VANGUARD
Scotland Ltd

10 Reasons Why

Programmes Fail

Questions & tips for avoiding failure

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Are change programmes a waste of time?

Are change programmes really on their death bed? In the current economy this is an interesting, must-ask question. Never has there been a greater need for change in our organisations and yet at the same time no-one is willing to invest in making a change because they are scared. Scared of what? For one thing that their change programme won't pay off, and according to Harvard Professor, John P Kotter, most don't. In fact he claims that 50% of all change programmes fail within a few weeks of their inception.

I can confirm from over a decade's experience personally leading change programmes across the world, often in organisations where other change methods have been tried and have failed, Professor Kotter is right. I've seen both the good and the bad and in my experience **change programmes fail for the following reasons:**

1. They use the wrong methodology

2. They are led by the wrong people

3. There is no understanding of the root cause of the problems

4. There is failure to tackle the root cause of the problems

5. The wrong questions were asked in the beginning

6. No one tackled the whole work flow

7. The analysis team was put together wrong

8. The programme was built around IT solutions

9. Different teams got in each other's way

10. There was no testing of results or follow up

However with proper advice and planning change programmes can be a success.

Change management has obtained a bad name. Too many companies have spent too much money and seen no results, and it's damaging both the industry and the organisations that really can benefit tremendously from a change programme that is well thought out and managed.

Now, before we get going, let me give you a small warning. Some of the information that I'm going to share in this report may be contrary to your current beliefs about running an organisation and managing change. So please keep an open mind as we tackle each of the 10 points above in turn.

1. Change programmes fail because they choose the wrong method

Here's the biggest mistake I made as a manager. Before I was a Managing Director, before even I was a consultant, I worked as a manager in a blue chip organisation. **I wanted the performance of my team to be better.** So I attended all the usual courses, read as much as I could and took the advice handed down by my senior managers.

Typically that advice was to:

- Set targets, both for the team and the individuals within the team

- Have service standards for how things were done

- Have regular one to one talks with team members

- Run weekly team meetings

- Hold quarterly and annual appraisals

- Run competitions

- Use incentives (such as meals, drink, sweets)

- Use punishment and reward

I believe that if we were being honest, even if we don't practice all of the above, it's the bedrock of how most managers run their organisations and certainly what they were taught in most management books and courses.

As an example, at the time I write this you could go to Amazon or any book retailer and search for the top selling management book and find 'The One Minute Manager', by Kenneth Blanchard at the top or at least very near it. This book insists that the way to get best results from your people is to catch them doing something right and praise them. The premise is that it encourages them to repeat the behaviour.

But I'll let you in on a secret. This whole way of thinking is based on an underlying principle that is flawed. It operates on the assumption that people have complete control over the work that they do, that if the manager can employ tactics to motivate the worker enough then the organisation will prosper. I'm going to demonstrate that this is lunacy.

Let me give you the simple example of a washing machine engineer. To understand and improve any organisation you start by asking a simple question.

"What is the purpose of our system from the customers' point of view?"

You can ask the same question of each department and each individual job role.

In the case of our washing machine engineer, it's to fix washing machines. Easy so far. Now in order to test whether the management practices behind the engineer are valid, let's ask a harder question:

"How much control does he have over achieving his purpose?"

When I'm speaking at conferences I ask this question. And mostly the answer I get is that how the engineer performs is mostly down to him, *i.e.* his knowledge, skills, attitude and work rate. And if that were true then setting a target, using incentives, manufacturing competitions and organising performance related pay would probably work.

But the problem is that that underlying assumption, that it's down to the engineer. Wrong. Let me explain. In order to understand whether the performance is indeed down to the collective efforts of the staff you have to know **how the work works.** And to see how the work works you have to study inputs, throughputs and outputs.

In the case of the washing machine repairs organisation, the process begins with a call from a customer. They call to ask, well, the obvious … "Can you repair my washing machine". But what's interesting is what happens next.
The people handling these calls are measured on the number of calls they take, how long they spend on the call and how long they spend not taking calls. The intelligent question here is what has that got to do with diagnosing faults? This is actually a measure of hitting call targets and it has its own consequences.

If you were to ask the engineer about the quality of the diagnosis (as you should do) you would find that around 40% of the calls (in this case that's hundreds every week) are incorrectly diagnosed. Wasn't that the initial job of the person taking the call? No manager ever measures that. The result is that in many cases when the engineer arrives at the customers' home he has brought inappropriate parts and **he is unable to fix the machine.**

Going back to the call centre, the next thing that happens in the work is that a repair visit is scheduled (in a different part of the process). Those people organising the repair calls are judged by how many they organise each day. Guess what they do? They over-schedule to hit their targets. The engineer spends the first hour of his day contacting 3-4 customers to say he won't be at their home that day, because he cannot possibly be.

Finally the engineer has to collect the parts for his visits. The Parts Managers are incentivised to keep a low stock. When the engineer arrives to get the machine parts, around 25% of the time the part is not available. Back orders! All very expensive and all the fault of target mentality.

> **TIP:**
>
> **Go to a part of your business that uses targets and spend an hour with a front line member of staff. Watch and see how particular targets affect their behaviour and the customer experience.**

To make matters worse, customers repeatedly call back, demanding to know what's going on. (Who can blame them?) John Seddon, Vanguard's Chairman, calls this **failure demand.**

More failure demand means call volumes rise, and that means more staff are needed, and so costs rise. What do managers like to do when costs rise? Right! Incentivise down! The purpose of this so-called customer service system is really just to hit your numbers, and often arbitrary and unreachable numbers at that. And all the while, service gets worse and costs keep increasing.

> **TIP:**
>
> **Spend a day finding out how much of your demand is failure demand.**

I hope you can now see that only a small percentage of fixing the machine is down to how hard the engineer works.

I'll say it again. **Performance has very little has to do with the people in your organisation.**

Yet here is the perverse bit: when your system starts to fail, your managers will always resort to one-to-ones, team building, and I.T. to fix it. **None of these will work.** Why? Because the problem is down to how the work is designed and managed.

FACT: PEOPLE PROGRAMMES DON'T WORK, BECAUSE PERFORMANCE IS A FEATURE OF THE SYSTEM.

So what's the answer?

Managers have to change both how they think and how they spend their time. They need to reset the purpose of the business to match the customers' perspective, replace any targets they may be using with measures related to the company's purpose; then they should focus on how the work flows, and spend their time improving that, and only that. No more one-to-ones!

2. The right people must lead the change

Imagine that you've already recognised that running a change programme to fix the people in your company was the wrong thing to do. Great, you're half way there. Now you either gain expertise yourself or bring in experts to help you diagnose the problem and develop a solution. **But you're busy.**

You would like to spend a few weeks in the work, but you just can't afford the time. Then at the end of three weeks the consultants, accompanied by a team from your front line staff, show you how your organisation works, and that the problem is really about how you think and how you spend your managerial time.

And now let's say you do the right thing. You tell the team to set up a test area using different policies, different measures and better job designs and processes. Well … you're still not there. How do you think your middle managers would react? In my experience, badly!

If change is important it must be led by the right people, and that means the senior manager that commissioned the work. So my serious recommendation is **if you can't commit the time don't do the programme.** It will be a waste of your time and money.

Over the past 10 years of running change programmes I've met a few truly **outstanding leaders.** Laurence Barrett of Velux, and Rachel Mackenzie of E.on, spring immediately to mind as a couple of examples and we have case studies available on the work we did with both of them on our website at:

http://www.systemsthinkingmethod.com/change-management-resources.html

The rule is simple: if <u>you</u> can't lead it, don't do it.

3: No understanding of the root cause of the problems

The past 10 years has seen a dramatic rise in the number of start-up consultancies and training firms specialising in programmes like 'lean', 'six sigma', 'kaizen', 'systems thinking' and 'behavioural management'. And I have no doubt that some of these firms do very good work.

But I have followed a lot of change programmes undertaken by companies like these where the **understanding of the problem was simply wrong.** Let me give you an example from my own past, so that rather than have a go at others I can demonstrate my own stupidity. (Yes, I've made my mistakes too.)

When I was in my twenties and a young manager I spent much of my spare time training to lead management and people programmes for a large people development company. In my late twenties I went to work for the organisation full time.

After about a year of running open management and communication programmes I was assigned to an in-house job. It was a small company that was failing to get its' product out the door. They were losing quite a lot of money, scores of customers and morale was very low.

I held interviews with the staff and management. They all said the same thing - communication was poor and some of the teams didn't get on so well together.

A programme was designed to help staff talk to each other more, respect each other, away days were arranged, a staff newsletter was designed, and of course all of this was done off-site, as these things always seem to be. It didn't work.

I left the training firm feeling very confused. I'd been trained that it would work! I later realised that the root cause of the problem was the revenue targets set by the Managing Director. **The measures caused the teams to compete rather than collaborate.** Good luck treating that problem with a newsletter and an away day!

The problem was that I hadn't yet learned how to study the work and look deep enough to get to the real problems.

4. Failure to tackle the root cause of the problem

It is one thing to know what is causing the problems in an organisation, but quite a different matter to do something about it. One of the biggest disappointments as a change consultant is when the answer is staring you in the face, you know it, the leader knows it, but he or she simply doesn't have the will to tackle the real issues.

When a leader makes a stand to sort out the real problems, dramatic things can happen.

Colin Peebles of the Lothian and Borders Police is one such leader. In order to improve the performance of the Criminal Justice System in his region he once had to fight to change the fiscal measurement system, and get access to previously banned IT systems for police officers. He stood his ground in the face of fierce pressure. His judgement turned out to be right, and these measures alone helped reduce the time for a case to go through the system by up to **300 days.**

A useful tactic before you start a change programme is to scope out the area with an expert who knows how to study the work. They should be able to point out the big issues before you begin the real analysis. That way, you have an **informed choice** about whether you even want to begin.

We call this 'Scoping'. It is a very, very powerful measure by itself.

5. Asking the wrong people the wrong questions

Many change agents assume that the information about the problems lie in the heads of the managers leading the organisation. **It doesn't.** If it did, surely the problems would be fixed and there would be no need to make any changes.

The answers lie in the work. That means the answers lie mostly with the front line people. The trouble is, front line people may often know what's going wrong, but not quite why.

For example when I asked the front line staff in a manufacturing plant why order fulfilment wasn't going well, they knew that the teams didn't work well together but they couldn't answer why.

People leading a change programme need to be able to gather data on two types of questions:

1. What's going wrong in the work

2. Why it's going wrong

TIP:

Go to the start of a work process and ask each person in the process the following questions:

- **What are the steps in the flow?**

- **What goes wrong?**

- **How often?**

- **What is the impact?**

Remember, you're going to change just the parts that are going wrong.

6. Failure to tackle the whole flow

A common error in change programmes is the failure to tackle the whole process. Instead the change agent often mistakenly focuses on only one piece of the flow.

For example, imagine if when attempting to improve the system for the washing machine engineer we only studied the call centre. Sure, we might make that piece of the system better, but the engineer would still be hampered by poor scheduling and the wrong parts.

Often when I work with managers and I explain this way of working they laugh, because they have experienced a situation where a downstream manager has been congratulated for the improvements in their area, without realising that upstream the whole system is in meltdown.

Before you start your change programme make sure that you have the opportunity to fix a system that starts and ends with the same customer. I'll say it again. You're going to fix the whole system, from customer back to customer.

7. The wrong analysis team

Here's how to kill change fast. Have only consultants do the analysis.
They will find things wrong in your business and they may even be the right
things. But guess what the staff and other managers will be saying.

- "They <u>would</u> say that."

- "They're being paid to find things!"

- "If you dig deep enough you'll always find things wrong."

There is a purpose in hiring external consultants. They should bring two things
to the change programme:

1. **Outsider's perspective:** the ability to look at the organisation from
   the customer's viewpoint

2. **Method:** a systematic way of testing from different perspectives

Fine, but who does the analysis?

The answer is the front line staff; one person from each function within the
core process, and one manager. Here's why:

- Front line staff know most about what's going on in the work.

- Front line staff can speak to other front line staff and get the truth
  about what's going on.

- Front line staff are the ones who feel the pain of the current design, and
  are usually desperate for change.

- Front line staff, the ones feeding back the findings of the analysis, are
  most likely to be trusted by their workmates.

- You'll need a manager to run the prototype area once the analysis is
  done.

**Hence, the role of the consultants is to teach the front line staff how to
analyse and change the work.**

A note about the profile of the team. In our experience, the analysis team should have three characteristics:

1. Each member should be respected above and beyond their current position.

2. Each person should be enthusiastic about change.

3. One of them should be one cynic.

1. Respected above and beyond their current position

Malcolm Gladwell, in 'The Tipping Point' (2000), explains this best.
When the city of Boston was about to be taken by the British in 1775, two men had the job of telling the community that the invaders were on their way. Paul Revere and William Dawes each took on the task of going to different towns to gather militia to repel the attack.

The next day when the British began their march toward Lexington they were met with fierce resistance. That battle was the start of the American Revolution. But in the towns covered by Dawes there was almost no resistance at all.
Gladwell explains that Revere succeeded where Dawes failed because he was a connector. He was a social individual, well known and liked in the community. In other words, if Paul Revere says it's true then it is. Trust me. **You want Paul Reveres on your team.**

2. Enthusiastic about change

Need I say more? Yes, I need to. Often when running a change programme the manager (whose area is being analysed) provides staff that they want out of the team. You might end up with people who don't care and don't want to get involved. No one is going to believe them when they share data, and you might have a hard job getting them to engage with analysis. Instead you want the best people, the table thumpers; those who keep asking for things to be changed, who've already seen the problems but have no authority to fix them.
Years ago I worked with a remarkable individual called Simon Stead. Simon was a front line member of staff, very intelligent and desperate to get change. When he was shown how to study the work and change it, **there was no holding him back.** He devoured the information and helped the organisation make great change. He is now a senior manager.

3. Have one cynic

We love cynics. It's useful to have one member of the team who's been there, done it and seen it. Because when they tell others that this is different, people will **sit up and listen.** (One is enough though.)

8. The programme is led by I.T.

Of all the problems we've been asked to fix over the years this one is **really common**. It's the headache of the information technology-led change programme. Why is this an issue? Because there are usually these two problems:

1. The **IT firm goes in with an off-the-shelf solution.** As a consequence the processes have to conform to the IT, instead of the other way around. This matters an awful lot. The supplier promises that things will settle down and get better. They don't. They never, ever do. Eventually more and more money is spent to fix the problems.

2. The **IT firm copies the current processes** and hardwires the problems into the system. What? Yes. You can automate your poor practices if you don't watch out. Then you'll make a mess at super speeds.

I'm not saying that IT doesn't work—quite the contrary it's extremely useful — but I am saying that designing the **IT should be subordinate** to first studying the system, improving it and then pulling IT in to make further improvements to flow.

9. When the clean stream is different from the analysis team

Something every change agent needs to know is how to fix systems that involve different organisations. Many of the change programmes I have run have involved multi-agency systems, for example, if we go back to the case of the Criminal Justice System, there are four organisations: the police, the fiscal service, the court service, and social work. Of these four systems the police are the most challenging to work with.

They're challenging not because they don't want change—quite the reverse. It's because their environment is so fast changing that people are continually on the move. Every time I have been involved in a programme of change with the police, the team that conducted the analysis has completely changed by the time we get to test a new design.

When someone moves from an old system to a new one with a different design it **takes time for them to understand the new design.**

If it's possible to avoid this then I'd highly recommend it. In fact my advice would be to make it a condition of your programme that **the people doing the analysis are the same ones that will and run and test the new design**.

10. No testing and follow up

This tip seems so obvious that I almost don't include it. But forgetting this no-brainer can be lethal to change programmes.

Imagine the scenario in which you hire expensive consultants, they do an analysis and you ask them to write a report (two mistakes already). The report gets passed around a committee who argue about the data and what should and shouldn't be done. And in the end you make a few tweaks here and there, but there is no lasting change.

Or

You hire consultants, **they teach your people to do the analysis**, you don't need a report because you were involved and you go ahead and test the change. In fact you roll-in other areas to the test area and the **whole system gets changed.**

It often stops there, because the middle managers don't know how to follow up and keep improving. And within six months the old behaviours and beliefs start to creep back in.

I make a deal with clients once we have done Scoping, that if they have no intention of actually making a change then they shouldn't bother to do the analysis. There is nothing more demoralising for staff than to be shown what's wrong, and why, and how to fix it, but then nothing happens. So if you are not fully committed to the change, I counsel you not to start.

In the case of your middle managers, they're going to need help to **unlearn and then re-learn.** This takes time and persistence on your part. They need to know what was wrong with the old system and how to manage in the new one. It's like learning a new language - the rules are completely different.

Your managers will need new skills, they will need to learn analysis methods, tools and tactics for re-design, how to use measures differently, how to run board meetings, how to problem-solve and how to study data. Therefore a programme needs to be designed for this group and they need one-to-one help and coaching.

10 tips to get your programme going:

1. Define your purpose from the customers' point of view

2. Gather data on end-to-end time

3. Gather data on calls handled in one stop

4. Gather data on transactions handled in one stop

5. Gather data on percentage of calls that are about failure demand

6. Map the whole process, as it actually is

7. Validate the findings with the whole department

8. Run a survey, asking these questions:

   a. What's it like to work here?
   b. What does your manager pay attention to?
   c. What are you measured on?
   d. How do you know if you are doing a good job?

9. Spend a day dealing with customers and record some of the transactions

10. Ask some customers these questions:

    a. What is most important to you when you deal with us? (rate each one 1-10)
    b. How do we perform (1-10) in each area?

I'm happy to explain each of these in detail or to meet with you for an initial chat. To see your options for getting in touch please visit www.systemsthinkingmethod.com/contact.html

Good Luck

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