



Change
Management
Institute

Organisational Change Portfolio Management

Introduction

Effective Change Portfolio Management enables organizations to navigate accelerating change with greater agility and efficiency. It is central in managing and mitigating organizational risk and the impact of change on every company's most valuable asset - it's people.

The focus of Change Management Office (CMO) functions can vary from project centric to strategic execution of initiatives or transformation programs. Change Portfolio Management evolves as a key focus of the CMO as they endeavour to understand the full change landscape of the organisation and the volume of change occurring concurrently. Methodologies, approaches and tools applied are still in their infancy.

This paper explores the need for Change Portfolio Management, and its key elements, outcomes and challenges.

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The Evolution of Change

'The pace of change will never be this slow again.'

This observation by Gartner explains the rapid evolution of the Change Management discipline in the last 30 years.

Change Management first emerged in the corporate context in the 1990s. Its focus then was to either increase technology project success rates, or to facilitate culture change to empowered leadership and employee engagement. In the 2000s more and more approaches and methodologies to manage change in the project context appeared.

Over the last 5 years, we have seen the next step in the development of change management as a function. Initially companies contracted change managers to assist with project success, whereas now we increasingly see large companies invest in Change Management Office (CMO) infrastructures. The intent of these functions varies, however there is a desire for greater control over costs and process not dissimilar from the early Project Management Offices (PMOs) and a desire to increase internal change capability. Whilst there are common models and methodologies for project change, the focus now shifts to how CMOs best manage change portfolios and the impact of all changes across the organisation.

Once a CMO is established, the first area of focus is to understand the internal change landscape; the volume and impact of the changes underway or planned. Though in its infancy, this work is known as Change Portfolio Management.

Methodology and Research Design

Over the last two years the Change Management Institute has researched change trends and Change Management Office capabilities in the form of two surveys.

This paper draws on the answers provided by close to five hundred (500), primarily Change Management professionals, respondents in conjunction with a broader literature review.

The Change Management Institute research on 'Emerging Trends in Change Management' conducted in 2018, surveyed two-hundred and ninety-two (292) change professionals across thirty-one (31) countries.

'The Jobs of a CMO Leader' survey conducted in partnership with the consulting firm Issoria in early 2019, surveyed close to two-hundred (~200) corporations across five (5) regions (35.6% representing Europe, 31.88% Asia Pacific, 18% North America, 7.5% Latin America, and 6.88% the Middle East & Africa).

Research Findings

Why does Change Portfolio Management matter?

Our research conducted in 2018 reveals an increased recognition and need for excellence in Change Management, and a continued trend towards establishment and development of Change Management Offices. These findings are in line with PROSCI's 2016 Best Practice Report, where 42% of respondents indicate that they manage their Change Portfolio.

The main reasons for managing the multiple changes as a portfolio are:

- The lack of **capacity to absorb change**¹, **change saturation and change fatigue**, with 78% of organisations saying they are nearing or past the point of change saturation.² Saturation here is understood as the point where an individual or organization cannot handle additional stress without decreasing overall performance.³
- **Time and resource collisions** and the need for effective allocation of change resources and funding to multiple simultaneous projects and change initiatives.⁴
- The need to **identify and mitigate risks**, improve the likelihood of success for the change initiatives⁵, and maintain operational standards.
- **Fragmented programs and capabilities**, a need for **increased organizational effectiveness** and the desire to **improve organizational change maturity**. This includes ensuring efforts are not duplicated, management of inter-project dependencies, aligning change initiatives with the organization's strategic goals, and enabling business leaders to manage the change at hand and consider what else is happening, before commissioning another idea.

Defining Change Portfolio Management

Our research shows that there is a wide variety of functions and responsibilities of CMOs and that Change Portfolios differ in terms of scope and their degree of influence.⁶ There is also no universally agreed definition of what the CMO does or what Change Portfolio Management is.

¹ Portfolio management transformation, page 4

² PROSCI. Introduction to Change Portfolio Management

³ Harrington, H. J., & Voehl, F. Organizational capacity for change: Increasing change capacity and avoiding change overload, page 4

⁴ PROSCI 2016 Benchmarking report, page 321, 328

⁵ Change Management Institute, Creating a Portfolio Level Picture of Change

⁶ Change Management Institute. (2018). Emerging Trends in Change Management; Change Management Institute & Issoria. (2019); The Jobs of a CMO Leader survey and findings summary – Part One

Ernst and Young describe Portfolio Management as a group of programs and/or projects managed in a coordinated way to support business strategy and to deliver benefits in line with strategic objectives.

According to The Boston Consulting Group (BCG), companies must set up and oversee change initiatives systematically if they want to succeed, and a change portfolio approach helps leaders address evolving demands, solve problems, and manage and prioritize the change portfolio with transparency and speed.⁷

PROSCI describes Change Portfolio Management as a process that comprises of five steps: Identify portfolios of change and their stakeholders, assess change across programs of work, analyse the changes, identify risks, and prepare and present a change management view of portfolios of initiatives.⁸

The Change Management Institute definition of Change Portfolio Management is: *The continuous assessment of the cumulative change impact of a group of programs, projects and/or initiatives to enable strategic decisions to be made on pace, scope and communication 'of the collective impact.*

Change Portfolio Management occurs at different levels and accountability may reside in different functions such as; through a Change Management Office, a Project Management Office or through the change resource on a change program. It is a scalable process and an understanding of its methods and approach is critical for all members of the change profession and not just those in leadership roles or working in CMOs.

How does Change Portfolio Management Work?

In our research paper on Organisational Change Maturity we identify Strategic Leadership, Business Readiness and Project Change Management as key categories to build effective change maturity (*refer to Appendix 1: Organisational Change Maturity Model*).



- Strategic Change Leadership (architects and drivers)
- Business Change Readiness (receivers and beneficiaries)
- Project Change Management (developers and implementers)⁹

⁷ <https://www.bcg.com/en-au/capabilities/change-management/is-your-change-management-approach-keeping-pace-with-digital.aspx>

⁸ PROSCI. http://www.cmcpartnership.com/sites/default/files/about-prosci-summary-cmc_new_version_v1_september.pdf

⁹ Change Management Institute. (2012). Organisational Change Management Maturity. Change Management Institute White Paper.

Change Portfolio Management is a mechanism to move organizations along the change maturity pathway if its focus is broader than project delivery only.

Project Change and Business Readiness Context

Our change management competency models clearly articulate the need for change managers to assess the environment in which the change will occur to understand other key priorities that may be competing with the change. Change professionals also assess the detailed impact of the change on the different stakeholder groups in order to design the change approach. This level of analysis for the individual change initiatives is critical for change portfolio management to be introduced.

Strategic Change Context

Change professionals generally understand the strategic alignment of the change they are enabling. No matter how small or granular the change is, there is always a sound reason for implementing whether that be improved customer experience, increased efficiency, aligning to the digital footprint and so on.

This backdrop is important in understanding Change Portfolio Management. Based on the market review the Change Management Institute has identified the key elements that make up Change Portfolio Management.

Elements of Change Portfolio Management

1. Define the current and pipeline activity

To understand the change landscape and context of a portfolio a continuous dialogue and feed of information from projects and business activities is required. This includes the understanding of type of change, timing, and scale of impact. The feed of project information is supported by a standardisation of Change Management methodology and tools and the definition of key change deliverables and work approaches that suit the organisation.

2. Assess the cumulative impact

Preliminary findings of the 'The future of Change Management Offices' survey reveal that 66% of respondents see a consolidated view and assessment of change across the organization, and 64% see integrated change planning, as their primary focus.¹⁰ This includes centralised information gathering and reporting, and assessment of cumulative change impacts on employees and the customer, to enable the

¹⁰ More than 85% of respondents either lead a Corporate Change Management function, work in a Corporate Change Management function or have set up a Corporate Change Management function.

identification of potential risks to business performance i.e. time and capacity conflicts.

3. Manage pace of change

This element describes the accountability for portfolio management, governance and prioritisation.

Change Portfolio Management decision making and prioritisation is supported by the consolidated view of change impact and reports on change risk, benefits realisation, and project progress. These insights enable strategic advice to the business via a defined governance process, which is designed to ensure alignment of change initiatives with the organization's operational requirements and strategic goals.

What are the outcomes of successful Change Portfolio Management?

Change Portfolio Management has strategic and operational benefits to the organisation and plays a key role in maximising change adoption. This is achieved by:

1. Proactive management of risk including the capacity of the organization to absorb the changes at hand.
2. Strategic alignment of business priorities. The change story is articulated, and makes sense of how all changes integrate, and how they support the execution of the company strategy.
3. Shared understanding of volume and pace of change. Change Portfolio Management provides a regular, structured snapshot of key change effort and creates a standard and common language. This contributes to a meaningful and practical conversation at the management level to enable successful change implementation.

The elements of Change Portfolio Management at a glance

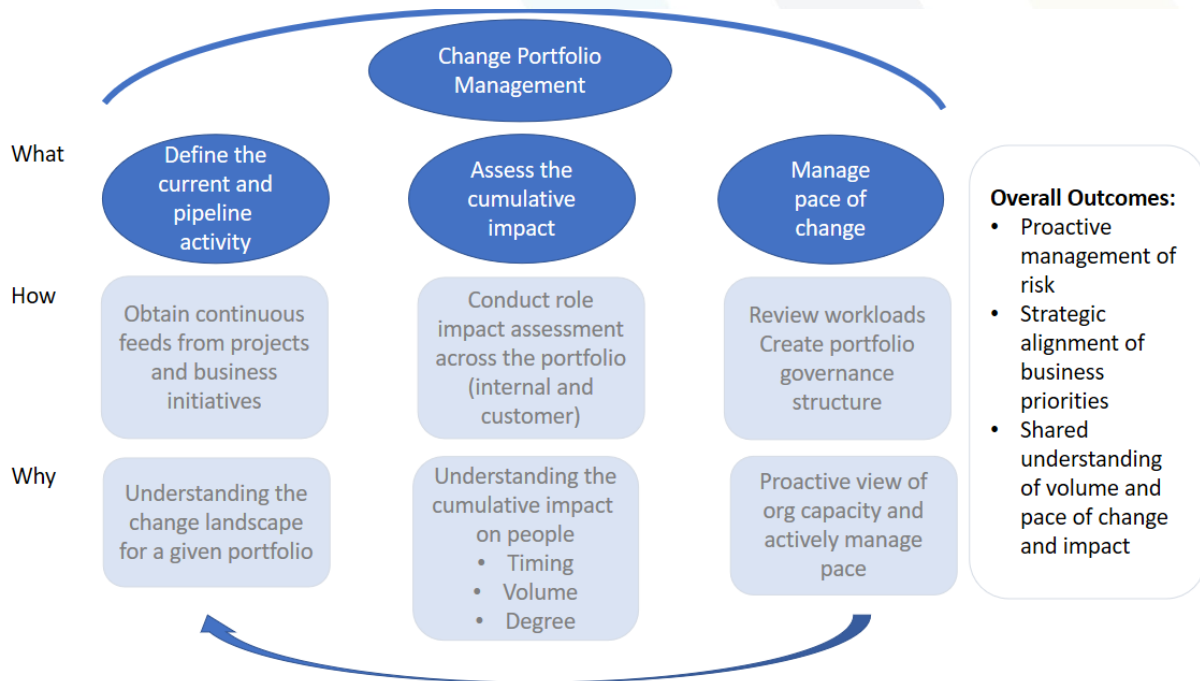


Figure 1: Elements of Change Portfolio Management

Challenges of Change Portfolio Management

As Change Portfolio Management gains more presence in the workplace, we observe the following challenges:

- Organisations are constantly striving to find the balance between internal and external change resources to best support their change portfolio.
- The scope of Change Portfolio Management can vary (e.g. program based, functionally based, or enterprise wide), and there is not a one size fits all approach. The scale of portfolio management must be appropriate to the size of the organization, the number and complexity of change initiatives it faces, and its ability to report on these initiatives.
- The adoption and utilisation of the Change Portfolio Management tools varies depending on organisational and/or geographical change maturity. For example, it is reported that in the UK many organisations do not capture metrics outside of project metrics. Whilst there is data on delivery of the project deliverables, impact, and the required effort and time to make these changes and train staff, are not tracked.¹¹

¹¹ <https://agilechangemanagement.co.uk/wp-content/uploads/2019/02/Change-overload.pdf>

- Change Portfolio Management resourcing, and the large volume of data can make the upkeep of information challenging. This is amplified by a limited appetite for investment into, or sourcing of scalable systems that support change portfolio management information gathering and analysis.

Conclusion

Our analysis of the existing Change Portfolio Management methods and approaches shows that whilst there are some off-the-shelf solutions available most organisations have developed bespoke models and tools.

Some change portfolio methodologies are based on existing Project and Portfolio Management models such as e.g. Alexos Portfolio Management, others build on PROSCI's Change Portfolio Toolkit¹² or toolkits such as the ChangeFirst offering¹³.

For a portfolio of projects or a programme, many change professionals have developed their own methods, extending their impact analysis approach on individual projects to creating a more visual approach to share with Programme Directors, Sponsors and Executive Teams.

This research uncovers that analytical Change Portfolio Management tools and capability are not yet widespread. We are yet to see if companies will have the appetite to invest in some of the emerging digital solutions that support the provision of timely change portfolio data, and whether our change teams need to start becoming better versed in Change Portfolio Management analytics.

¹² <https://store.prosci.com/change-portfolio-toolkit.html>

¹³ <https://www.changefirst.com/product/roadmappro>. This offering is available to all our corporate members at our corporate discount rate.

APPENDIX

Appendix 1 - Organisational Change Maturity Model

Level 1 Initial	Level 2 Repeatable	Level 3 Defined	Level 4 Managed	Level 5 Optimised	Organisational Change Maturity Model
		Project Sponsorship, Executives are tracking Change KPI's and prioritisation processes in place	Organisational Change leadership, accurate feedback constant assessment to change targets	Executive change office, Board reporting, Agile project Governance	Strategic Change Leadership Driving (Should/Why?)
	Repeatable communication and training processes available for business	Business Units have view of Project change (Heat Map) and ability to influence approach	Standards are in place to rollout change quickly and consistently. Feedback to adjust and manage effectiveness	Business areas comfortable with constant change Leaders and managers effectively driving	Business Change Readiness Receiving (How/When?)
Ad-hoc project change Management (focus on Comms & Training)	Change managers on projects, Change methodology in place, most projects using	Change and Project methodologies linked, Change training for Project Managers	Projects designed and assessed around Change management vision and inputs	Smaller initiatives, constant assessment of an ongoing Change portfolio	Project Change Management Implementing (What/Who?)

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