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CHANGE MEANS BUSINESS

Change Management Maturity
- how to improve your maturity level

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Executive Summary

The rate of change will continue to rise. Five and three year strategies are being replaced by one and two year must-win battles. The external environment is simply too unpredictable. Companies will therefore launch even more projects with even tighter deadlines and which are even more business critical. Effective change management is therefore more critical than ever.

Change management is the process, tools and techniques to manage the people side of change to help projects succeed and achieve required objectives. The more effective and mature an organisation's change management capabilities are, the more likely it is that business critical projects will succeed. There is an undeniable link between an organisation's change management maturity and ability to succeed with change projects.

We have conducted a survey of large Danish companies to understand at what maturity level their change management capabilities are and to understand, through a range of interviews, what works and what doesn't when it comes to successful change management. Through our research, we have reached four conclusions:

1. **Danish companies score on average just over 2.6 on a 5-point scale on change management maturity** which is at par with the best countries in the world. The score also shows that there still is plenty of room for improvement.

2. **There is significant value in having a structured approach to Change Management.** The companies with a structured approach score on average 3.3 vs. 2.4 for the ones without.

3. **Having a Change Management Office (CMO) speeds up the maturity process.** A CMO can take many shapes and forms and be located in many parts of the organisation. We find that, regardless of where it is located, a CMO helps with improving maturity in any type of organisation. In our survey the companies with a CMO scored on average 3.4 vs. 2.3 for the ones without a CMO.

4. **The Change Management Maturity Model Audit (CMMMA) is an effective tool to improve maturity.** An audit does not in itself improve effectiveness, but it helps companies identify gaps and quick wins and provides inspiration to improvement.

We have described a case in which a large Danish transportation company has improved their change management maturity and effectiveness through a dedicated effort over the last three years. The learning points from their story are: i) treat improving change management as a project, ii) establish a CMO and iii) use CMMMA to measure where you are, to set goals and to measure progress.

1. Purpose and background of the survey

The purpose of this survey is to measure and analyse the change management maturity in Danish companies. Why did we want to do that? First of all, we wanted to understand how companies use change management to ensure project success. Secondly, we wanted to identify patterns with the ones doing it the best which would enable us to pass on advice and best practice on how to best reach change management maturity.

Change management as a discipline matures

Change management has been a recognised discipline for over half a century with thousands of books having been published (over 80,000 on Amazon). From that perspective, change management looks well established. At the same time, however, research suggests that the success rate of projects remains well under the 35% where it has been for decades. This suggests that something is still not working.

We believe that the content and tools of change management are reasonably correct and indeed that our understanding of change continues to improve. The problem has been – and remains – that change management as an independent discipline carried out by trained practitioners is still in its infancy.

As we see it, this is changing now. Not only are more companies in Denmark posting job ads with titles such as change manager, head of change management office, change management consultant etc., we also meet more people whose career and professional identity are centred around change management. More people are trained internally in change management tools, and courses at universities and business schools have change management as part of their curriculum.

With this report, we therefore also want to tap into this growing community of practitioners and enter into a dialogue about what works and share best practices in Denmark. That is also why we have used extensive space in this report to illustrate a case from a large Danish transportation company about their journey to higher change management maturity.

Change management maturity matters

Prosci® has for many years researched and documented the link between meeting or exceeding project goals and effectiveness of change management practice. It makes intuitive sense that such a link exists, but the strength of the link often surprises people. In their 2016 study, Prosci® illustrated this link through figure 1 displayed below. Only 15% of the organisations who rate 'Poor' on Change Management Effectiveness meet or exceed their objectives in average whereas those who rate 'Excellent' achieve a staggering 94% success rate.

Of course, meeting or exceeding objectives is only one way to measure the success of a change project. Other measures such as value creation, ROI, stakeholder satisfaction etc. are equally important. Unsurprisingly, these outcomes also correlate positively with Change Management Effectiveness.

Figure 1: Connection between Change Management Effectiveness

Source: Prosci®, 2016

Although it may appear near-impossible, we believe the rate of change will continue to rise. Companies will be forced to continue to look for ways to reduce costs, improve service and find new ways to be even more productive – and at a faster pace in the future than in the past. Five and three year strategies are being scrapped for one year must-win battles, thus increasing the need for fast implementation. This is not ideal but it is reality. Companies will therefore launch even more projects with even tighter deadlines, higher costs and more business critical elements than before. As a result, the importance of being effective at change management will be even more critical. And that is why measuring change management effectiveness becomes important. Indeed, we believe the popular saying "you cannot manage what you cannot measure" is right when it comes to improving organisational change management capabilities. You must know where you are before you embark on the journey of improving it. That is why auditing your change management capabilities is important.

2. The Prosci® Change Management Maturity Model Audit

Organisations are facing larger and more frequent changes to improve performance and remain competitive. A changing marketplace, empowered workforce and technological advancements have created an environment where change is now a part of everyday business. In this environment, organisations are recognising the importance of building organisational change management capability to rapidly and successfully change.

Prosci® Change Management Maturity Model

The Prosci® Change Management Maturity Model, released in 2004 based on benchmarking research, describes the varying levels of change management capability across organisations. The maturity model has five levels, from no change management to organisational competency. Each level involves more attention to and management of the people side of change.

- Level 5: Organisational Competency

- Level 4: Organisational Standards

- Level 3: Multiple Projects

- Level 2: Isolated Project

- Level 1: Ad Hoc or Absent

As an organisation moves up the levels in the Change Management Maturity Model, change management can be found on more projects and initiatives and in more parts of the organisation. Participation in change management is found more broadly throughout the organisation, and employees begin to internalise their role in making change successful based on their relationship to change. Steps are taken to embed and integrate change management into more functions in the organisation. Ultimately, projects and initiatives are more successful, realising benefits and achieving desired outcomes.

Maturity Model Audit

Prosci® advanced the Change Management Maturity Model in 2012 by reviewing the research and extensive client experiences to identify dimensions of maturity. The result of the analysis yielded five capability areas – attributes of how change management occurs within an organisation that expand on the five levels. These capability areas are:

- **Capability area 1: Leadership** - Not general leadership, but leadership support specifically for applying change management on efforts in the organisation.

- **Capability area 2: Application** - Use of change management processes and tools on projects and initiatives.

- **Capability area 3: Competencies** - Competency and skill-building for "leading change" throughout the organisation, based on employees' relationship to change.

- **Capability area 4: Standardisation** - Move toward a common and consistent application of an organisational standard approach to change management.

- **Capability area 5: Socialisation** - Understanding, appreciation and acknowledgement of the necessity of change management on efforts in the organisation.

Within each capability area, Prosci® identified specific factors that could be evaluated to determine maturity in that capability area. Each of these factors was enhanced with rubric scoring that defined a Level 1, 2, 3, 4 and 5 organisation for that factor. Below is an example of one factor and the rubric scoring from the Leadership capability area:

Capability Area 1: Leadership

Factor 1: Adequate sponsorship for building change management capabilities and competencies

- Level 5: Excellent sponsor - right level, engaged, active and visible in support

- Level 4: Effective sponsor - supporting the effort, right level to sponsor Project ECM

- Level 3: Sponsor named, but not completely engaged, active or visible - may be wrong level of sponsor

- Level 2: Looking for a sponsor, or sponsor is identified but not sponsoring

- Level 1: No sponsor

By selecting the description that best matches the organisation, users build up a more sophisticated and complete view of organisational change management maturity.

Value of the Maturity Model Audit

The Prosci® Change Management Maturity Model Audit provides practitioners with a quantifiable and extensive look at maturity, which can be used in a number of ways.

- **Clarity and a shared understanding:** The Maturity Model Audit provides concrete descriptions of what change management maturity actually means and the various levels of achievement.

- **Baseline:** Completing the Maturity Model Audit provides an understanding of where the organisation is today, in its ECM Current State, and sets the baseline for efforts to improve capability.

- **Focus efforts:** With the Maturity Model Audit, capability architects can better focus their efforts to increase organisational agility focused on gaps and opportunities.

- **Evaluate progress:** Used over time, the Maturity Model Audit provides a quantified view of progress in overall maturity as well as in each capability area and specific maturity factor.

As change continues to become the norm and expectation, especially for leading organisation, change management capability will be a critical enabler of organisational agility and success across the entire change portfolio. The Prosci® Change Management Maturity Model Audit provides a foundation and diagnostic for increasing capability and organisational performance.

Tim Creasey
Chief Innovation Officer, Prosci®

Tim Creasey's work forms the foundation of the largest body of knowledge in the world on managing the people side of change to deliver organisational results. Tim has led Prosci's research efforts for over a decade and has developed the industry "best practices" set of tools and templates used in change management for setting the foundation, building organisational capabilities, analysing and managing the impact of the change, and delivering sustainability. He co-authored "Change Management: the People Side of Change".

Founded in 1994, Prosci® is a change management firm focused on helping individuals and organisations build change management capabilities. Best practices research acts as the foundation for Prosci's world-renowned change management training programs and tools, including the Prosci® ADKAR® Model. Prosci® has certified over 30,000 change leaders worldwide through the Prosci Change Management Certification program.

3. Description of the survey process and data

We have conducted a Change Management Maturity Model Audit (CMMMA) of 11 of the largest companies in Denmark specifically for this report. Of those 11, seven are in the large-cap C20 index and the remaining four companies just outside this index. They represent seven of the 12 sectors and have an average annual revenue of 30bn DKK (4.6 bn USD).

The survey was conducted on-site with one or more representatives from the company and in most cases two partners from proacteur. The two-hour long audit was partly a formal survey audit, partly a semi-structured survey and partly an informal interview. Each participating company received a feedback report with their results and an offer of a follow-up meeting to understand their results.

We have checked our data for bias and other things which could have invalidated our findings. We have compared our findings with Prosci's® own data from Danish companies on similar parameters and despite the fact that the profile of our participants are screwed towards large, international companies we can see that their results are aligned with benchmark data we have on change management maturity.

4. Our findings

Our survey confirms our experience, namely that change management is addressed in multiple ways in Danish companies. There is not one best way of doing it. Some organisations focus on creating a Change Management Office (CMO) and drive all their change management efforts from there, others have done it that way but have closed the CMO down again, and others again drive it very locally. Some organisations focus on training executives and/or middle managers while others focus on training of change practitioners. Some organisations use established models such as the Prosci® ADKAR® model or Kotter's 8-step approach while others develop their own methods. All in all, when looking across change management practices in Denmark, we do not see a clear pattern of 'this is how it is done'.

Not all companies are however equally mature and/or efficient in their change management practise. There is – as mentioned – not one way it is done in Denmark, and neither is there only one way it should be done. However, the conclusions from our research (survey and interviews) points to some principles we believe will help anyone improve their change management effectiveness. We will go as far as to suggest that any company who wants to be a change management champion should adopt the three principles from conclusion 2-4 below. These principles will be explained as we highlight the four conclusions from our research.

Conclusion #1: Danish companies score well on Change Management Maturity – among the best globally

The average overall score for the companies in our survey on the five-point maturity scale described above is 2.66 with quite a high variance; the scores range from just 1.46 to 4.22. This is illustrated in figure 2. On the five sub-categories 'Application' has the highest overall score with 3.06 whereas 'Competencies' has the lowest score with 2,43. Interestingly, 'Competencies' is not only the category with the lowest score, it also has the lowest variance, meaning that most companies score around this low level. Only three companies score themselves higher than level three on 'Competencies' and none above level four.

The 'Leadership' category is with an average score of 2.72 the second-highest scored category but also the category with the highest variance, meaning that some companies score very low on this (1.13 being the lowest) and some very high (4.75 being the highest). It is also interesting that 'Leadership' is the category which correlates most with the overall score. This is probably not a surprise given the importance of executive sponsorship to the success of a change project, but nevertheless a good reminder that this category is worth paying extra attention to.

Figure 2: Danish companies' score on Change Management Maturity
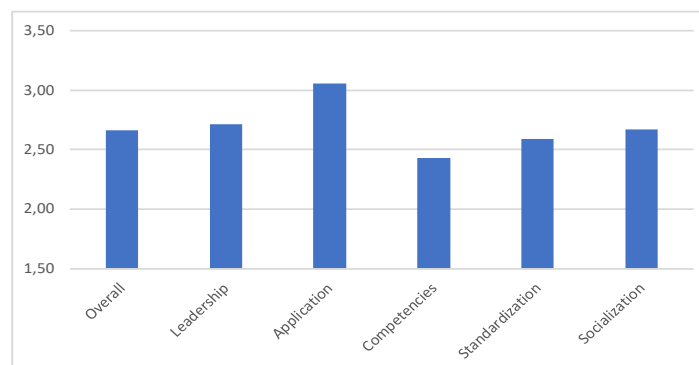
Source: proacteur, 2016

There is not only one conclusion from these average scores, but perhaps from what we can see there is still room for improvement in general; the average maturity is 'only' around half the way.

If we compare maturity scores for the Danish companies with scores for companies from the rest of the world, we generally experience that the Danish companies score slightly higher than our global norm and even higher compared with the European norm. In other words, the change management maturity in Denmark is among the highest in the world. This is illustrated in figure 3.

Figure 3: Distribution of companies at different maturity levels by region
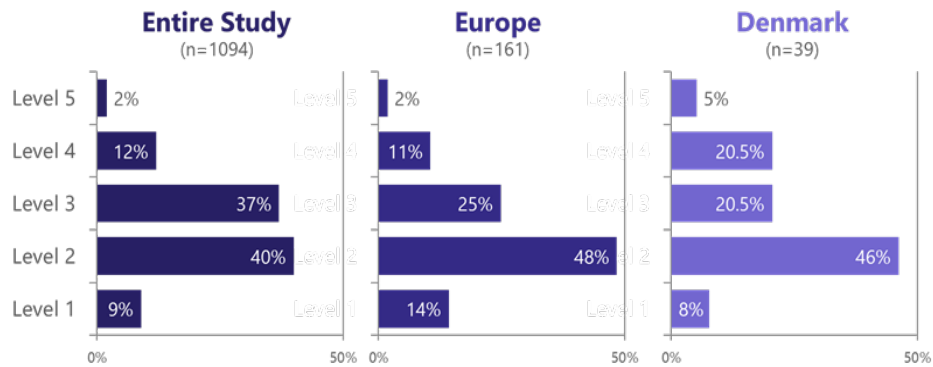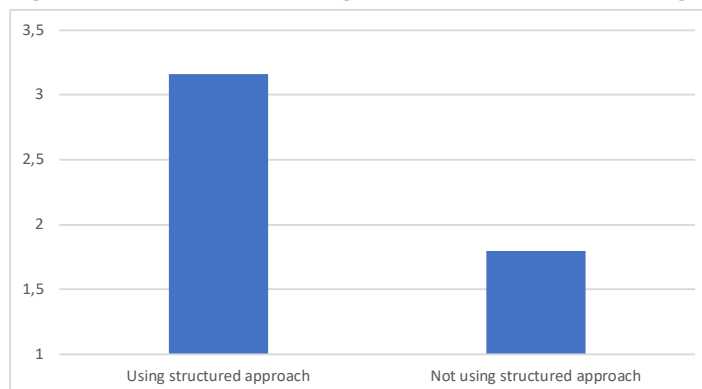

Source: Prosci®, 2016

The maturity level in United States is unsurprisingly among the highest in the world with an average of 2.70 in 2015 according to Prosci® Best Practice report 2015. Probably a bit more surprising is that Europe score as low as 2.36 and that it is the lowest of all eight regions. Not only that, but the European region is also the one which has declined the most of all regions since the 2013 survey. So much more impressive is the results from Denmark. Not only is the average score of 2.66 much higher than the European average but also practically the same as the score from United States.

Conclusion #2: Using a structured approach to change management adds value

One of the most consistent findings from our data, and something which stood out from our interviews, is the value of using a structured approach to change management. Figure 4 shows that the average score from the companies using a structured approach is 3.2 and only 1.8 for those who according to themselves are not applying a structured approach. This difference has a great effect on the success rate of internal change projects.

Figure 4: Maturity scores using structured approach to change management

Source: proacteur, 2016

The effect of a structured approach is not a surprise. In the nine Prosci® Best Practice in Change Management surveys conducted in the period from 1998 to 2015, Prosci® has identified "Structured Approach" as being one of the most important contributors to success. In their 2015 edition it ranked as the second most important contributor (just behind 'Active and visible executive sponsorship').

What this means is that the participants have stressed the importance of using and sticking with a structured change management approach. Such an approach does several things; it creates and streamlines change management processes, provides a common language and eases the possibility of training in change management just to name the most important.

There is no evidence that one approach should be better than the other. There are at least five or six competing global frameworks, which are all of high quality, built on research, used and tested in a variety of organisations and countries and which all have demonstrated value in their use. Globally, we believe the most used approaches are; the Prosci® ADKAR® model, Kotter-8 steps, Change Guides, Bridge's Transition Model, Kubler-Ross-5 stage model and Being First. The choice should be based upon how it may fit with company standards and processes, culture, ambitions, what has previously been used, as well as ease and availability of training. When the standard has been chosen, you should implement it as a standard structured approach for all your change projects.

Conclusion #3: A Change Management Office significantly improves the maturity level

As we described above, there are many different ways of organising, using and conducting change management in organisations. We also believe that there is not one best way of doing it. One thing does, however, stand out as being an important lever to raise maturity and effectiveness of change management practice and that is having a Change Management Office (CMO), which is sometimes also referred to as a Change Management Centre of Excellence (CMCOE).

A CMO's function is to create and/or improve change management capabilities within a company. What the specific role of the CMO is varies significantly. In some cases, the CMO actually delivers on major change management work for instance by lending out internal consultants to specific change projects while in other cases the CMO provides tools and training to project managers and employees to deliver the change management work themselves. In some cases, the CMO mainly provides high-level strategic advisory service while others offer operational and hands-on services to the projects. While the role may vary, the purpose is the same - to allow a company to effectively manage the people side of change and implement the changes needed to be successful.

In our survey, four of the eleven companies have a CMO and their average maturity score is 3.4 compared with an average maturity score of 2.3 for those who do not have a CMO. Indeed, the three companies with the highest CMMMA score all have a CMO. The company with a CMO but not in the top four established its CMO within the last 12 months. The prevalence of a CMO of 36% (four of eleven) is almost exactly the same as the global prevalence of 38% and European of 35% according to Prosci®.

Figure 5: The prevalence of a CMO at different maturity levels, globally
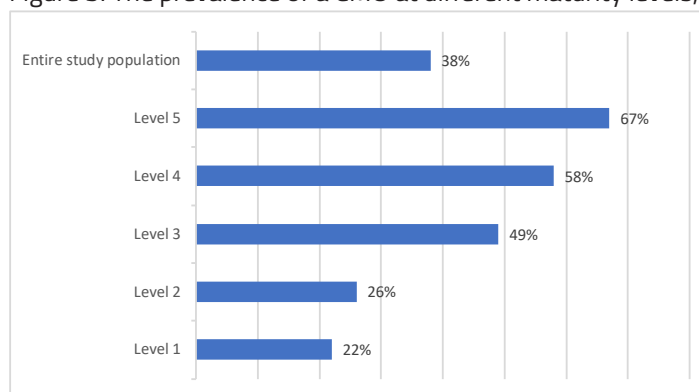
Source: Prosci®, 2016

Figure 5 above shows that 67% of the companies, which have a maturity level score at 5, have a CMO whereas it is only 22% for the companies at Level 1. This indicates that CMO has a strong effect on maturity.

We are often confronted with the question of where in the organisation the CMO is most effectively located. Although close to half the people surveyed by Prosci® argue that it is most effective in Project Management Office (PMO) or in Strategy, Transformation & Planning we believe that it is very much down to the individual organisation. For some organisations, IT may be the most appropriate place whereas HR may be right place for others. It is, however, most common to have one single CMO rather than in two or more locations. Wherever a company decides to locate the CMO, it should be a place where it can effectively support projects across the organisation, and where it has the sufficient support and commitment from one or more executive managers.

Conclusion #4: CMMMA is an effective tool to drive improvement

If the overall maturity score of 2.66 still leaves (significant) room for improvement, our fourth and final finding provides reason for optimism.

Maturity, effectiveness and success with change projects are interlinked as it was illustrated in figure 1. Interestingly, even though the global average maturity score of 2.56 is relatively unchanged from 2013, a number of companies showed improvements, some by one or more levels. Surveying those companies, who have improved the most in maturity over the two years, Prosci® gets to a number of insights about the benefits of this improvement and what helped them. These insights are consistent with our findings, and the one which stands out the most is this: to treat improving change management capabilities as a project and to use CMMMA as a proactive and central tool in this process.

The benefits of using CMMMA actively to increase change management effectiveness are plentiful. We see – and hear from practitioners – that the benefits are things such as a greater understanding of the width and depth of maturity as well as inspiration to take initiatives which would not otherwise have happened.

The case described in detail in the next chapter is an excellent example of using CMMMA as a proactive tool.

5. How CMMMA was used to drive improvement – a case

We have asked DSV A/S, a large Danish transport company to write their case about using CMMMA as a lever to improve their organisational change management capability, maturity and effectiveness. DSV A/S, which has a large geographical representation, employs around 44,000 employees globally. The case and the CMMMA assessments are focusing on a specific division with approximately 10,000 employees globally. This is their story:

Background

Our company has worked with change management (CM) since 2010 where a new organisational unit was established; BCM – Business Change Management. The vision of BCM is to ensure increasing competitive advantages for the entire division. We ensure this by continuously offering a centralised and strategic approach to the implementation of projects and processes focusing on cost reduction and profit optimisation. We set out to implement projects and new processes faster in order to retrieve the economic benefits.

From early 2010 to late 2013, we grew from 2 employees to 45. We spent three years on actively chasing KPIs, optimising business processes, implementing best practices in our IT systems, travelling back and forth to the same locations, initiating solutions without listening to business needs. We were basically drowning in our own success while burning bridges all at the same time.
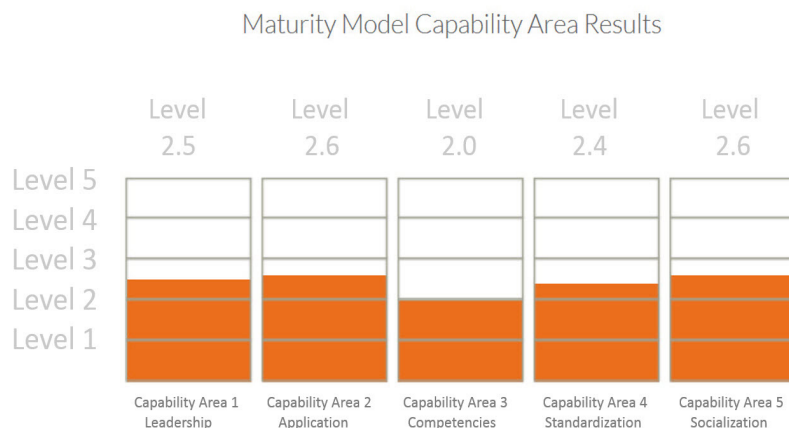
We lacked structure, one common language, aligned business partnering procedures and more importantly, one common ground. Therefore, we initiated a survey that was sent to our entire Division asking them to provide feedback to our deliverables, our approach to change etc. The results were evident! We had to do much better and based on this survey we decided to find a methodology for driving change projects and for aligning our ways of working and our approach towards the business.

In January 2014, we got our two first licenses in the Prosci® methodology. And it turned out to be a very wise decision.

Use of CMMMA

In March 2014, the first change management maturity assessment was made and resulted in a score of 2.4. The CMMMA gave us very good insights on where we needed to improve in order to increase the maturity level.

Figure 6: 2014 CMMMA results

Maturity Model Capability Area Results

| Level 2.5 | Level 2.6 | Level 2.0 | Level 2.4 | Level 2.6 |

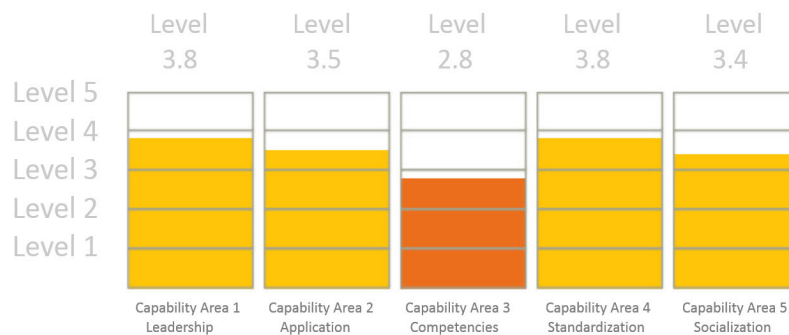| Capability Area 1 Leadership | Capability Area 2 Application | Capability Area 3 Competencies | Capability Area 4 Standardization | Capability Area 5 Socialization |

First thing was to apply Prosci® on two pilot projects, which proved to be a success. The time spent preparing and reinforcing gave the results that we wanted, both in terms of structuring our own work and lifting up responsibilities. Furthermore, we received very positive feedback and direct involvement from the business that helped us in establishing a change management network. This was the first time we introduced ADKAR® to a project team and this simple mindset was one of their greatest takeaways.

Secondly, we decided to send more employees from BCM on a Prosci® license course. Thirdly, we asked the other Divisions if their BCM units wanted to take part. The outcome was again positive and more people joined.

In the summer 2015, we decided to take a new CMMMA. We wanted to see if our hard work had paid off. And we had managed to increase from 2.4 to 3.4.

Maturity Model Capability Area Results

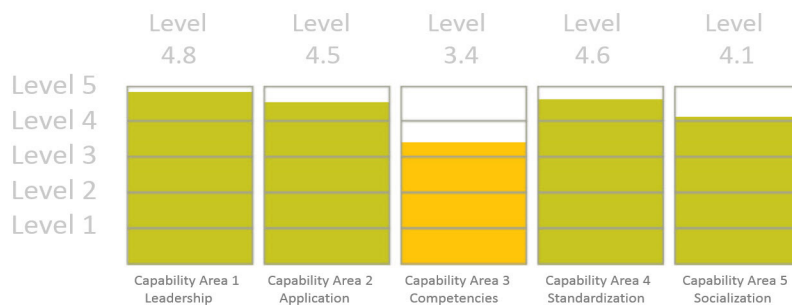|	Level 3.8	Level 3.5	Level 2.8	Level 3.8	Level 3.4
	Capability Area 1 Leadership	Capability Area 2 Application	Capability Area 3 Competencies	Capability Area 4 Standardization	Capability Area 5 Socialization

Just as the first audit, the results provided us with detailed information about the areas and factors where we should spend time in order to improve even more. During 2015, we established local BCM teams in 22 countries within our Division. We had 26 Change Managers cross-divisional with a Prosci® license. We had also introduced ADKAR® to more than 350 managers throughout our division.

In addition, we have added Prosci® and ADKAR® as part of our Global leadership program. The biggest success was reached when Prosci® was recognised as a valid tool and appointed as our Corporate Methodology for applying Change Management.

We have now reached 2016 and we are moving forward faster than ever before. Once again, we have taken the CMMMA. The maturity level is now 4.2.

Maturity Model Capability Area Results

	Level 4.8	Level 4.5	Level 3.4	Level 4.6	Level 4.1
	Capability Area 1 Leadership	Capability Area 2 Application	Capability Area 3 Competencies	Capability Area 4 Standardization	Capability Area 5 Socialization

Late 2015 we began the work of merging our Project Methodology, PRINCE2, with Prosci®. Here in 2016 we have now made Change Management an integrated part of all projects of more than 20 man-days. This means that any project must have a project manager working closely with a change manager, ensuring that both the technical side and the people side of change is well taken care of. In January 2016, we also had internal Prosci® license courses, which means that we are now 48 certified change management practitioners in the company.

For the remaining part of 2016, we will continue the journey and the work related to capability area 3 – competences throughout our Division.

Learning points and good advice

The value of a structured approach around Change Management has been one of the best decisions we have taken in BCM. Approaching all countries in our Division in the same way and having the same language has proven to be a strong asset for increasing awareness around change management but also for creating trust and loyalty between our team and the business.

Using CMMMA to measure our maturity and perhaps more importantly to provide us with the feedback of where to increase focus has been a very valuable asset to our department. We have experienced very professional support and knowledge sharing with proacteur, and that has made us reach new heights where we truly lead changes and are reaching a high return on investments.

The ADKAR® model/tool or mindset has proven to be the simple and pragmatic approach for leading the employees safely through times of change. We have received so much positive feedback from involved managers, directors and executives who have applied this mindset.

Another good piece of advice is to involve the Project Management Office. Merging these two methodologies/approaches has given change management a completely new "position" in the company, providing even more focus on the employees as they are very often the people most impacted by the change.

One last piece of advice is to make sure that you have a Business Change Management structure in place. Our BCM has existed since 2010 and during this time, we have arranged and structured our department around our business and its needs and also the overall business strategy.

Biggest challenges/obstacles

It has been a long journey! So far, we have spent a little over two years to get to where we are today – and we can still do better. One of our challenges has been general executive sponsor involvement and commitment. The understanding of and positive effect of doing great change management needs to be lifted upwards in the organisation in order to succeed in any change project.

Another challenge that we will work on during 2016 is to increase the level and number of practitioners in change management within the other Divisions of our company. By expanding, we will be able to create greater synergies, a common language and cooperation between the various Divisions.

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About proacteur

proacteur is a consulting firm that provides evidence-based and best practice consulting services within Change Management. We follow an internationally established and proven change management method that is holistic and takes the complexity of the change into account. This ensures that the change is robust and lasting.

Here is how we do it:

1. Together we make sure we understand the issue

2. We develop the people to fulfil their role in the change

3. We manage the change together with you

We base all decisions on data and strategic indicators to make sure not to lose sight of the targets at hand – whether it is quality assurance in our clients' deliverables, improved production efficiency, or process optimisation.

proacteur was founded in 2006 and has 20 consultants today. Our values, our ambition and our vision have remained unchanged since the beginning; we want to be the best in the Nordic region to help organisations translate strategies into reality and to bring projects to succeed.
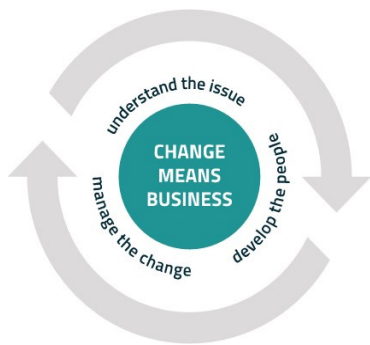
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