Finance

Automotive

IT

Health Care

Railway

Managing Change: the Human Factor in Process
Improvement Initiatives / F. Sazama, C. debou, A

KUGLER MAAG CIE

Managing Change: the Human Factor in Process Improvement Initiatives

Frank Sazama, Christophe Debou

KUGLER MAAG CIE GmbH
Leibnizstr. 11, 70806 Kornwestheim / Stuttgart, Germany

www.kuglermaag.com

Prague, June 2009

KUGLER MAAG CIE

Agenda

- **The Speakers**
- The company Kugler Maag CIE
- Change is a risky business
- 7 Rules of Managing Changes
- Conclusion

KUGLER MAAG CIE

Frank Sazama, Process Director

- Since start of September 2006 with KUGLER MAAG,
  Key Account Manager, Leader of the KMCfutures-Team
  Clients are Valeo, DaimlerChrysler and other Automotive,
  Actual main topics are Process Improvement, AutomotiveSPICE, CMMI, Metrics, Change
  Management, Future Management and Podcasting (www.Abenteuer-ChangeManagement.de)

- 6 Years Q-Labs, Manager Operations and Expert Consultant, Clients are Bosch, BMW, VW and
  other Automotive,
  Knowledge Management, Inspections, Assessments and Initial Process Analysis, Improvement
  Project Planning

- 5,5 Years DaimlerChrysler Research, Process Improvement, Learning Organization(Experience
  Factory - EF), Measurement and Analysis (Goal Question Metric - GQM), Reviews and
  Inspections

- 5,5 Years MTU Friedrichshafen, ECU-Development (Hard- and Software), Process definition
  and Roll-out, Development Framework

KUGLER MAAG CIE

Christophe Debou

Business Development Director: Central and Eastern Europe

- Accredited CMMI Trainer

- Experiences:
  - About 10 Years Quality Management and Process Improvement
    - Alcatel, as Coordinator of CMM Initiative, for the overall company (1994-1997).
    - Q-Labs as consultant and member of management team (1997 – 2001)
    - KUGLER MAAG CIE (2006)
  - About. 5 Years Senior Management
    - Board member of ComArch, a leading SW House In CEE
- Contact:
  - Christophe.debou@kuglermaag.com

KUGLER MAAG CIE

Agenda

- The Speakers
- **The company Kugler Maag CIE**
- Change is a risky business
- 7 Rules of Managing Changes
- Conclusion

KUGLER MAAG CIE

KUGLER MAAG CIE is a service company with acknowledged expertise in process improvement

Facts

- Founded in 2004, today around 70 acknowledged experts

- Specialized on process improvement

- Expertise in CMMI®, SPICE / ISO 15504, Functional Safety / IEC 61508, Project-, Quality-, Requirements-Mgmt., Change Management …

Industries

- Automotive Industry,

- Financial Services, ICT,

- Health, Telco and Railways

Customers

- Global players, culturally diverse, operating in
  - Europe,
  - North America and
  - Asia

Partners & Networks

KUGLER MAAG CIE

We already work predominantly for international big companies in different industries, including …

KUGLER MAAG CIE

KUGLER MAAG CIE Service Areas

Improvement Services

- Managing Change for the Purpose of lasting Quality and Productivity Improvement
- Evaluating Performance Improvement Potential

Process Application

- "Off-the-shelf" processes tailored for an accelerated and sustained Process Performance Improvement
- Operational Process Execution

Change Engine Services

- Organizational Change Control
- Agile Process Management
- Strategy Implementation

Appraisal Services

- Improvement "Readiness Check"
- Improvement "Health Check"
- CMMI® Appraisals
- ISO/IEC 15504 / Automotive SPICE™ Assessments

Knowledge Services

- Training and Qualification of Practitioners, EPG, Quality Group, Assessors, Management, and Executive Management
- Training in relevant standards and their usage, including qualifying for Customers' or 3rd party Assessments
- Public training as well as customized in-house training

KUGLER MAAG CIE

KUGLER MAAG CIE Expert Areas

CMMI ®

- CMMI for Development
- CMMI for Acquisition

SPICE

- Automotive SPICE™, ISO 15504
- Co-founder of iNTACS

Functional Safety

- IEC 61508
- ISO WD 26262

Project Management

- PMI, PMBoK
- Prince 2, OPM 3

Performance Driven Improvement

Service Management

- CMMI for Services, ITIL

Quality Management

- Quality Management, Assurance & Control
- TS 16949, ISO 9001, VDA 6.3, …
- CMMI/PPQA, SPICE/SUP.1, …

Requirements Engineering

- Management, analysis and elicitation of requirements

Mastering Change

- Ensure successful and sustainable organizational change

Performance-off-the-Shelf

- Accelerated and sustainable Process Performance Improvement
- Project / Requirements / Quality Management Service Centre

PI = Process Improvement

KUGLER MAAG CIE

Agenda

- The Speakers
- The company Kugler Maag CIE
- **Change is a risky business**
- 7 Rules of Managing Changes
- Conclusion

KUGLER MAAG CIE

1469-1527

"There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain of success than to lead in the introduction of a new order of things, because the innovation has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well in the new."
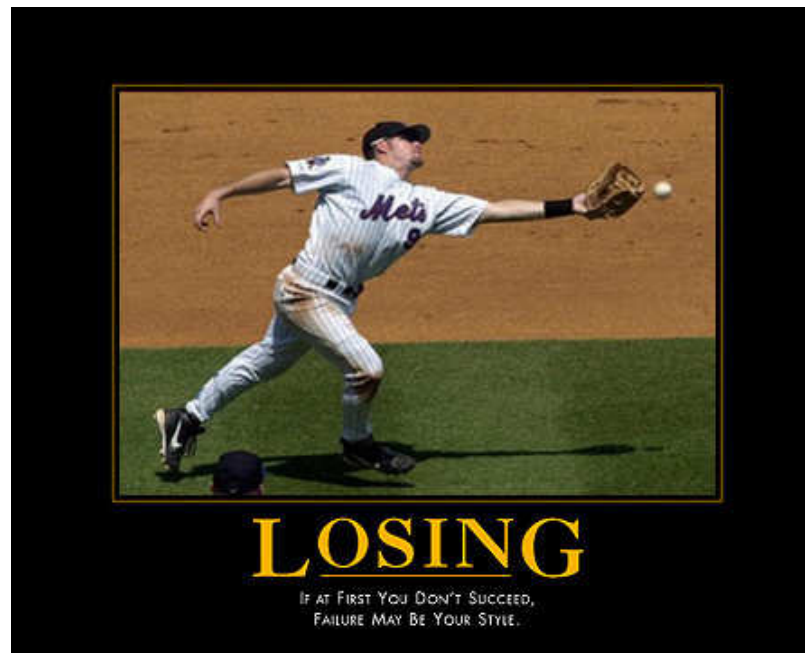
Machiavelli, The Prince, 1532

Change is a "risky business" ...
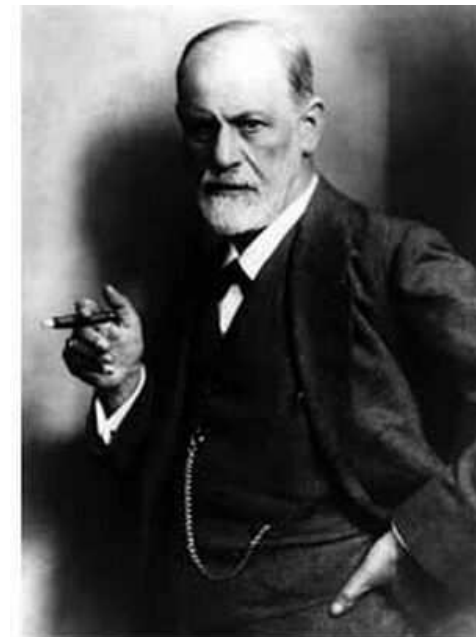
More than 70% of all change projects fail!

'Failed' means here:

- No or too little impact on project practices
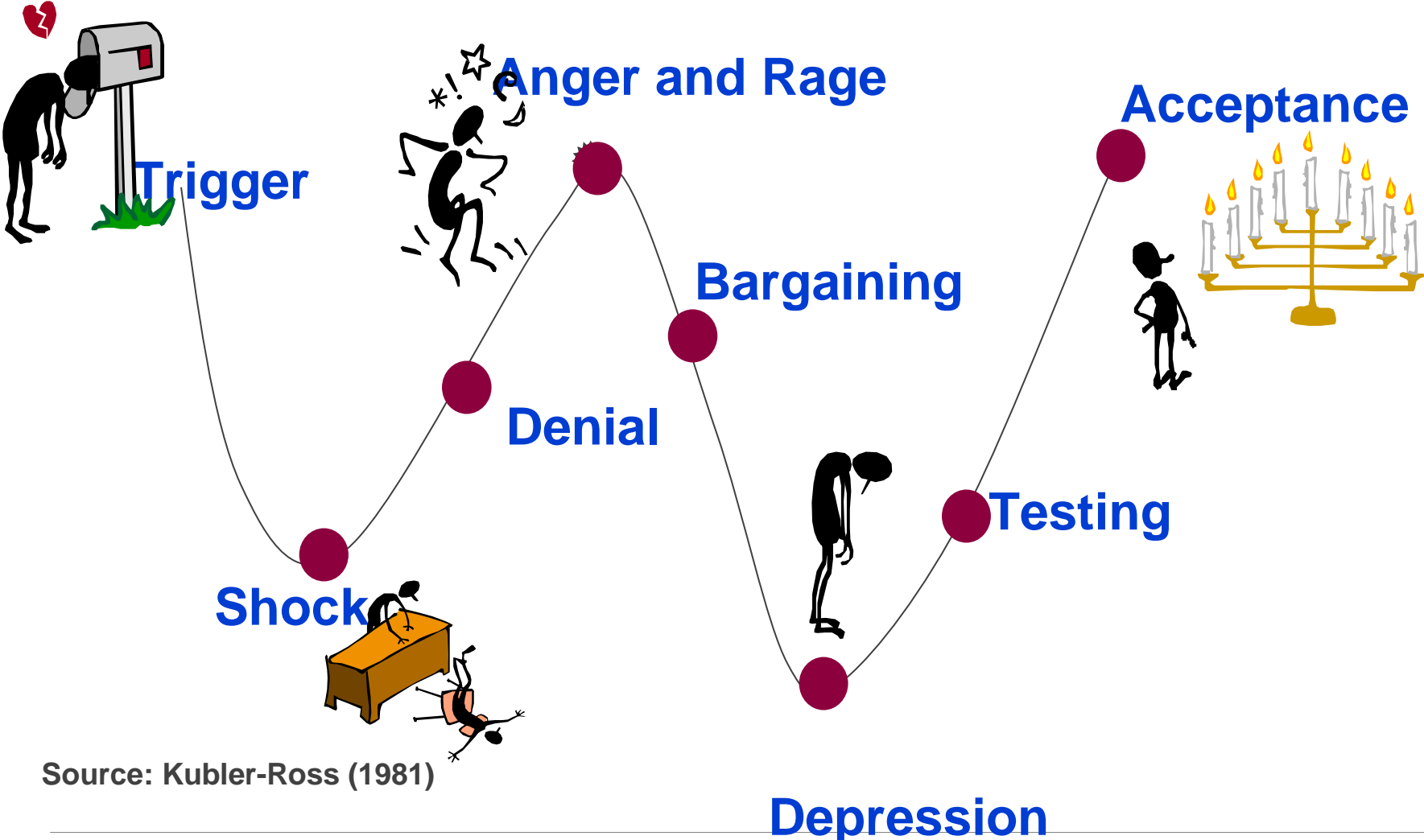- No or too little impact on business performance

LOSING

IF AT FIRST YOU DON'T SUCCEED,
FAILURE MAY BE YOUR STYLE.

KUGLER MAAG CIE

Why change effort fails?

- Hard factors get all the attention:
    - Plans, estimates, budget, technology, …
    - The easy stuff

- Soft factors get ignored:
    - Organisational Context (how does the environment support change)
    - Resistance to change
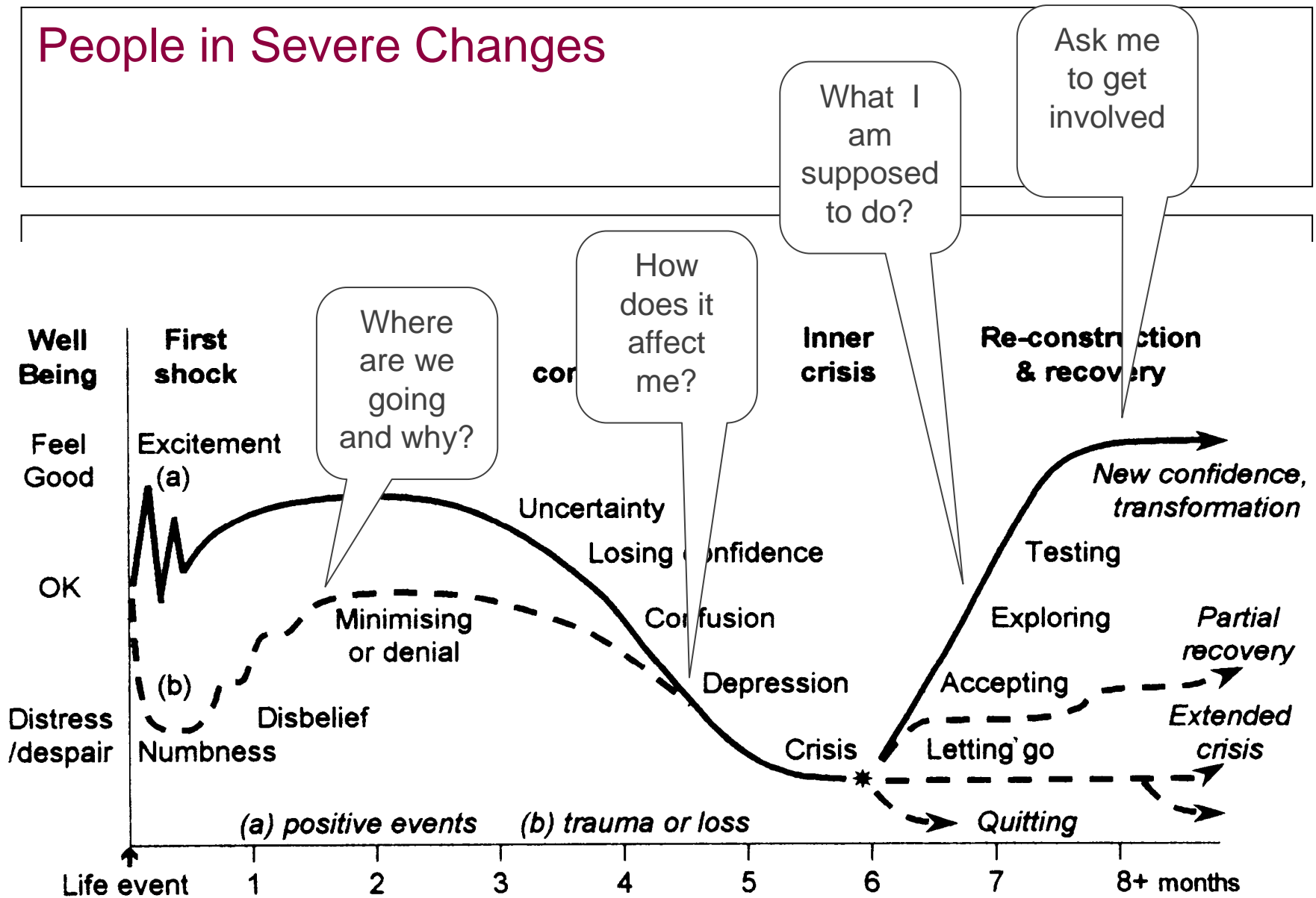   - Management of people
    - …
- We do not feel as psychologist

KUGLER MAAG CIE

People in severe change

Trigger

Shock

Denial

Anger and Rage

Bargaining

Depression

Testing

Acceptance

Source: Kubler-Ross (1981)
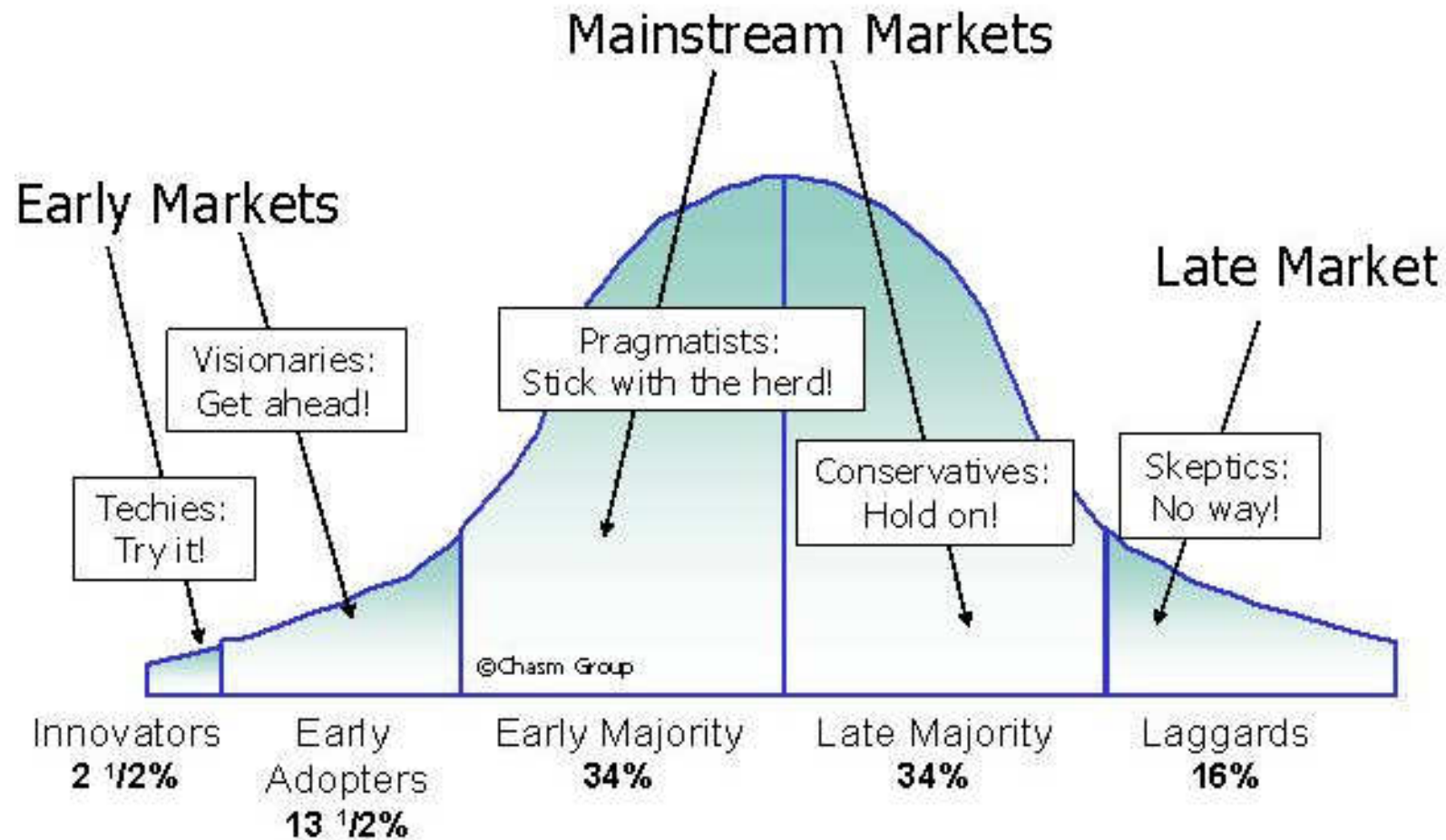
KUGLER MAAG CIE

People in Severe Changes

Agenda

- The Speakers
- The company Kugler Maag CIE
- Change is a risky business
- **7 Rules of Managing Changes**
- Conclusion

7 Rules of Managing Change

- Changes won't happen overnight
- Lay down the right foundation for changes
- Identifying Stakeholders, their influence and address them accordingly
- You will encounter Resistance – Manage it
- Communicate, Communicate, Communicate
- Involve particularly your middle management
- Remind the transition phase or "Valley of Tears"

KUGLER MAAG CIE

7 Rules for managing change (1)
Changes won't happen overnight - 1

Mainstream Markets

Early Markets

Late Market

Visionaries:
Get ahead!

Pragmatists:
Stick with the herd!

Conservatives:
Hold on!

Skeptics:
No way!

Techies:
Try it!

©Chasm Group

Innovators	Early Adopters	Early Majority	Late Majority	Laggards
2 1/2%	13 1/2%	34%	34%	16%

KUGLER MAAG CIE

Changes won't happen overnight - 2

- In early days, 15% of org. will jump right with you
- Most wait until they've seen it works or if management is serious
- A few won't change until they are required to, if ever
- Key is when Early Majority adopts a new practice:
  - Requirements management driven motivation
  - Has to be seen to be part of their job

KUGLER MAAG CIE

7 Rules of Managing Change (2)

- Lay down the right foundation for changes

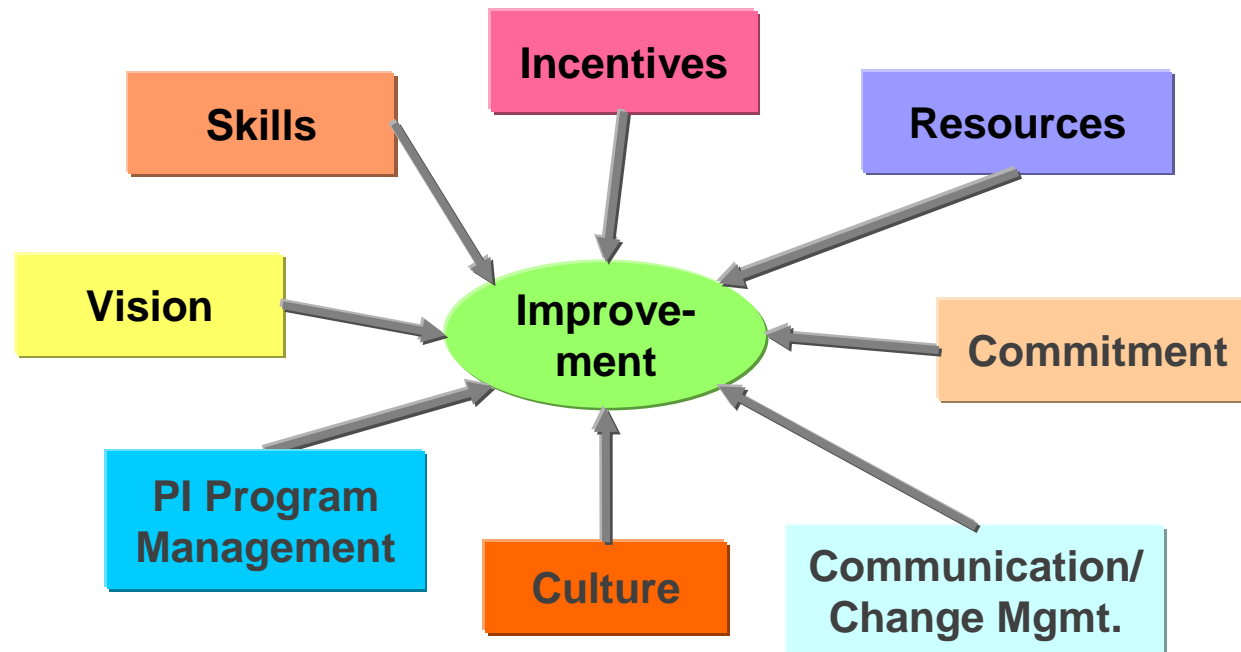# Basis: Kotter's eight-stage process for creating major change

1. Establish a **sense of urgency**
2. Create the guiding coalition
3. Develop a **vision and strategy**
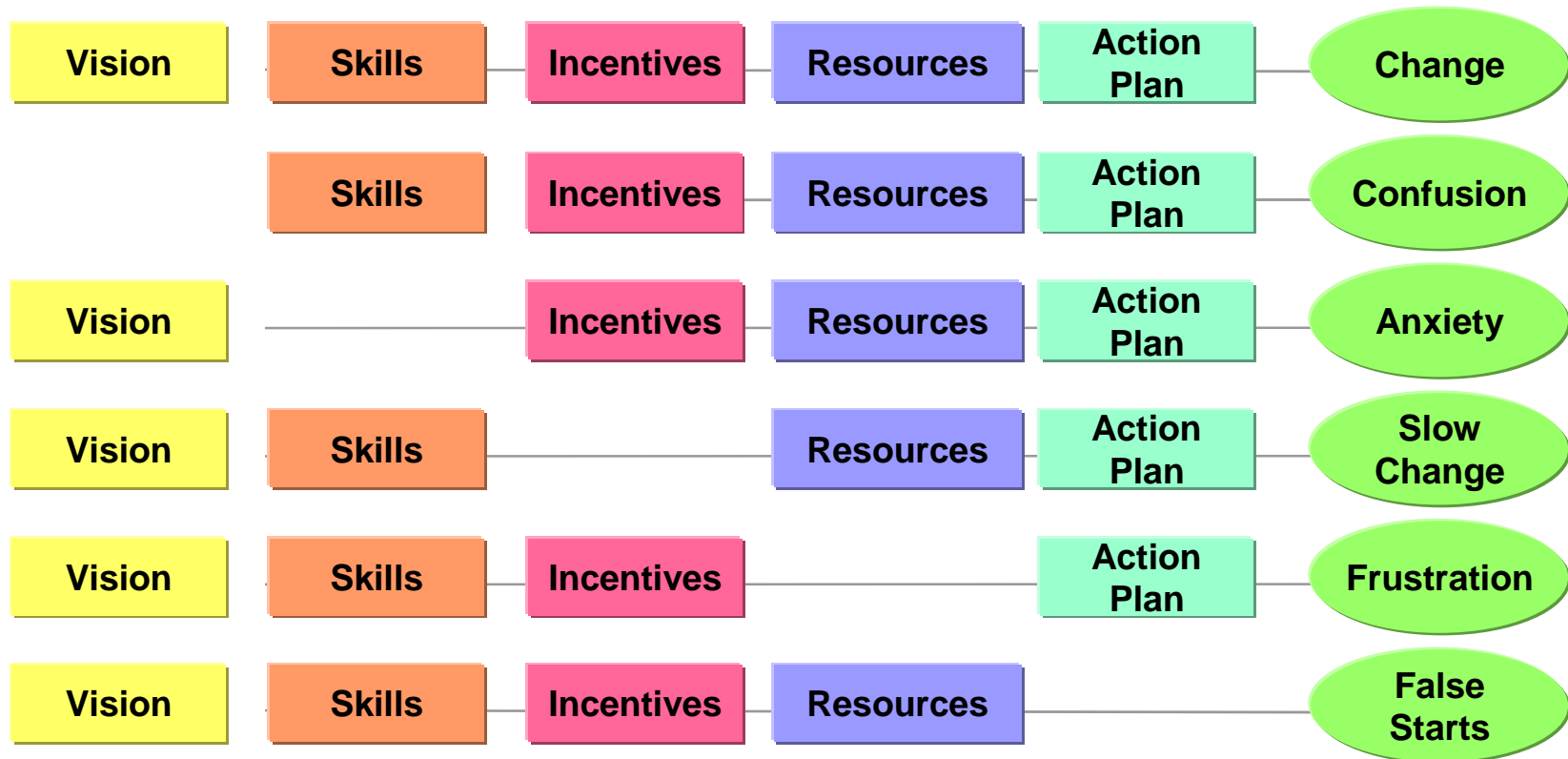4. **Communicate** the change vision

Foundation Phase

1. Empower broad-based action
2. Generate short-term wins
3. Consolidate gains and produce more change
4. Anchor new approaches in the culture

Action Phase

KUGLER MAAG CIE

Success Criteria for process Improvement

Managing Complex Change: Requirements

Vision	Skills	Incentives	Resources	Action Plan	Change
	Skills	Incentives	Resources	Action Plan	Confusion
Vision		Incentives	Resources	Action Plan	Anxiety
Vision	Skills		Resources	Action Plan	Slow Change
Vision	Skills	Incentives		Action Plan	Frustration
Vision	Skills	Incentives	Resources		False Starts

KUGLER MAAG CIE

Readiness for Change

- Are you ready for a quality Improvement Initiative?
  - What are success criteria?
  - What are the success factors?
- How can you implement them?
- What are/ were recent programs?
  - How successful are/ were they?
- Why/ why not?
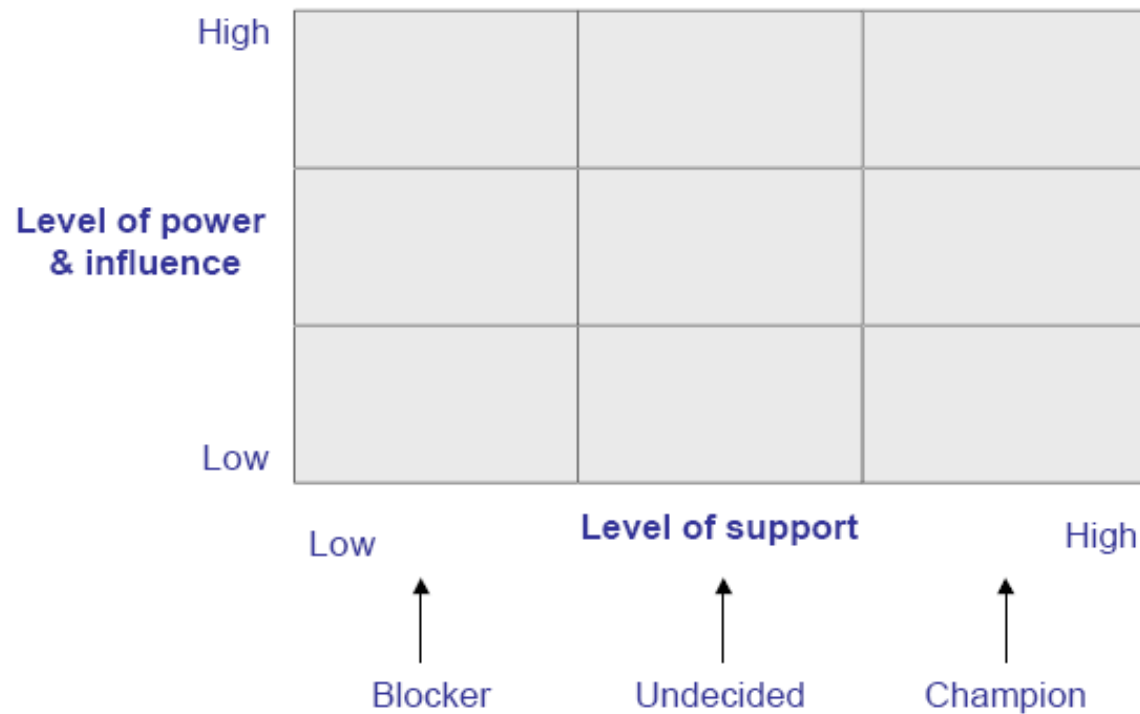- What can we learn?
  - To copy
  - To avoid

Case Study (Telecommunication Company, Western Europe) Successful Implementation

- Sense of Urgency
  - Almost lost the major client and close to be thrown out of corporate standard design
  - Late deliveries and high fault density
  - Turbulent management situation
  - CMM level 1 on assessment spring 1994
- Vision:
  - Survive-)
  - Organisational Change (From Line to Process-Oriented Organisation)

- Guiding Coalition (Infrastructure):
  - General Manager as driver of the whole organisation
  - Key People as process owner

- Incentives:
  - Bonus was partly dependant on achieving high maturity level and also related to delivery and quality performance
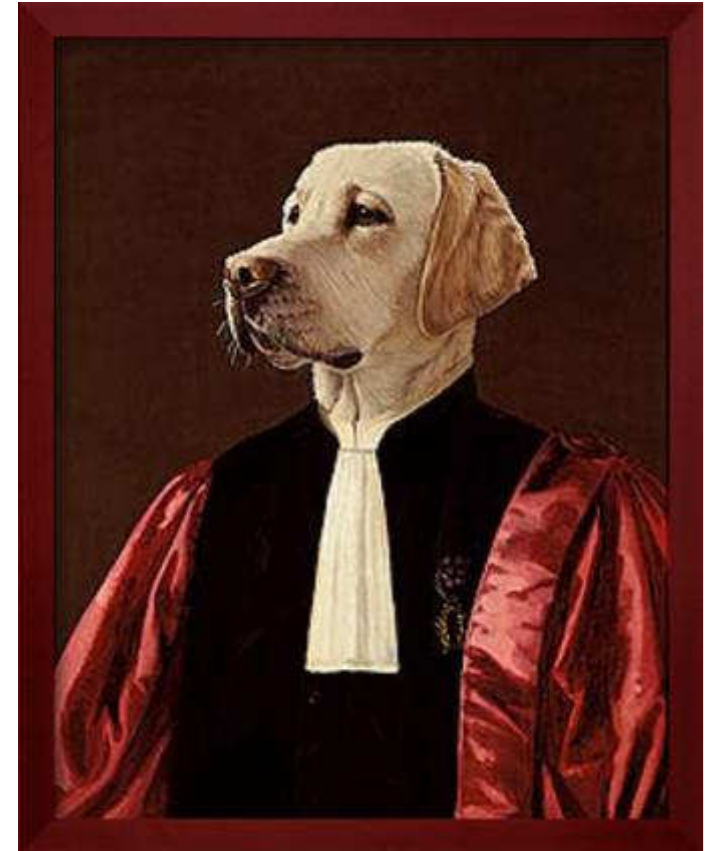
KUGLER MAAG CIE

7 Rules of Managing Change (3)

- Identifying Stakeholders, their influence and adress them accordingly
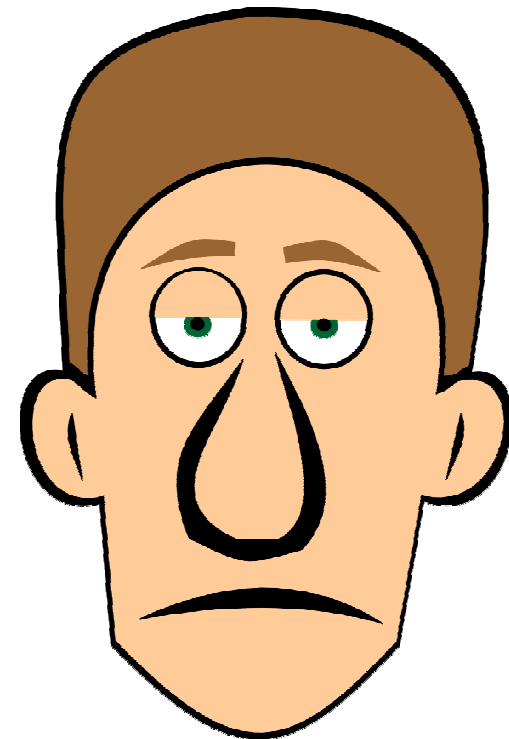
KUGLER MAAG CIE

Attitudes to Process Improvement - Advocates

- Support initiative in general
- Offer to help piloting process and roll it out
- Speak to others about their experiences
- Advocate the new process as a GOOD THING to do

- Take care of them, reward them, recognize their contribution, otherwise -> Apathy

KUGLER MAAG CIE
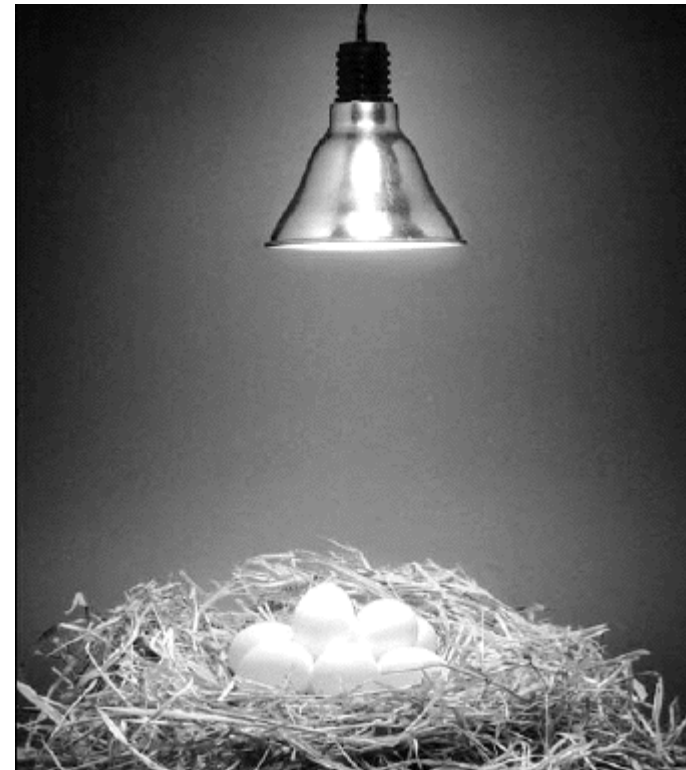
Attitudes to Process Improvement - Apathetics

- Haven't heard about it or just do not care
- Talk to them, show them what it is about
- When they see reasons for improving, they begin to consider how their work would be affected -> Incubate

Attitudes to Process Improvement - Incubators

- Are thinking about trying something new
- Look for enough positive evidence and reasons to change
- Get them involved, work with them -> Advocates

- Don't over-hype message or put obstacles in their way -> Apathy or …. resisters

KUGLER MAAG CIE

Attitudes to Process Improvement - Resisters

- Might have valid concerns – listen to them

- Usually just make things difficult and deplete everyone's energy

- Are hard to shift, work around them where possible

KUGLER MAAG CIE

Other Social Types

- Opinion Leaders / Influencers
  - Not always to do with their position in the org. chart
  - Find them and bring them on board
- Connectors:
  - Know everyone, spread ideas
- Salesmen:
  - Convince anyone
- Experts:
  - Information specialists-teachers

7 Rules of Managing Change (4)

- You will encounter Resistance – Manage it

Sources of Resistance

Sponsor to „walk the talk"
Make sure you do what you say you will do
(avoid contradictory Statement)

Time shall be explicitely freed from Management for improvement and checked against
Avoid Overload

- It's never worked before

- Not enough time

- We are doing good today. Why bother?

Provide the business case and evidences (Late, Overbudget, Overcommitment)

- Need time to prepare/understand

- Concern whether this fits the organisation as it is now

Listen and Learn

Staff needs the same time as management to study and understand

- Fear

Loss of status ?
Dialogue with Line Management

- I do not know

Training, coaching, patience

KUGLER MAAG CIE

Examples Resistance

- New processes Ivory Tower, NIH

- Development wants new tool, management sees costs, build ROI

- Mid management do not want to support SPI?

  - Why? Loosing power to PL

  - Bonus-> SPI, delivery, …

7 Rules of Managing Change (5)

- Involve particularly your Middle Management
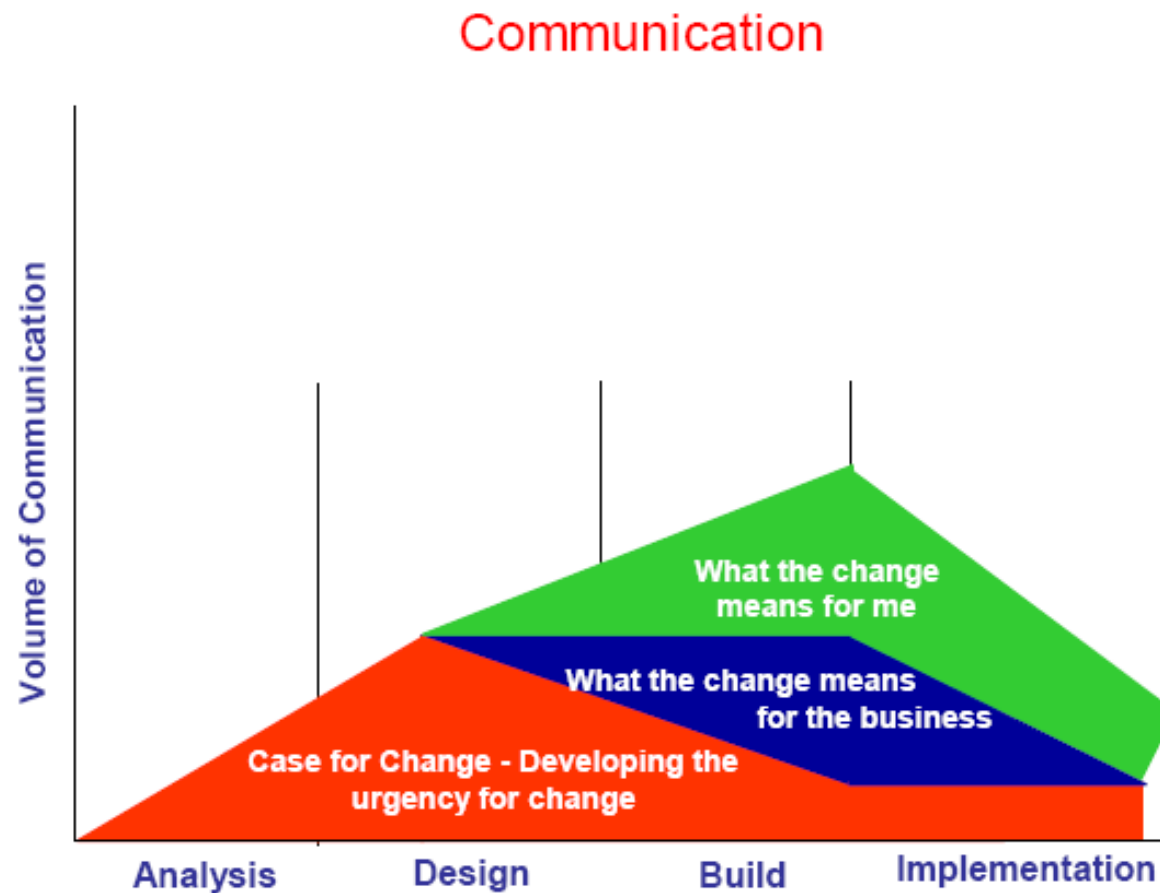
KUGLER MAAG CIE

Involvement of Middle Management

- Are key influencers within an organisation:
    - Direct point of contact with staff
    - Leading by examples
    - Making things happen
- Barriers to change:
    - Resource limitation
    - Too many changes
    - Feel threatened by change
    - …
- Solution:
    - Lower temporarily project work priority compared to change project
    - Involve in the development of the solution
    - Ensure management goals aligned to new process
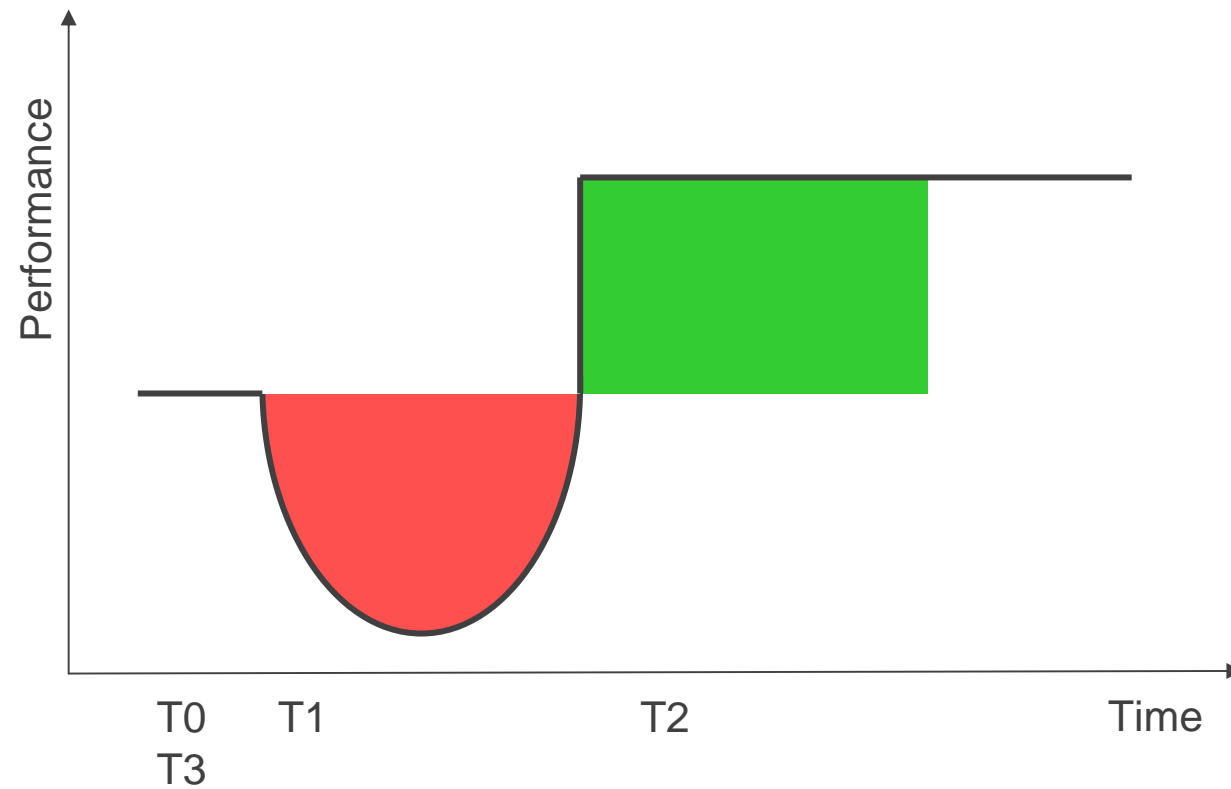   - Implement quick wins and communicate

KUGLER MAAG CIE

7 Rules of Managing Change (6)

- Communicate, Communicate, Communicate

Communication

Volume of Communication

- What the change means for me
- What the change means for the business
- Case for Change - Developing the urgency for change

Analysis | Design | Build | Implementation

7 Rules of Managing Change (7)

- Remind the transition phase or "Valley of Tears"

Case Study (Software House, Central Europe)

- Sense of Urgency
  - Some customers mentioned CMMI during an audit. Company board got interested.
- Vision:
  - Seems alike ISO 9001. Let us implement and get certified
- Guiding Coalition (Infrastructure):
  - Project Leader appointed (same person as ISO 9001). No real resources allocated
  - One person in the board allocated to follow-up
  - Competencies development thanks to personal readings, no external support
  - Some kind of plan was developed (but we should not disturb project, best to pilot on small, non key projects).
- Incentives:
  - None
- What happened:
  - Board invited the project leader after one year and asked for the status (almost no progress, board member had no time to take care of the project)
  - CMMI Project was stopped; Official reason "Project leader is too weak to make something happening in the organization*" (she left the company some months later)
  - Few Projects applied some of the new processes, based on own decision of project leaders
  - Since them, nobody is talking about CMMI, except on a slide to potential customers, stating the organizations's goal is to achieve CMMI level 3 …

* Organization = over 1500 Persons…

KUGLER MAAG CIE

Conclusion

- PUT YOURSELF IN THEIR SHOES

KUGLER MAAG CIE

Contact

KUGLER MAAG CIE GmbH
Leibnizstraße 11
70806 Kornwestheim · Germany
Phone +49 7154 1796 100
Fax +49 7154 1796 480
Frank.Sazama@kuglermaag.com
Christophe.Debou@kuglermaag.com
 www.kuglermaag.com

KUGLER MAAG CIE