Change Management

Creating an internal change capability: What’s the right organizational model?

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“We realized that we could no longer rely on occasional ad hoc programs to help us cope with organizational change. It had to be something we were good at across the entire company and at every level, all the time.”

That insight—from an executive with a European energy company—reflects how corporate thinking about change management has evolved in recent years. Managing change is now more than a “project”—that is, more than an initiative that is planned, staffed, delivered and then disbanded. It’s about continuously managing a portfolio of multiple, overlapping change initiatives—a much more challenging objective.

Meeting that challenge requires the creation of an internal change capability, a special kind of enduring expertise and professionalism in understanding and managing change. But how should such a capability be structured and operated? Staffed? Developed? What does the operating model look like? In some cases, enterprises may find it helpful to distribute change expertise across multiple business units. In other cases, a global and centralized change management “center of excellence” may be more appropriate. Ultimately, the effectiveness of the overall change capability depends on choosing an organizational model that is the right fit for how the enterprise operates.

Based on an analysis of more than a dozen implementations of internal change groups and capabilities around the globe, Accenture has synthesized the common drivers as well as a set of questions that can help organizations choose the organizational structure right for their needs and goals.

Drivers

Organizations are generally motivated to create a dedicated, internal change management capability because of one or more of the following experiences:

• **Fragmented programs and capabilities.** One high-tech company undertook an analysis and found that different parts of its global enterprise had been using 14 different change management methodologies. Projects were funded individually and, thus, not staffed appropriately nor managed in a coordinated way across the different initiatives, resulting in redundant activities, such as multiple...
communications and engagement initiatives with overlapping stakeholders.

- **Poor success rates for change programs.** Major change programs suffer from notoriously low success rates. But having a pool of highly skilled and experienced change practitioners can deliver significant improvements. Companies are finding that programs managed by resources from their centralized change management group are likely to be more successful in achieving the business case of the program.

- **Inflexibility and slow response times.** When companies set up change initiatives only on an as-needed basis, recruiting and staffing activities can extend the time needed to ramp up a project. Conversely, if a static pool of change practitioners is used, the likelihood of underusing those resources over time increases significantly. It is for this reason that companies are attracted to a center of excellence organizational model: with the right blend of internal and external resources, companies gain the ability to use their resource pools in a more flexible and effective manner.

**Constructing your organizational model: Key questions**

How should you structure your internal change management organization, staff it and operate it? There is no one right answer because the operating model will vary depending on your business, your needs and your experience. Based on our research, the following questions and considerations are especially important in constructing the model right for you:

**Strategic or project-oriented?**

Do you want your change organization working primarily on the most strategic initiatives of the company, or is the intention to have it support specific projects? Or both? Companies we have worked with and studied have taken different approaches. One global beverage company, for example, provides strategic change support through an organizational development unit linked to the HR function, with tactical change typically being dealt with separately on a project-by-project basis within the rest of the business.

By contrast, a global corporate bank has a change delivery function that focuses on change programs of all types using a portfolio approach. The change team provides different levels of resourcing, support and governance depending on the specific program. For example:

- High-impact programs that require global consistency are planned and managed with one team, one plan and one budget through the center of excellence.
- For programs that require coordination rather than global consistency, the change function serves as a steering committee providing centralized governance and oversight. However, the individual programs are responsible for providing their own change resources and are accountable for the delivery of goals set by the central governance team.
- For large programs with multiple delivery streams, the center of excellence provides program managers who serve as change delivery leads for the programs and work closely with teams from the business domains to execute the change.

**Enterprise-wide or business-unit focused?**

Will your center of excellence focus on serving the entire enterprise, or does the structure of your business dictate that the change organization will focus rather on particular business units? One global chemicals company built a mixed internal and external change service to support projects run by its enterprisewide IT organization. By contrast, a high-tech organization we studied established a capability to deliver a coordinated and consistent change effort for a major program (consisting of several projects) for just one of its business units, with the view to potentially expand later to other areas of the organization.

**Change-related activities or a broader agenda?**

Will your center of excellence focus primarily on delivering change-related support activities or will it take on additional roles in areas such as project management? An international bank with a global change-delivery function provides skills and services in project and program management, as well as change management expertise. By contrast, a global resource company’s change function focuses on strategic and large-scale change efforts, providing high-end change-related services such as visioning and change strategy rather than specific program management skills.

**Internal or external staffing?**

Will resources for your center of excellence be recruited and trained internally or will they be supplemented by third parties? A global technology company contracted with a team of third-party resources to not only establish the change organization but also train internal employees. This built a foundation for internal knowledge and prepared the company’s team to take the reins.

One of the benefits of an operating model that incorporates trusted third parties is that it enables staffing on demand—a kind of “change management as a service” model. At the resources company mentioned earlier, one of its units has proposed an organization structure for its center of excellence that includes core roles as well as others that can be used in a variable manner according to level of demand, leveraging both onshore and offshore resourcing options depending on requirements.

**Keys to success**

In addition to weighing the effects of these specific questions, several general success factors should be kept in mind as you work on an optimal operating model for your internal change capability. Effective sponsorship at the most senior levels of the organization is important for continuity of funding, staffing and service. It is also important to consider the people proposition for your internal resources: if they join the center of excellence how will that affect their career development?

Finally, putting clear and meaningful metrics in place is critical to delivering successful change and to keeping the internal change capability aligned with business needs. Establishing an internal source of change expertise is a good idea; demonstrating its effectiveness is an even better one.

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