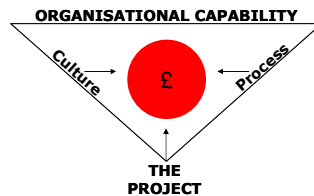


Due Diligence for Project Success

Project Readiness Healthcheck

Using the Change Equation Methodology



The success or failure of a change project is highly dependent on the complexity of the project being within the capability of the organization.

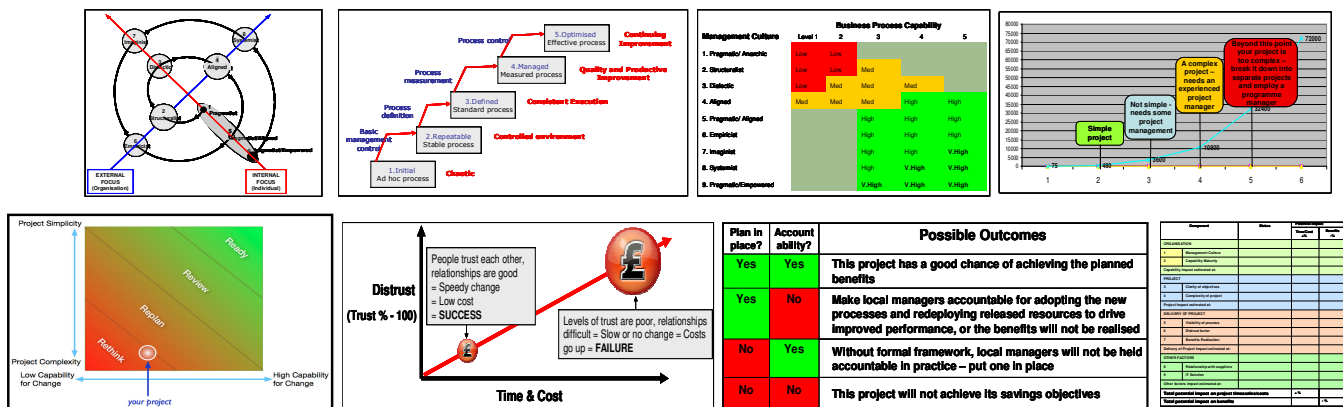
The result of 3 years research and development by Peter Duschinsky, Managing Director of the Imaginist Company, the Change Equation models and tools offer a new and powerful way to:

- assess the complexity of a change project in the context of an organisation’s capability to handle change
- quantify the risks and barriers to success and their impact on the ROI of the project.

The Project Readiness Healthcheck uses these models and tools to focus senior management attention on the gap between Organisational Capability and the project’s Complexity. It delivers a spreadsheet Impact Analysis and a structured Route Map and Action Plan to deal with the issues blocking success.

This note provides a brief introduction to the Project Readiness Healthcheck process and key Change Equation models and tools used.

The Project Readiness Healthcheck Dashboard



Appendix A provides a Case Example of the Healthcheck in use. The process, its outputs and deliverables are summarised at Appendix B.

The Change Equation – Project Readiness Healthcheck

Project Readiness Healthcheck - the 6-Step Process

First scope the Healthcheck, to decide which Change Equation models and tools are required, who needs to be consulted and to gather relevant documentation, typically a business case, implementation plan, resource plan, IT plan etc.

Carry out the investigation:

1. Interview key stakeholders to test for shared project objectives, map the Management Culture and assess the organisation’s process management Capability Maturity. Combine these into an Organisational Capability indicator.
2. Assess the complexity of the project using the Exponential Complexity model. Analyse the gap between perceived and actual complexity. Measure the gap between Organisational Capability and Project Complexity.
3. Look at other factors that will impact on success, such as trust and relationships in the organisation, the role of external stakeholders, benefits realisation planning and the robustness of the IT plan.
4. Calculate the likely impact of the above indicators on the project’s business case ROI.
5. Workshop these results with senior management to confirm the findings and ensure their understanding and ownership of the issues, deliverables and benefits realisation
6. Develop the Final Report, to include: a Route Map for culture change, an Action Plan to enable the client to overcome identified barriers and mitigate their risks and, if required, a proposal for ongoing support.

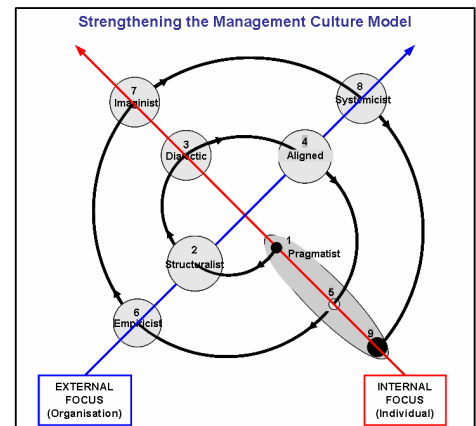
The Change Equation Models and Tools

Management Culture Spiral Model

We use the Kinston ‘Strengthening the Management Culture’ model as a framework to identify the dominant management culture in an organisation and indicate how well the organisation will cope with change.

For example, in a Structuralist culture (level 2), rules and procedures govern how the organisation works. This may have allowed the organisation to become over-bureaucratic, with ‘silo working’ hindering the sharing of ideas and knowledge across the organisation. Change is slow and decisions are often passed down, with formal but inadequate consultation.

The model provides a route-map for strengthening the management culture.

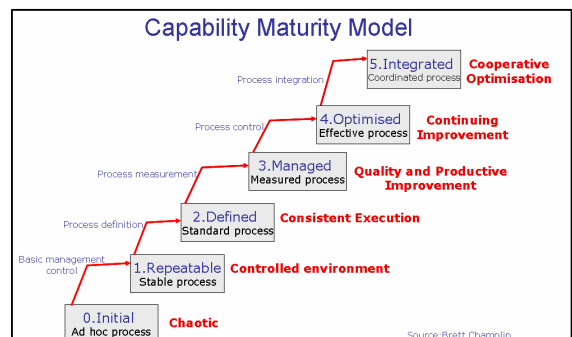


Process Capability

We use the Watts Humphrey’s generic Capability Maturity (CMM) model to describe the level of an organisation’s capability to manage its processes.

The majority of organisations will have some standardised processes, which would suggest a capability at level 2, but many organisations have aspects of their operation that are still at levels 0 and 1.

A level 1 organisation (ad hoc processes) would find it difficult to introduce standard systems and processes across departments.



The Change Equation – Project Readiness Healthcheck

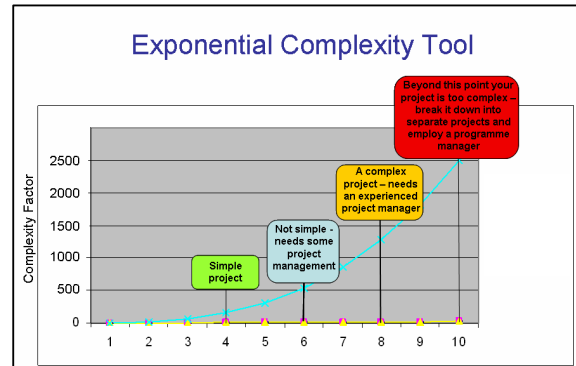
We combine the Management Culture and Process Capability findings to provide an **Organisational Capability** assessment which is then used as the 'baseline' context for looking at the project. It allows us to assess the organisation's capability to manage change and take advantage of modernisation and transformation opportunities.

Project Complexity

Project complexity is a key cause of failure to deliver planned benefits. Because complexity is exponential, not linear (the result of multiple variables interacting), it is often under-estimated.

Because project complexity is exponential, it can be assessed (at a high level) using a 'rule of thumb' that considers just 3 factors:

- S:** No of Stakeholders involved
- P:** No of processes affected
- T:** Elapsed time (in months) to implement

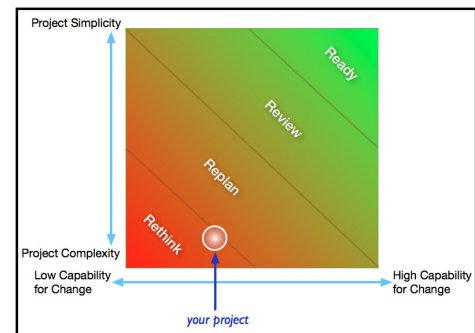


Combining these factors, the Exponential Complexity Tool model gives an indication where the project lies on an exponential scale, from 'Simple' to 'Too Complex'. The more complex a project, the more important it is that sufficient skills and resources have been allocated and that enough work has been done to gain ownership by local managers.

Capability/Complexity Indicator

Putting the results of the Project Complexity assessment into the context of the Organisational Capability, gives us the relative complexity of the project and a high level picture of the gap between the organisation's capability and that required to manage the project.

As well as providing the central image for the Healthcheck Dashboard, this capability/complexity gap is quantifiable. We consider this in the context of the project's Resource Plan.



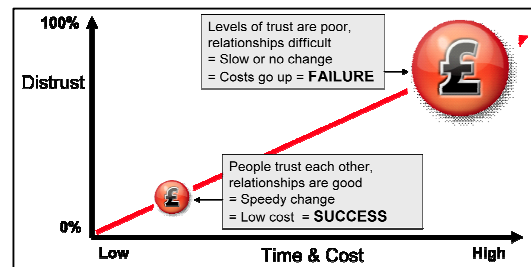
Other Factors

A number of other models and tools are employed to assess other factors that will impact on the success of a change project. Among these are:

The Trust/Cost Model

This model measures the levels of trust on a 3-dimensional scale and projects the results against the planned implementation time and costs in the business plan.

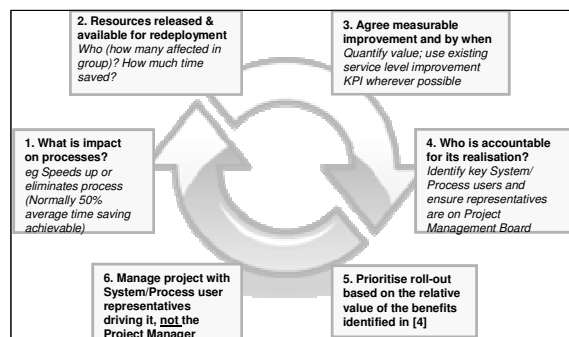
The higher the levels of distrust, the more time and effort the project will require and the higher the cost.



The Dynamic Benefits realisation model

A robust Benefits Realisation Plan is a clear sign that management is taking responsibility for delivery of the expected benefits. If owned by local managers, it can change the implementation dynamic of a project from 'push' to 'pull'.

Without a BRP, any benefits, but particularly efficiency savings projected from process improvement or introduction of new systems, need to be discounted.



The Change Equation – Project Readiness Healthcheck

To test this we ask whether the project has a published benefits realisation plan and whether Dept/Division heads are formally accountable for achieving the performance improvements enabled by the project (measured via their core KPIs).

Influence on External Stakeholders Questionnaire

Where appropriate, we look at the degree to which the project has external stakeholders such as suppliers or partnering organisations and how far they are outside the project manager's sphere of influence. This can have a significant impact on the success of the project.

Robustness of IT Plan Questionnaire

If IT is at the core of the project we use a structured set of questions to check how well this aspect of the project has been planned.

Impact Analysis Spreadsheet

The potential impact of these indicators on the business case is calculated, as illustrated:

Component	Status	Potential Impact	
		Time/Cost + %	Benefits - %
ORGANISATION CAPABILITY			
Management Culture Map	H/M/L		
Business Process Capability Maturity (incl visibility of process)			
PROJECT			
Clarity of objectives	Disparity %		
Complexity of project	Simple / Not Simple / Complex / Too Complex		
Project Resource Plan	H/M/L		
OTHER FACTORS			
Trust & Relationships	%		
Benefits Realisation Plan	YY/YN/NN		
Line Resources Plan	H/M/L		
Role of external stakeholders	H/M/L		
Robustness of IT Plan	H/M/L		
Total potential impact on project timescales/costs		+ %	
Total potential impact on benefits			- %
Overall impact on ROI – break-even			

The Change Equation – Project Readiness Healthcheck

Route Map and Action Plan

The **Action Plan** describes the remedial actions needed to overcome the identified barriers, mitigate the risks and help the client plan for success, as illustrated:

Organisation		
Component	Status and Implications	Action required
Management Culture	The lack of information-sharing, alignment and empowerment will jeopardise the success of the project. At the very least it will mean poor take-up and a lower than planned level of benefits.	A programme of interaction and dialogue across the organisation is urgently needed to improve the management culture. This needs to include increasing trust, see...
Process Capability	The organisation's process capability is poor. This means that any projects which seek to standardise and improve processes to achieve greater efficiency will be very difficult to achieve.	Consider carrying out a programme to raise the levels of process capability ahead of implementing the project or using the project itself to inject the necessary disciplines. In this case it is crucial for the Board to make compliance to the new processes mandatory.

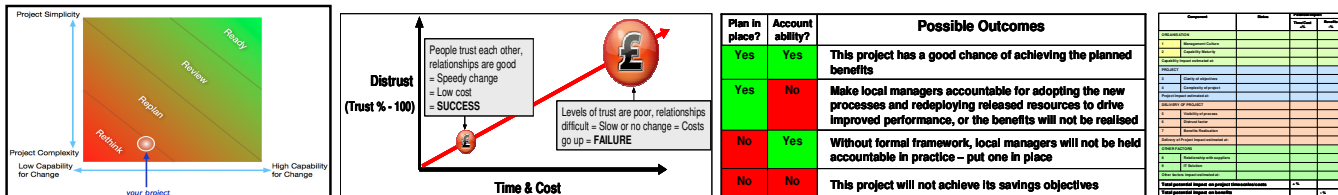
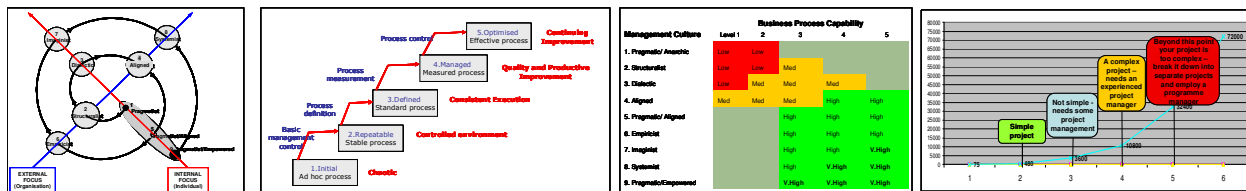
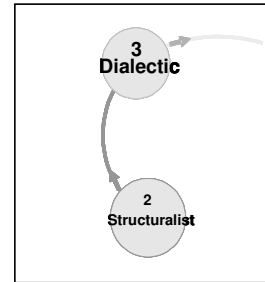
The **Route-Map** is derived from the Management Culture analysis and charts the route around the Kinston spiral that's needed to improve the organisation's capability for change.

We ask two questions:

- *If you are here now, where do you need to be?*
- *What will happen if you don't change?*

The first question identifies what needs to change and how to know if the change has succeeded.

The second gives the client the ammunition needed to agree and defend the change – it describes the future if they stay where they are.



The Project Readiness Healthcheck Dashboard

The Change Equation – Project Readiness Healthcheck

About us

The Imaginist Company is a leading independent Change Management Consultancy, established in 2002 to help clients realise the benefits from modernisation and transformation projects. In 2006 we began development of the Change Equation models and tools and we now work with a small group of expert, hands-on consultants to help clients achieve the full planned benefits from their projects. Between us, in the last 3 years, our group has delivered excellent results for over 100 satisfied clients in the UK and around the world.

To find out more about The Change Equation methodology and the Project Readiness Healthcheck

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Tel: 07801 802 571



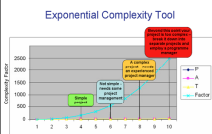
or visit our website:

www.imaginist.co.uk

Appendix A: Project Readiness Healthcheck Case Example

Appendix A: Case example

The following is an example of the Project Readiness Healthcheck being used to assess an organisation's planned ERP project. As with all Healthchecks, the specific models and tools used were selected as required from the Change Equation toolkit. In this example, much of the analysis was able to be done using the project documentation. The organisation is in the Further Education sector in the UK.

Assessment Area	Reference Indicators	Measure
 <p>Organisational Culture</p>	Organisational Culture is an assessment of management and structural style based on the Kinston 'Strengthening the Management Culture' model. The organisation follows the industry norms for educational organisations with a mix of Level 1: Pragmatist/Anarchic and Level 2: Structuralist. This describes a culture with clear rules and structure but one that has strong traditions of autonomist groups, working without a clear mandate from the top and displaying 'tribal' resistance to standardisation. Communication across the organization is poor and take-up of change can be slow.	L1/2
 <p>Process Capability</p>	Process capability is an assessment of the way an organisation manages its processes, using the Generic Capability Maturity Model (CMM). The organisation has some clear and standardised processes, but with a wide variation in consistency and compliance. Process capability maturity is CMM Level 2: Repeatable Process. This means that management controls are in place to support visible processes for routine functions, but there is some variation across the organisation - in some areas strong management and compliance exist, whilst in others there is ad hoc use of non-standard systems and processes.	L2
<p>Project Scope</p>	Process scope identifies the number of business processes that will be affected or changed in some way through the project deliverables. Evidence from the ITT section 3 suggests that there are 77 processes that come into this assessment: Student: x37 Human Resources: x26 Accommodation, Catering and Conferences: x14	77
<p>Stakeholder Spread</p>	Stakeholder Spread considers the number of representatives who have influence on the progress and success of the project. From the ITT this would appear to be at least 26: Business: x14 (department heads; project sponsor, business sponsor, refer: Section) IT: x4 (Industry norm of CIO, CTO, Manager MISD, Project Manager; refer: Section I Introduction - "Management Information Systems Development Unit") Suppliers: x3 (one main supplier with norms of salesperson, project manager, principal consultant, refer: section I.1 Project Goals & Objectives) System Owners: x5 (refer: ITT, Appendix 4, List of interfaces; refer: ITT, Section I Introduction - "Student and Human Resource (HR) systems")	26
<p>Project Duration</p>	This takes the implementation timescale that is stated in the ITT: 18 months	18
 <p>Project Complexity</p>	This is the product of the equation: Process Scope x Stakeholder Spread x Project Duration: 77 x 26 x 18 =	36,036

Appendix A: Project Readiness Healthcheck Case Example

Assessment Area	Reference Indicators	Measure
Clarity of Goals	Clarity of goals is a measure of the uniformity of understanding across the stakeholder group. Based on a scale of 1 to 20, we've assigned a technology project norm of 9 - average. The greater the level of understanding and shared objectives, the more successful the project will be - and the converse.	9
Routine/non-routine Processes	This model, based on Dave Snowden's Cynefin framework, assesses the level of non-routine work that will need to be analysed and designed into the solution. This is typically underestimated during analysis and becomes an issue when standardised processes are introduced that do not fit the local need. From the ITT and industry norms for the FE sector, a figure of 40% non-routine work is indicated. That suggests that whereas some process areas really are routine, there are significant areas of non-routine work, which will need to be recognised and incorporated into the project. If this has not been done, the project will not deliver the planned benefits.	40%
Trust/Cost 	Trust is a measure of the belief and understanding held between the individuals in the organisation and delivery group. The lower the levels of trust, the greater the impact on time and cost to implement the project. Based on our analysis, the level of trust in this organisation is 33% - i.e. a relatively high 67% level of distrust. This will have a significant impact on the project.	67%
Benefits Realisation 	Our Dynamic Benefits Realisation model assesses the likely chance of realising the planned benefits based on local management accountability for making the changes happen including, for example, redeployment of released resources. Based on our analysis, this organisation follows the FE institution norm of 50% - a relatively weak level of local accountability, which indicates the need for additional time and resources to be included in the implementation plan.	50%

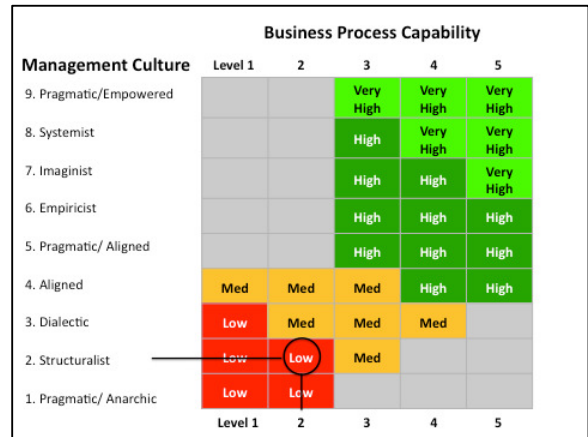
Appendix A: Project Readiness Healthcheck Case Example

Headline Assessment

Organisational Change Capability = Low

[Assessment measures: Organisational Culture = L1/2, CMM = 2]

The organisation is estimated to have a low level of change capability, which means it can manage simple projects successfully, but taking on medium to complex projects will introduce major risks to normal day-to-day business. If these are not fully recognised and addressed before the project is started, the project may fail to deliver the planned benefits.

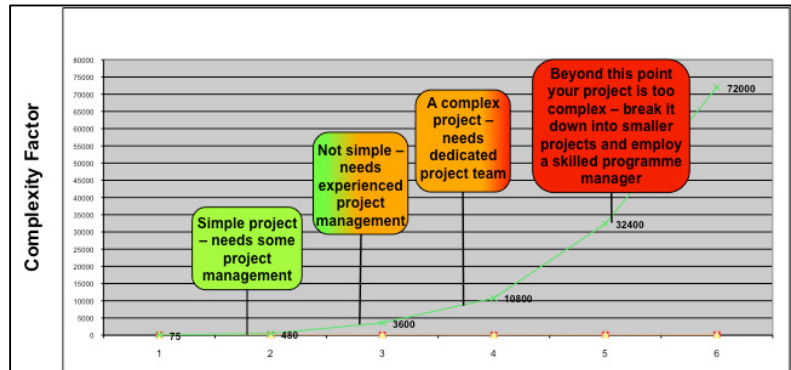


Project Complexity = TOO COMPLEX

[Project Complexity = Process Scope x Stakeholder Spread x Project Duration: 77 x 26 x 18 = 36,036]

This project is assessed as **TOO COMPLEX** to manage as a single project.

The project needs to be split up into separate projects, otherwise it is likely to fail, regardless of how well it is managed. These separate, smaller projects should be run by a highly skilled programme management team.



It is possible that UNN has underestimated the complexity of this project, and has not planned to allocate sufficient time, skills and resources to bring this in successfully. 18 months would be ambitious in any circumstances – the next indicator suggests that it is highly unlikely to be achieved.

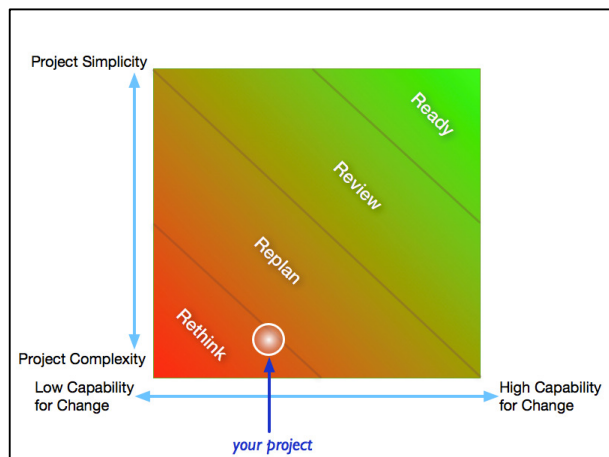
Relative Complexity/Capability Gap

Given the **LOW** organizational capability and the complexity of the project judged as **TOO COMPLEX**, we recommend that you **RETHINK** the project plan.

Even if sufficient skills and resources were brought in to manage the project, the culture and process capability of the organization is likely to undermine successful take-up and realisation of the benefits.

The other indicators (Clarity of Goals, Process Routine, Trust and Benefits Realisation) all support this conclusion.

This level of mismatch indicates the need for remedial activities to **address** the underlying culture and process weaknesses, **build** a strong compliance mandate from the top and **implement** a well-planned programme of smaller projects.



Appendix B: Project Readiness Healthcheck Process

STAGE	DESCRIPTION	OUTPUTS	DELIVERABLE
0	Capture organisation structure and project/ programme plan; scope assessment. Undertake interviews and discussions with key players	i. Detailed assessment plan	Detailed assessment plan
1	Interview key stakeholders to test for shared project objectives, map the Management Culture and Business Process Capability currently present in your organisation and combine these into an Organisational Capability indicator	i. Clarity of objectives ii. Management Culture Map iii. Business Process Capability Maturity (incl visibility of process)	Organisational Capability Indicator
2	Assess the complexity of the project; analyse the gap between perceived and actual complexity. Measure the gap between Organisational Capability and Project Complexity	iv. Exponential complexity of project v. Project Resource plan analysis	Capability / Complexity Indicator
3	Look at other factors that will impact on your success, such as trust and relationships in your organisation, benefits realisation planning, the role of external stakeholders and the robustness of your IT plan	vi. Trust & Relationships vii. Benefits Realisation Plan viii. Line Resource Plan ix. Role of external stakeholders x. Robustness of IT Plan	
4	Review and analyse all findings and calculate the likely impact of the above indicators on the business case.	xi. Impact Analysis Spreadsheet xii. Workshop agenda	Workshop agenda and documentation
5	Workshop these results with your senior management to confirm our findings and ensure their understanding and ownership of the issues, deliverables and benefits realisation	xiii. Ownership of Change Issues xiv. Prioritisation	Workshop outcomes
6	Develop a Route Map for culture change and an Action Plan to enable you to overcome all identified barriers and mitigate your risks.	xv. Route Map xvi. Action Plan xvii. Proposal for support	Final report, including Route Map and Action Plan and, if required, proposal for support