



# The Organization Competency Model development for Change Management

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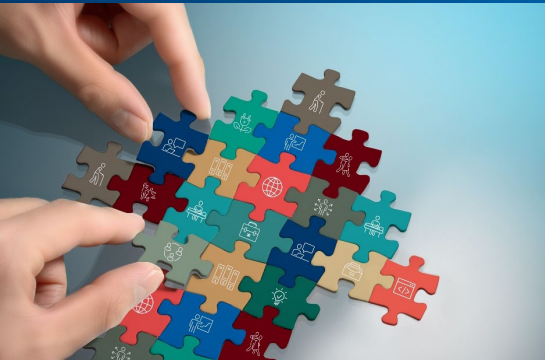
Zagreb, March 19th, 2021



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## AGENDA

1. Introduction
2. Change Management (CM)
3. Digital Transformation (DX)
4. DX&CM
5. Organizational Competency Model for Change
6. Conclusion



# OBS!

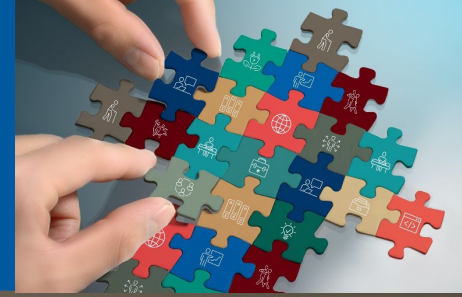
Change is a **process**, not an event

Change **takes time** – there is no quick fix

Change is social – it **involves people**

Change is **made real by what people do**

# WHAT DOES CHANGE MEAN?



WHY CHANGE?

WHO HAS CHANGE?

Organization or  
people or  
both?



*Change because You **have to** or  
because you **want to**?*

**For you to follow or you to lead**



# In how many relevant Changes have you been part of during your career?



NONE

1-5

6-10

11-15

16 or more

**How you  
experience  
change?**

*Any change, even a change for the better,  
is always accompanied by drawbacks and discomforts.*

*Arnold Bennett English writer, 1867 –1931*



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Uber → The world's largest taxi company, owns no vehicles.

← Facebook The world's most popular media owner, creates no content.

Alibaba → The most valuable retailer, has no inventory.

← Airbnb The world's largest accommodation provider, owns no real estate.

Something interesting is happening.  
TOM GOODWIN



# According to a Forbes survey (2016), 62% of people react negatively to change



## CHANGE EVOKES FEAR



Forbes survey (2016) shows that only 38% of people like to step out of their comfort zone.

When these people are introduced to change, they think,

"Hey, this is so interesting."

These positive interpretations of change result in positive emotional reactions, such as happiness and satisfaction, resulting in greater employee productivity.

**The other 62%, however, look at the same claim and immediately feel fear and discomfort.**



# „In addition to the Pandemic” what forces organizations to change?



Customer needs/demands

New generations (Generation Z)  
Customer experience



Business needs – cost  
cutting/growth/profitability

Market changes/globalisation



Employee needs

Simple processes  
New technology  
Easy and fast work

To illustrate,

in the period 2020-25, Generations Y and Z will represent approximately 60% of the total productive adult market in Central Europe.

Based on that, the behavior and actions of these customers will be exclusively in digital form!

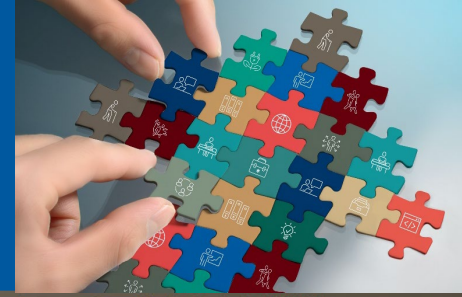
*Roland Berger CEE report, 2015,  
McKinsey 2017*



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# TODAY'S CHANGES and how to manage them?



## Digitization



## Digitalization



## Digital Transformation



**the process of converting  
information from a physical  
format to digital one  
digitized content**



**Leveraging technology to take  
advantage of digitized content**

Cloud computing  
Wireless sensors  
Big data  
Mobile devices



**Business transformation  
enabled by digital content and  
rapid change capabilities**





# CHANGE MANAGEMENT



***Change management is a set of principles, techniques, and prescriptions applied to the human aspects of executing major change initiatives in organizational settings.***

Source: Daryl Conner, the author of *Managing at the Speed of Change*

***Its focus is not on "what" is driving change (technology, reorganization plans, mergers/acquisitions, globalization, etc.), but on "how" to orchestrate the human infrastructure that surrounds key projects to that people are better prepared to absorb the implications affecting them.***

**A structured process and set of tools for leading the people side of change to achieve a desired business outcome.**

**Change management is both a process and a competency.**

Source: PROSCI, Tim Creasey from the Change Management Learning Center (developers of ADKAR)



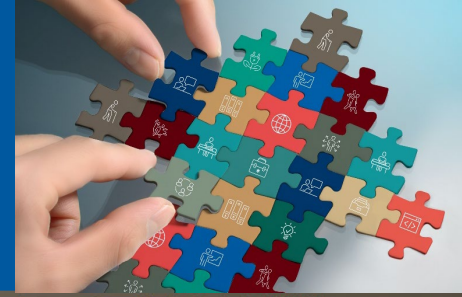




# DIGITAL TRANSFORMATION



# DIGITAL TRANSFORMATION



Digital Transformation (DX) or Digital Business Transformation (DBX) is the foundation of change in the organization and way of traditional business using digital technologies and applying new business models to improve the organization's performance faster adaptation in a constantly changing environment.

*According to the Digital Economy and Society Index 2018 (DESI), which is used to monitor progress in the field of digitalization, Croatia ranks only 22nd out of 28 EU member states.*

*Source: Digital Transformation in Croatia 2019. Croatian Digital Index, Apsolon, HUP, May 27, 2019.*



# HOW TO BE READY



*Change Management Alone Isn't Enough for Digital Transformation*

*What do we need?*

# The Organizations needs structural approach to build organizational competency for change...



# Change management is established on three levels



**To deliver strategic intent, mitigate saturation and improve agility by embedding CM**

3

ACROSS ORGANIZATION



2

ON A PROJECT



**To increase outcomes and ROI by driving adoption and usage**

1

FOR INDIVIDUALS



**To enable people's success by supporting them through their personal change journey**

Source: PROSCI



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# ONE OF MODEL'S OF INIDIVIDUAL CHANGE

Created by Prosci founder Jeff Hiatt (2003)



## Awareness

of the need for change (why)

## Desire

to support and participate in the change (our choice).

## Knowledge

about how to change (the learning process).

## Ability

to implement the change (turning knowledge into action)

## Reinforcement

to sustain the change (celebrating success).

This is the core of effective CM: Leveraging CM activities and skills to drive individual transitions



# Phases of Change management activities during a project



Change management at project level is about ensuring that a project achieves its intended results and outcomes by supporting the individual transitions required by that project



Source: PROSCI

## Technical side of the project

### • Processes

- Initiation
- Planning
- Executing
- Monitoring and controlling
- Closing

### • Tools

- Statement of work
- Project charter
- Business case
- Work breakdown structure
- Budget estimations
- Resource allocation
- Schedule
- Tracking

PROJECT MANAGEMENT

Process groups defined in the Project Management Institute's PMBOK®

AS-IS  
(CURRENT STATE)

PROJECT REALISATION  
(TRANSITION STATE)

TO-BE  
(FUTURE STATE)

CHANGE MANAGEMENT

### Process

Organizational/project level  
Preparing for change  
Managing change  
Reinforcing change™  
Individual level  
Awareness  
Desire  
Knowledge  
Ability  
Reinforcement®

### • Tools

- Individual change model
- Readiness assessment
- Communication plans
- Sponsorship roadmaps
- Coaching plans
- Training plans
- Resistance management
- Reinforcement

## People side of the project

# The hard and soft side of change- on project/portfolio level

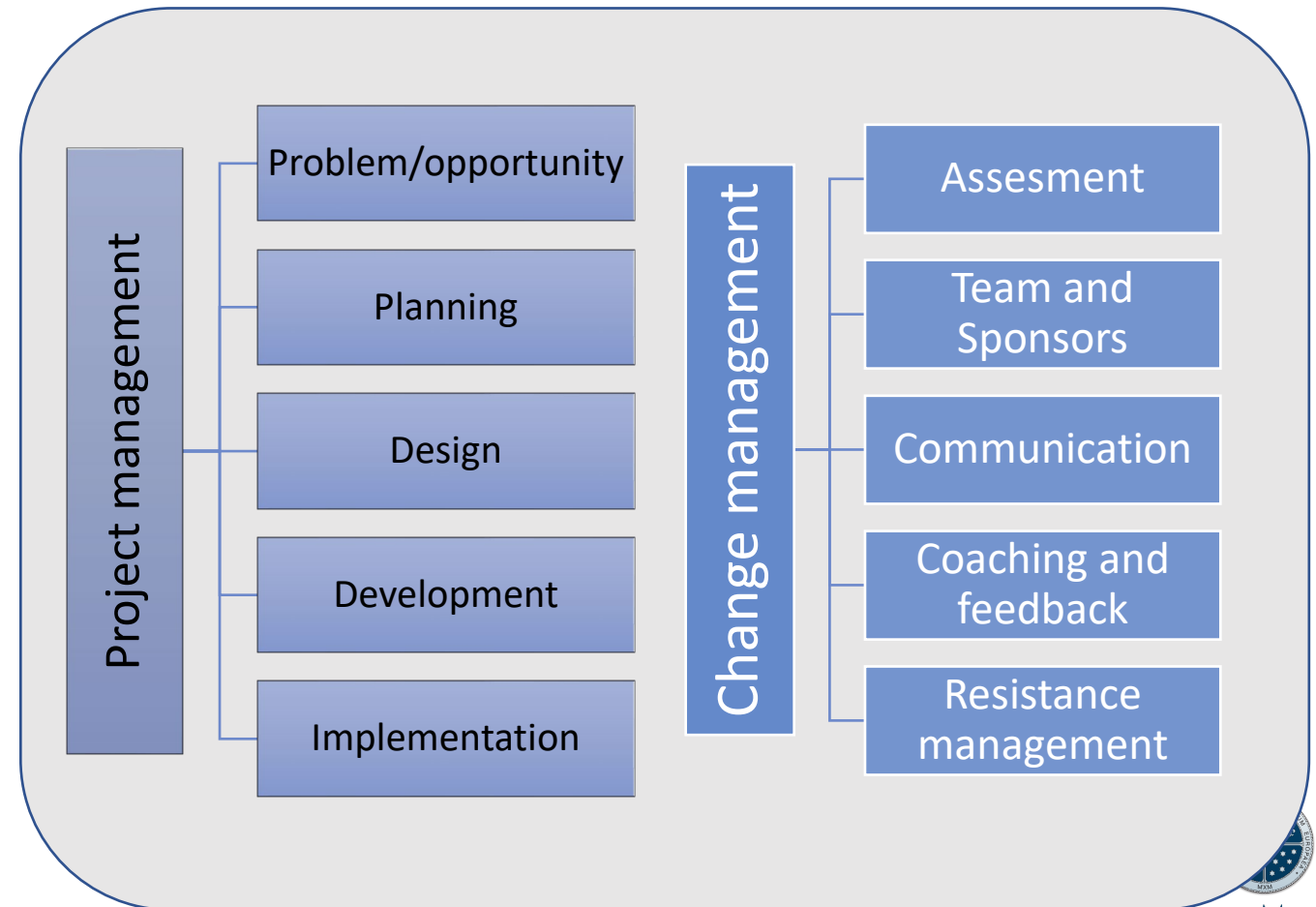
	Hard side	Soft side
Responsible body	PPO/CPO	Change Council
Responsibility	Project portfolio	Change programme
Purpose	Find and manage most effective and efficient use of resources to realise strategy	Encourage a culture that accepts and drives the organisation's transition into a new future
Management of	Progress Quality Budget	Mood Culture
Communication	In form of reports to the Board	Communicates progress, quick wins and encouraging communication to the organisation
Key activities	<ul style="list-style-type: none"> <li>- Prepares and prioritises the project portfolio</li> <li>- Manages &amp; controls resources effectively</li> <li>- Collects project updates and provides portfolio updates</li> <li>- Issue resolution and escalation for technical topics</li> </ul>	<ul style="list-style-type: none"> <li>- Conducts mood checks</li> <li>- Develops change programme: <ul style="list-style-type: none"> <li>- Instal the urgency into the organisation</li> <li>- Identify change agents and powerful leaders that embrace change and make it happen</li> <li>- Engage the organisation to participate (create a want to, not a must to)</li> <li>- Empower the organisation to change and go new ways</li> <li>- Manage momentum by identifying high profile, but easy changes, celebrate and broadcast success, reward new behaviours</li> <li>- Consolidate and anchor change</li> </ul> </li> <li>- Issue resolution and escalation for cultural/change topics</li> </ul>



# Integrating change management and project management activities



- Project management and change management activities are most effective when they are integrated
- Unfortunately, in many instances change management is an add-on after the project has experienced obstacles



# Organizational change can be represented as three states of change

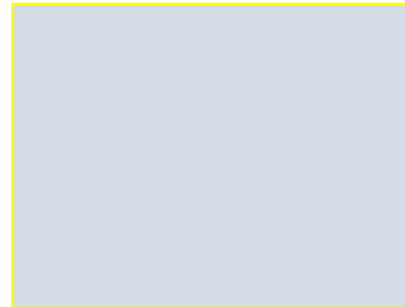


Employees generally prefer the current state



Current State

The transition state creates stress and anxiety



Transition State

The future state is unknown to the employee.



Future State



Source: PROSCI



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# Schematic explanation of organizational competencies



Source: AMC

# DX&CM – recent researches ...



Companies of all types and sizes are investing heavily in the digitization of their business models.

Driven by the changing consumer expectations in the so called Fourth Industrial Revolution, companies tend to achieve the convergence of offline and digital, mobile, artificial intelligence, social and cloud. And they need to be more customer focused, agile, lean and interactive.

- Despite knowledge of the integral elements of a successful digital transformation, a recent survey by Couchbase (2018) uncovered a nearly 90 percent failure rate by CIOs and technology leaders who have tried to execute digital transformation initiatives.

Couchbase (2018) - The report is based on an online survey conducted in May and June 2017 by Vanson Bourne, an independent market research organization, of 450 heads of digital transformation, such as CIOs, CDOs, and CTOs, in organizations with 1,000 employees or more in the U.S., U.K., France, and Germany.





# DX&CM – recent researches ...



Researchers at McKinsey (2018) ultimately highlighting

- the critical part is change management that plays in driving successful outcomes.
- they also found that most change management efforts fail because outdated models and change techniques are fundamentally misaligned with today's dynamic business environment.

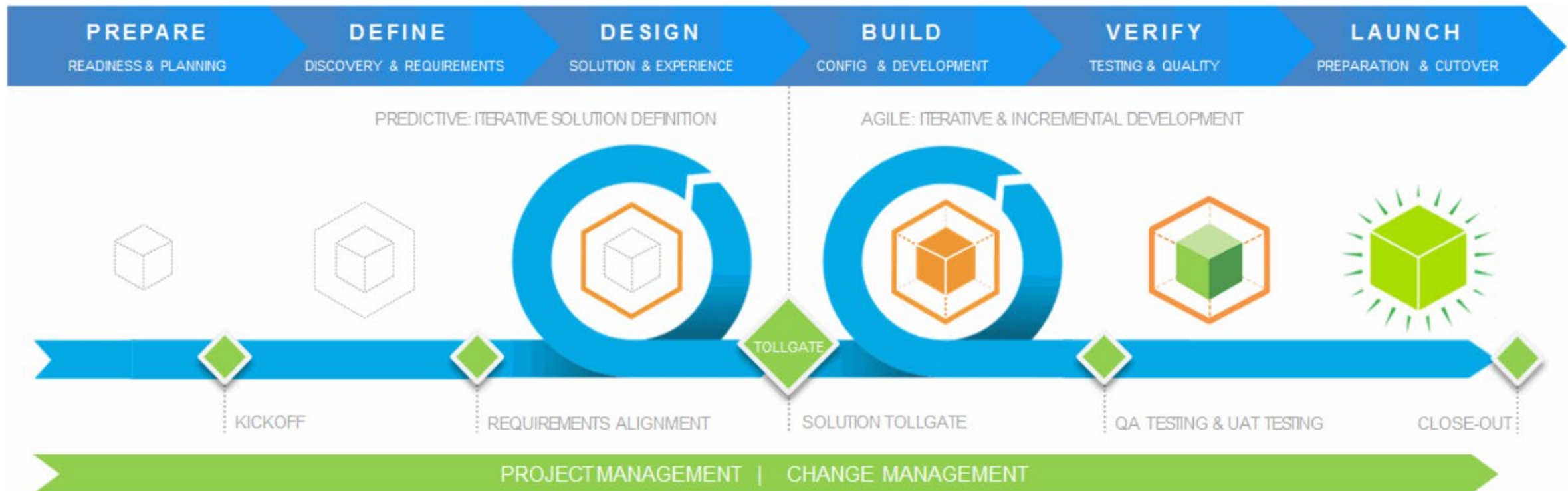
McKinsey, (2018) The online survey was in the field from April 18 to April 28, 2017, and garnered responses from 1,528 participants representing the full range of regions, industries, company sizes, functional specialties, and tenures. Of them, 1,420 have personal experience with major change efforts in the past five years, at either their current or previous organizations—and 878 say the most recent change effort that they are familiar with involved the implementation of a digital solution.



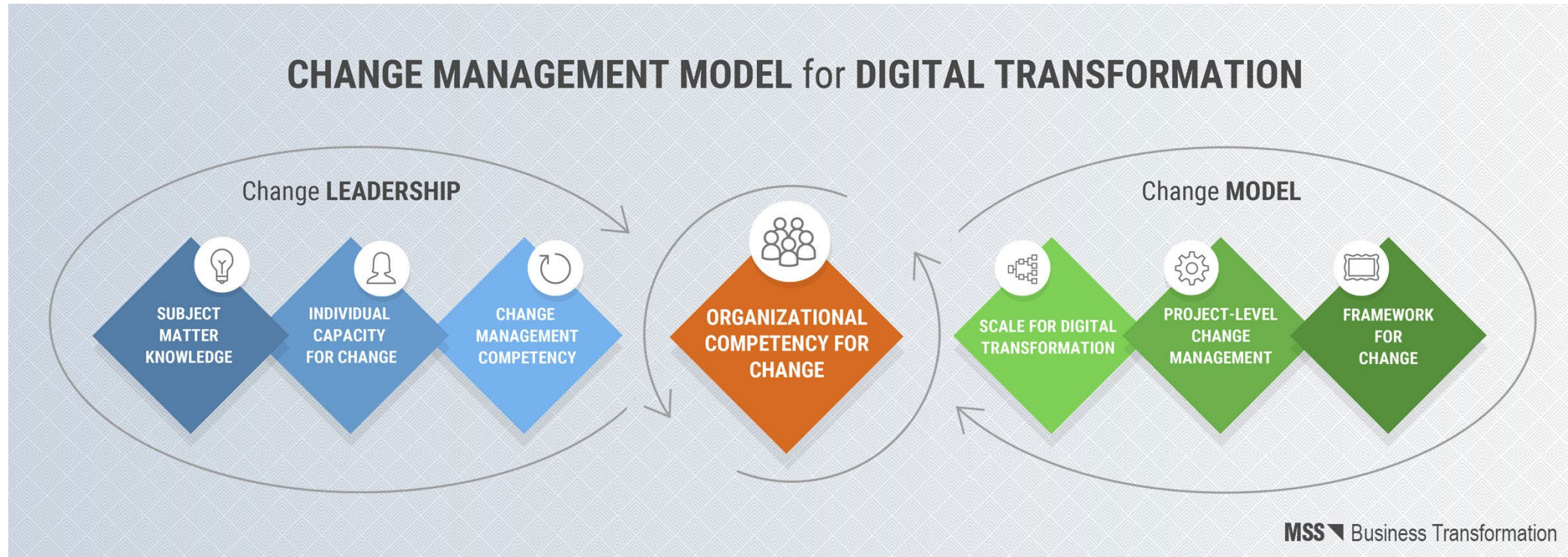
# Example of Methodological framework for change management during the life cycle of digital transformations (The 7Summits Way™)



Change management should be at the heart of the digital transformation vision and the “art of possible thinking” integrated into a digital transformation project/program



# It's all about people....



Integrating change management mindset and skills into the organizational DNA through training, talent and structure deep into the organization.

Assessing talent, structure, and information flow to allow for transparency, collaboration and emergent behavior.



# CONCLUSION



- ✓ Without successful change management, digital transformation efforts will not yield results
- ✓ The more you invest in the digital transformation program, the more you need to invest in the implementation of the change management program
- ✓ Change management means encouraging and making people aware to use the tools created for them to achieve significant business value.
- ✓ Integrating the Digital Transformation Initiative project and the Change Management Program is key to achieving results and creating digital business organizations

Project Management is the ‘technical’ side and Change Management is the ‘people’ side of CHANGE!



# 8 recommendations for successful change



1. *Embrace Change*
2. *Ask questions*
3. *Participate*
4. *Understand resistance*
5. *Open communication*
6. *No Blind Spots*
7. *Look for the big picture*
8. *Adapt fast*

Source: Miquel Llado

*To improve is to change;  
to be perfect is to change often.*

*Winston Churchill*







**Thank you for your  
attention!**

**Questions?**

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