI International's (www.ceati.com) Asset Management (AMIG) and Strategic Asset Management (SAMP) Fall 2020 Workshop Series: Planning for the Future

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Why is Organizational Change Management so important to strategic asset management? (Rick Wheeler)

At Life Cycle Engineering, what we've learned over our 40 years of coaching clients on asset management best practices is that the technology's the easy part. The hard part is changing the culture – getting people to adopt a new way of doing business when they may have done a job a certain way for 30 years.

Increasingly, professionals in the energy and industrial markets are familiar with the ISO 55000 standard for asset management, including the foundational concepts of establishing an asset management policy and strategy. Once a corporate leadership team has determined they're going to adopt an asset management program that measures up to the standard's best practices, what should the next step be? We would recommend adopting a sound organizational change management methodology.

What is Organizational Change Management (OCM)?

Prosci, the global leader in change management best practices research describes it as "the application of a structured process and set of tools for leading the people side of change to achieve a desired outcome."

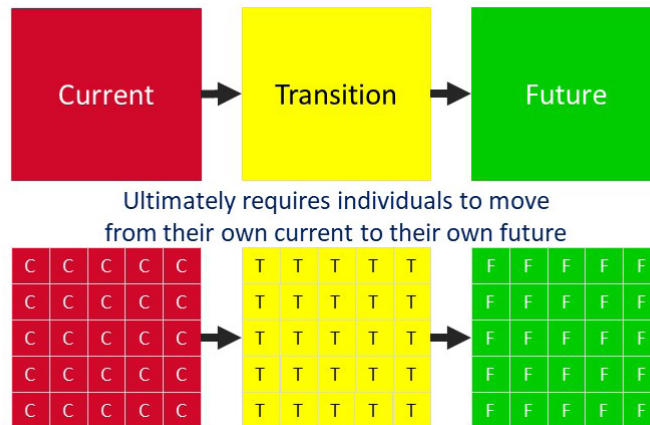
Many of us are PMPs, project managers, and we've worked the technical side of change a lot. But the people side of change is what's crucial for successful transformations. Simply stated, if the people don't change, there is no change. A company can develop new policies and procedures but if people don't adjust the way they do their work, if they don't adopt the new procedures and implement those changes, then no change really occurs. So the achievement of the organization really is the result of the combined effort of the people.

"Change is hard because organizations and people are typically comfortable in their current state. They know their bosses, their processes, their tools. But the future state is uncertain and the transition usually creates stress and anxiety. In this transition state people resist the change."

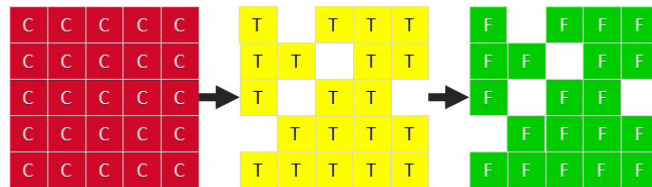
The organizational change management process consists of the current state, transition state and future state. Change is hard because organizations and people are typically comfortable in their current state. They know their bosses, their processes, their tools. But the future state is uncertain and the transition usually creates stress and anxiety. In this transition state people resist the change.

Fifteen years ago LCE adopted the Prosci OCM methodology. I highly recommend them to anyone interested in applying OCM principles. Moving your organization from current to future state involves not just moving the organization, but the thousands of people in your organization that need to move from current to future state.

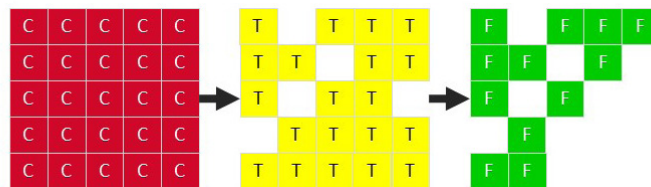
An Organizational Move from the Current to the Future



If we don't use our transformational tools, then when we go from our current state, to our transformation state, to our future state, we start losing people along the journey. Sometimes, we lose people during the transition because we are not effectively supporting them through the transitions they are experiencing.

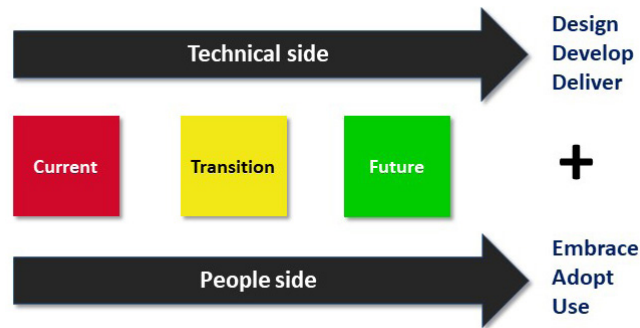


And we lose even more when we get to the future state. So our future state looks nothing like the future state we expected.



Unfortunately the results can be really disappointing: fewer benefits, less improvement, lower ROI, and less job security. We have probably all experienced projects where we started out really strong but by the time we got to the end state we didn't achieve the results we thought we would have.

Successful change requires both the technical and people side.



Life Cycle Engineering has worked with Lansing Board of Water and Light (BWL) on their asset management transformation for several years. The BWL leadership team has committed to becoming ISO 55000 certified and partnered with LCE to meet their goal of having the first section of their business certified in mid-2021. In her role as Organizational Change Management Administrator, Rebecca Rostar has been guiding her organization through the transition from current to future state. Here's her first-hand experience.

A Change Practitioner's Experience at Lansing Board of Water and Light (Rebecca Rostar)

The Lansing Board of Water and Light (BWL) is a municipally owned utility serving the Lansing, Michigan area with electricity, drinking water, steam, and chilled water and employing more than 700 employees. The BWL is among the 35 largest municipally owned utilities in the United States.

We say we're on a journey because we are not yet at our destination. Although I think we are on our way now – we at least know where we're going. Through our initiatives, we did identify we needed to do something to help our employees adopt the changes that were coming.

A few years ago, I and one other individual were responsible for doing change management on our initiatives. We were implementing multiple major initiatives at the same time: an advanced metering infrastructure, a new AMI system, updating our geographical information system to the Esri platform, implementing a CMMS, and implementing a new customer information system for all of our billing and customer data. In addition to all of these technology initiatives we were also starting on the path to become ISO 55000 certified.

The amount of change that one of these project creates is huge, let alone all of these projects together. So we started thinking about all the changes and how best to roll them out to the employees, and we determined first we needed training. I and my coworker attended the Prosci certification course to become practitioners, and at the training I realized you can't do change management on just one project or even on a group of projects. It's something that as an organization we needed to buy into in order to be effective.

This is more than communications – it’s really a multi-faceted approach to change. So when I returned from the training, I set up a meeting with our HR director and talked to him about sponsoring our change management initiative and taking it to our executive team because I knew without our executives’ support, we wouldn’t be able to be successful with change management. So we met with the executives and discussed the concepts. I had buy-in automatically with some since they were responsible for the ISO certification and the other technology initiatives. For others it took several meetings to really get them to understand the benefits of change management and why we needed to use a structured process.

In their Best Practices in Change Management Benchmark Report, Prosci identified the top success factors to achieving behavior change.

Top Success Factors to Achieving Sustained Behavior Change - Prosci

1. **Active and visible executive sponsorship**
2. **Structured approach to change management**
3. **Dedicated resources/funding for change management**
4. **Engagement and integration with project management**
5. **Frequent and open communication about the change**
6. **Middle management engagement and support**
7. **Employee engagement and participation**

Prosci 2014 Best Practices in Change Management Benchmark Report

Active and visible sponsorship

We started out by engaging early with our executive staff because we knew without their buy-in the rest would not be possible. We trained our entire executive staff, along with some of our directors and managers who were acting in the sponsor role, on these large initiatives.

Active and visible sponsorship is hard to accomplish. It involves working with your executive team on their schedules because they can’t delegate this to someone else. So we have to sit down and decide what events are important

for our sponsors to attend. And to determine if they’re being viewed as being active and visible, we have to do a lot of auditing and talking to our teams, asking if they feel like they’re being supported.

We have to ensure we get on calendars early and provide leaders with talking points. We help them understand the value of them attending the meeting and speaking up. Having those talking points has really helped them be successful in their role. As a change practitioner, my job is to support our sponsors and coach them.

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A structured approach to change management

No matter what approach you use, whether you use Prosci as we do, or another approach, having a structured approach is really, really important. We actually selected Prosci because of the structure. At BWL we have a lot of engineers, accountants, and operations employees. Even at leadership levels, that's a lot of their background. We found this approach to have enough credibility and structure that everyone felt comfortable with how we were approaching change.

The Prosci approach specifies clear roles and responsibilities, as well as tasks at each level. Prosci also offers a ton of resources, templates, and examples. But I always tell our practitioners don't get bogged down by the tools because it can be overwhelming. The structured approach lays out the steps that are needed to accomplish the tasks.

Dedicated resources and funding for change management

BWL jumped "all in" on change management. We currently have over 20 individuals trained as change practitioners within our organization. This means more than 20 employees know how to do change management activities for change created by their departments, or changes that are impacting their team.

Additionally, each of our large initiatives have dedicated resources responsible for change management on that project. Based on the size and scope of the change, it's determined if a full-time, dedicated resource is required or if someone can lead change management in addition to their other duties.

Funding for change management includes the cost of the resource, so if you have internal resources that are part of your project team you need to ensure you have funding for that. Giving someone the time to complete those tasks obviously has a cost. Having budgets for training is important. We conducted training for our practitioners, our sponsors, our managers and supervisors, our project management teams, and even our employees. There are also costs associated with communications and celebrations – printed materials, lunch and learns, workshops, team-building, and milestone celebrations. We wanted to make sure we had funds for all of these activities.

At the BWL we split those costs between the project and the corporate OCM budget. OCM resides in our human resources department, and we typically cover the cost for training, while the project covers the costs associated with project-specific communications and celebrations.

Engagement and integration with project management

Engagement with the project management teams was critical. It's a coordinated effort and the success of the overall project depends on project management and change management really working together. For our large initiatives we trained the project management teams on the concepts and theories of change management, to help build their knowledge of what we were trying to achieve. In many cases, we also have these change management team members as part of the project team.

The project teams are responsible for their own updates, their own dashboards, and embedding the change management activities within the project schedule. This gives visibility to both teams and pro-

vides the accountability for change management. As the project dates change, the change management activities adjust as well. This ensures we have a fully integrated schedule of activities.

Frequent and open communication about the change

We've approached frequent and open communication about change in different ways. We've done newsletters to impact the teams and created regular touchpoints with impacted groups. We do monthly or quarterly meetings with specific individuals impacted by specific changes. And we set up SharePoint pages to help share information, including timelines, documents, who is part of the team, etc. We are still learning and growing in this area. And with COVID, it's been more challenging. We definitely need to continue to be intentional about communications. We have a lot of field staff who don't regularly access emails, so we are always looking for better ways to communicate with those teams and groups.

"Middle managers are critical for change management. They're responsible for a large amount of the work and getting impacted employees through change. Keeping in mind the risk of losing employees along the way, the manager's role is to help our employees move through that transition into the future state."

Middle management engagement and support

Middle managers are critical for change management. They're responsible for a large amount of the work and getting impacted employees through change. Keeping in mind the risk of losing employees along the way, the manager's role is to help our employees move through that transition into the future state. We sent all of our managers and supervisors to change management training specific to their role. All of our union steward leadership also attended that training. For them, attending was to really support the managers and supervisors. They're seen as leaders in our organization and so we wanted them to be equipped with the skills to help employees through the change.

This training covers the foundation for change management principles, why it's important, and what we're trying to achieve. The manager role includes five elements: communication, being a liaison between the project team and their department, advocating for the change, managing resistance within their team, and coaching employees. Middle managers are stuck between managing their day-to-day role and all these additional responsibilities for leading change. We're continuing to grow in this area. We've established management training as a module, part of our new training for all new managers and supervisors. And we added it to our curriculum for employees who have been identified as emerging leaders within our organization.

This year, we are also working on our maturity in leading teams by conducting assessments of our managers and supervisors – especially in those highly impacted areas – to gauge how they're doing at leading change. After the assessments, we conduct a gap analysis, and then create experiential training for them focusing on their role and how to apply change management directly to the change that's impacting their team.

Employee engagement and participation

Building employee engagement and participation continues to be a challenge for us. Initially we developed a change ambassador group made up of our change practitioners. This included all of those who were trained to do change management, our emerging leaders (those interested in leadership roles or identified as up-and-coming-leaders), and all of our union leadership team. Although it started with those groups, it has now grown to over 80 participants. So it's not a closed group. We started with that initial team and then people continued to see value in it and were added in to those meetings.

Our change ambassador group meets monthly and we highlight one change that's impacting our organization. We focus on building awareness around the change. So we discuss why the change is happening, the business reason for the change, and the risk of not doing the change. We also focus on who's impacted by the change and in what way. Meeting participants have an opportunity to ask questions, provide feedback, discuss the changes, get information, and take it back to their teams.

Since the representation is across the entire company, in many cases the changes that are presented don't impact all of the employees. But we've found that employees like to know and understand what's going on at the organization. We've also used this platform to emphasize some of the change management concepts and discuss how they can help their teams engage with the project teams. We even use this platform to talk about COVID changes and the impacts to our team, mental health, and dealing with struggles that have been caused through those changes.

Most of our executive team members also attend these meetings. This allows our staff to see that change management is important to them. Again, we're giving those executive sponsors opportunities to be active and visible. It's a safe place – we've created a safe atmosphere for people to ask questions and our executives get a chance to hear some of the employee heartburn and concerns, and the roadblocks that they're facing.

Prosci's Three-phase Approach to Change Management

Prosci's change management process integrates individual and organizational change management in three phases: preparing for change, managing change and reinforcing change.

The ADKAR® model for individual change has five elements that build on each other: awareness (why the change is happening and the risk of not doing the change), desire (choosing to participate), knowledge (how to change), ability, and reinforcement.

Ability is different from knowledge. When thinking about change that you're implementing, you need to allow sufficient time after training for them to practice the action. For one of our projects we actually created proficiency labs. They complete three months of training and then leading up to "go live" there's a gap of a couple of months. We created proficiency labs – an extension of training where the employee goes into the lab and practices specific actions until they can demonstrate that they can do that task, and then they move on to the next task. This builds comfort in that future state. If I feel confident in my ability to do the task in the future state, I'm more willing to move into that future state and not get lost along the way.

Reinforcement is important to sustaining the change. Don't ever underestimate the power of positive reinforcement like celebrating successes. As you help individual employees through ADKAR you can create organizational change as individuals move through the transition into the future state.

Prosci weaves the focus on individuals with specific strategies for organizational change management.

The core part of managing change is creating and executing five plans:

The **sponsor plan** is helping sponsors communicate and build awareness. This includes planning opportunities for them to be active and visible to address the "why".

The **communication plan** focuses on building awareness and desire. Beyond the sponsor communication, what other communication needs to happen to ensure impacted employees are on board? When we build our plans, we're looking at the project schedule and we're looking at ADKAR. We need to be at ability at "go live". So we back it up and we build our communications accordingly. We need to be at desire before training. So communications begin with focusing on awareness and desire but also lead people through to the future state.

The **coaching plan** helps supervisors and managers manage resistance and create desire. We have to coach the managers and supervisors to coach their teams. We build our coaching plan using the ADKAR elements, saying "If your employees aren't aware, what are the things we can do to help build awareness?" Maybe they know it's happening, but they don't know how it's going to impact them. They don't understand what's in it for them. They have no desire to make the change happen. So then we coach our managers and supervisors on how to build desire for the change. Another step would be to coach managers on how to remove barriers.

The **training plan** focuses on knowledge and ability. We learned some lessons in this area. It's important to understand learning objectives and ensure there's time to practice before "go live." And you need to address change readiness as a mindset, and not a check-the-box exercise. Just because employees have completed training doesn't equate with being ready for the future state. Have we given them time to achieve ability?

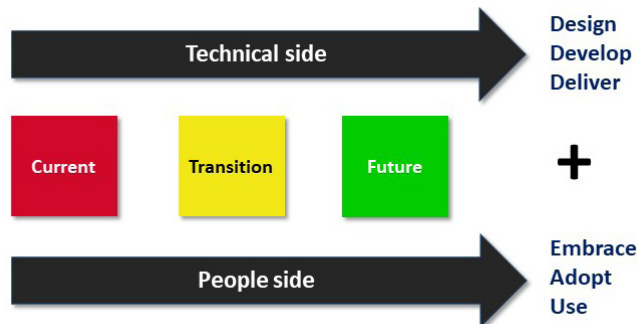
The **resistance management plan** focuses on known and anticipated resistance to the change. We need to understand what the areas of resistance are going to be and how to address them. For example, when we were rolling out our materials management changes – part of preparing for ISO certification – and we were building our communications messages, I asked the supervisor how employees were going to react. He responded "Well, they're going to think we're eliminating their jobs." My response was "Well, are we? It's a valid concern. And if the answer is no, then let's add it to our talking points and take that fear off the table." So the resistance management plan helps you work through what those potential resistance points are going to be and how you'll address the resistance.

Successful Change Requires Both the Technical and People Side

So how do you know when you need to use change management? If your organization is planning a project, write down the purpose. What are the project's business objectives? What are you trying to achieve? Maybe it's cost savings through process efficiencies or increased customer satisfaction. Next, write down the particulars. What are you attaining? Is it a new system? Are you replacing equipment? Is it a new process? Then write down the people that are impacted by the change. Who's going to be using the new system, operating or maintaining the equipment, or impacted by the new processes? When you do that, what percentage of your business objectives or what you're trying to achieve is tied to people doing their jobs differently?

If you have even 1% of your project objectives tied to people, then you should do change management. It won't matter if your team designs the best system, develops the best process, or installs the top-of-the-line piece of equipment. If people don't change the way they're doing things, you're not going to fully achieve your objectives. The great thing about change management is you can also scale it to any size project to ensure it's worth the outcome.

Successful Change Requires Both the Technical and People Side



Even if we have the best system, the best solution, the best new piece of equipment – if we don't also focus on the people side to get them to embrace, adopt, and use that system we're not going to fully realize the benefits. And we wouldn't be okay with that if we knew it ahead of time. That's why we really think that change management is an important part of every project that we do at the BWL.

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