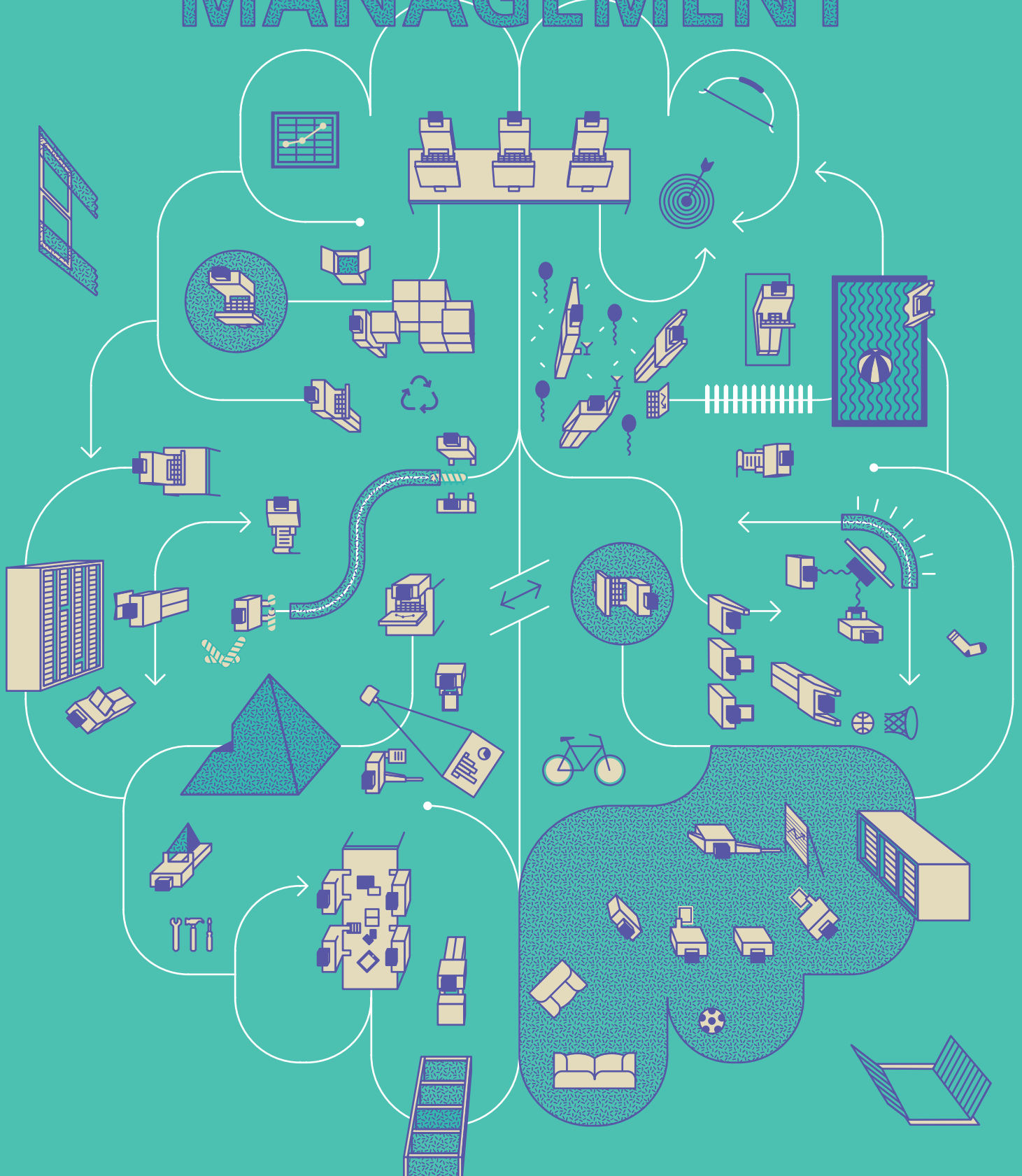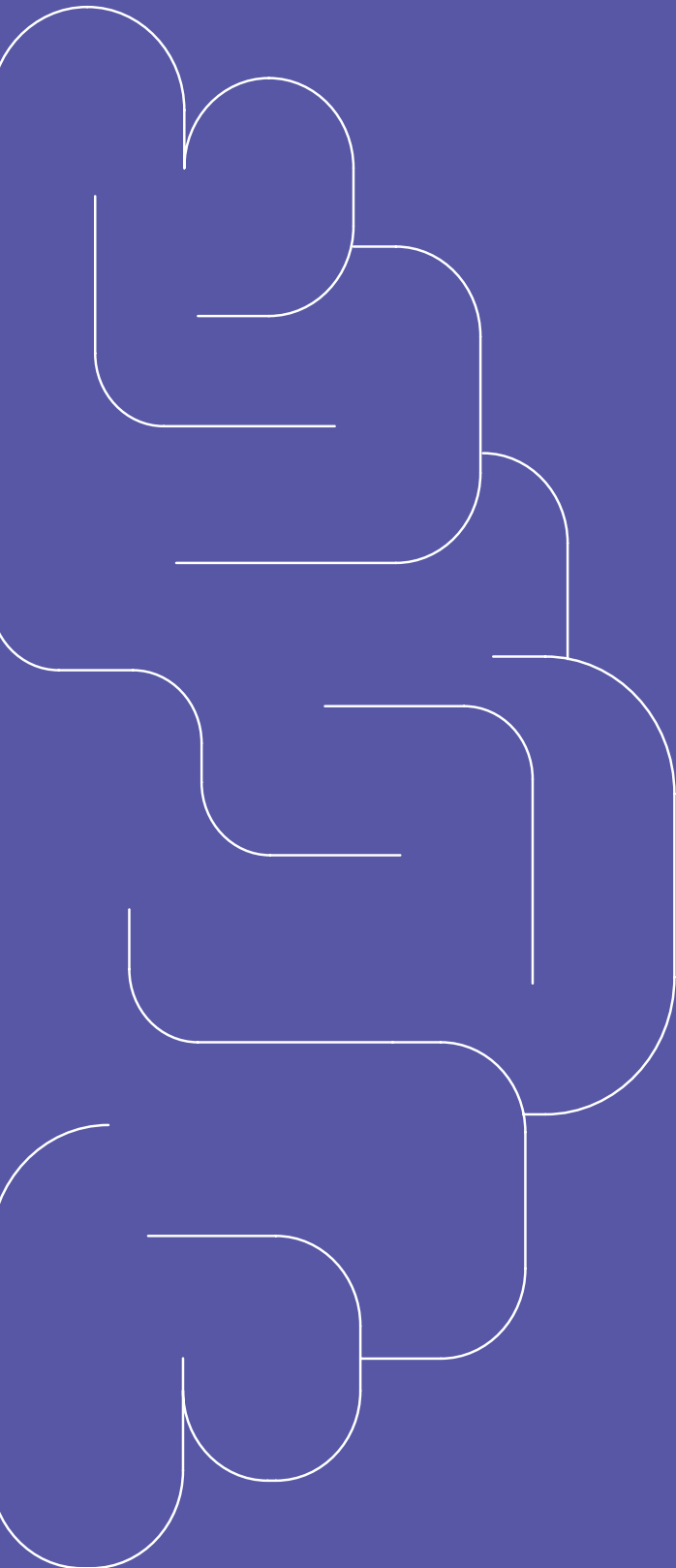# THE VALUE OF CHANGE MANAGEMENT

EXECUTIVE SUMMARY

Innovation and agile management of change in business is essential to stay ahead of competitors

We live in a business world that is increasingly competitive, complex and fast paced. To be successful, organisations must strive to be innovative and efficient. This means having a workforce that is flexible, mobile and able to collaborate. Companies must attract and retain talent. Agility – anticipating and addressing forces affecting business – is key.

The importance of innovation cannot be underestimated. Successful companies know that in order to thrive they must continually reshape their business and keep performing as the company grows. Products, services and interactions with customers and clients are all ripe for transformation and improvement.

Technology is frequently at the heart of business evolution. Organisations move to Google Apps to help them in their quest for innovation and agility. If change is managed well, making the transition to Google Apps can bring myriad benefits for an organisation. Switching the technology platform that a company uses is a clear signal to employees that the organisation is forward thinking, and looking to transform and modernise. But change is often challenging. The importance
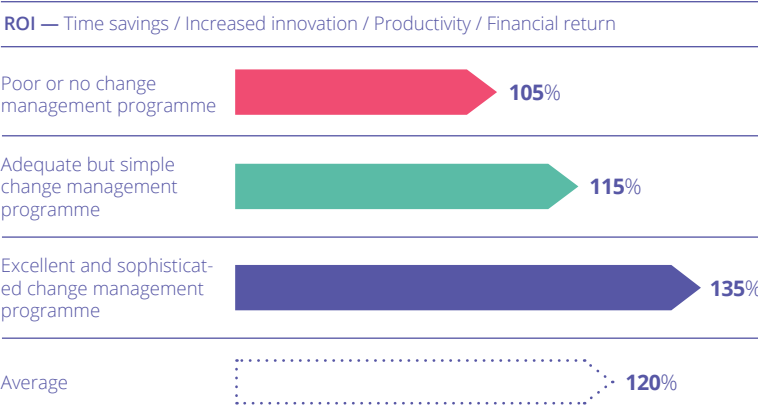
of a well-managed transition is paramount. In short, the more organisations invest in structuring change management, the better the results.

Some organisations expect that they can achieve benefits without properly investing in the process of change management or effectively guiding their employees through the journey. But change is not simply about, in this case, introducing new technology and then standing back – it is also about changing people's behaviour.

Change management is still seen by many people in organisations as "fluffy" or optional. But we know that when organisations cut corners, things go awry.

For this research report, we surveyed 300 respondents across 11 countries in senior leadership roles, evenly split among five sectors and by company size (see graphic on page 6). Leaders were asked to define their company culture when it came to change – "embracive", "co-operative", "reluctant" or "resistant" – and they were also asked to determine how effective they thought their recent change management programmes had been – "excellent and sophisticated", "adequate but simple", or "poor or none".
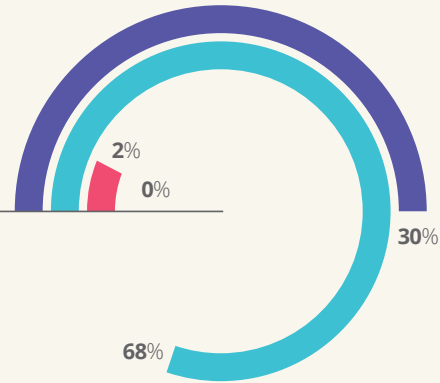
KEY POINTS

- ROI of excellent and sophisticated change management programmes is 135% (see fig. 1).

- Our data shows that preparedness is vital – understanding the profile of employee groups and identifying their learning needs in advance will put you ahead.

- People, particularly senior leaders and executives, are key to successful change management.

- Employee champions or "Google guides" deliver value as early-adopters and effectively spread messages across the organisation.

- A greater investment in training will yield results. Transformation labs – workshops designed to uncover how process can be reinvented and improved – can provide real-world examples, and motivate and inspire change.

- Post go-live project teams are vital for embedding change and driving innovation in the future; "innovation councils" – comprised of employees who can lead and manage change – ensure ongoing commitment and increased project ROI.

Figure 1
ROI achieved in first year through change programme
The better the change programme, the higher the ROI

ROI — Time savings / Increased innovation / Productivity / Financial return

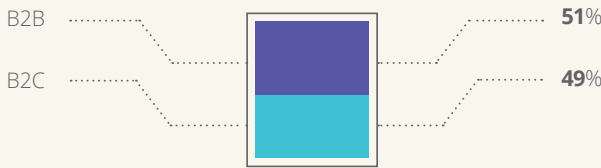|	
Poor or no change management programme	**105**%
Adequate but simple change management programme	**115**%
Excellent and sophisticated change management programme	**135**%
Average	**120**%

DEMOGRAPHIC

This report has been compiled through telephone interviews with 300 C-suite individuals from leading organisations around the world. Interviews were completed by an independent surveying organisation on a pre-qualified but random sample. The individuals that participated in the survey covered a broad spectrum of industries and companies.
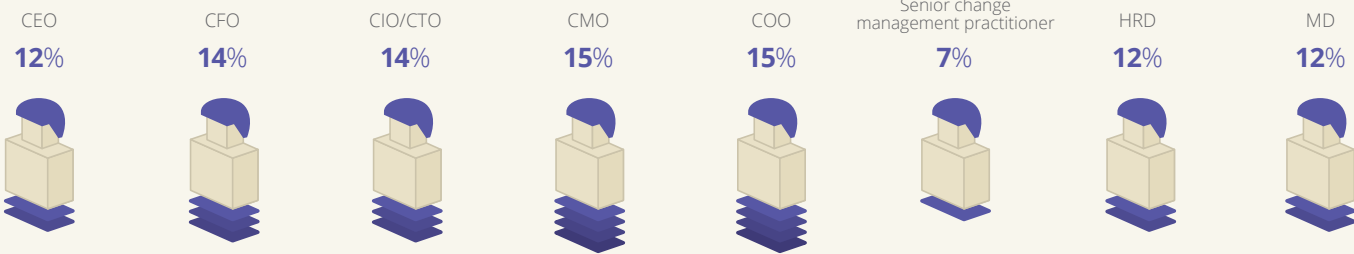
ATTITUDE

▼ EMBRACIVE
My organisation recognises the value of change and actively initiates and embraces change management programmes that deliver business improvement

▼ COOPERATIVE
My organisation is prepared to recognise that change can be necessary and will cooperate with change programmes initiated by the business

▼ RELUCTANT
My organisation is reluctant to endorse change and will only execute change management programmes under mandatory direction from senior management

▼ RESISTANT
My organisation is resistant to change with change management programmes neither initiated nor delivered by any level of the organisation
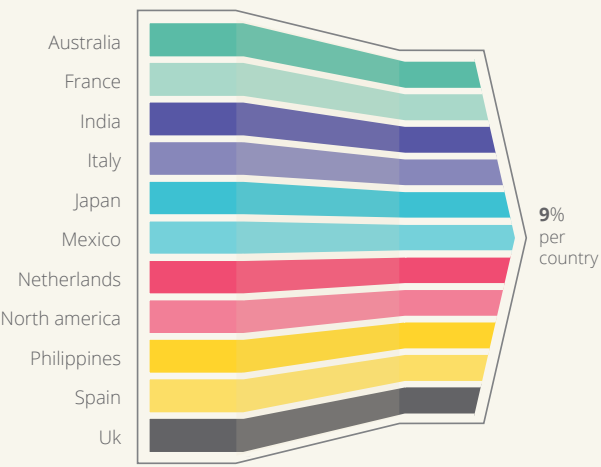
2%
0%
30%
68%

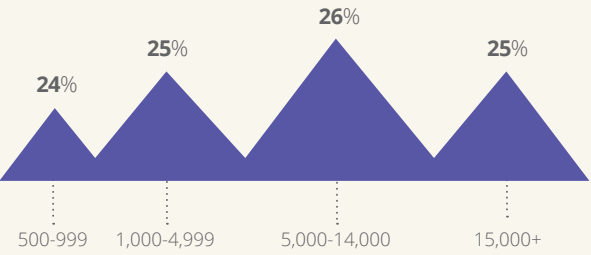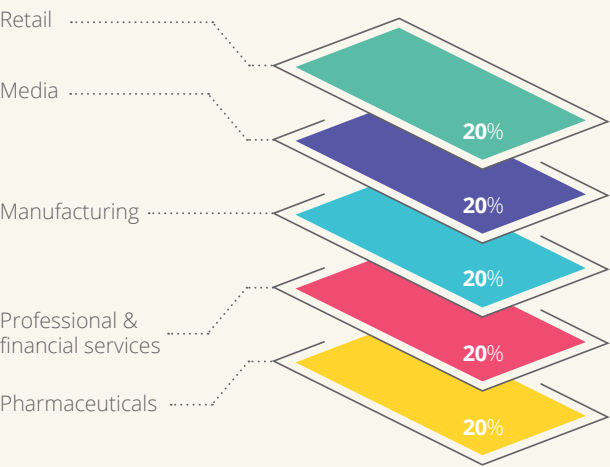## BUSINESS ORIENTATION

B2B — 51%
B2C — 49%

JOB TITLE

CEO	CFO	CIO/CTO	CMO	COO	Senior change management practitioner	HRD	MD
12%	14%	14%	15%	15%	7%	12%	12%

COUNTRY OF ORIGIN

Australia
France
India
Italy
Japan
Mexico
Netherlands
North america
Philippines
Spain
Uk

9% per country

COMPANY SIZE BY EMPLOYEES

24% 25% 26% 25%

500-999 1,000-4,999 5,000-14,000 15,000+

INDUSTRY SECTOR

Retail
Media — 20%
Manufacturing — 20%
Professional & financial services — 20%
Pharmaceuticals — 20%
20%

RETURN ON INVESTMENT

Well-prepared change management programmes can deliver a 135% positive return on investment and result in a more fulfilling workplace

Change management programmes and activities are key to the success of organisations. According to 2014 report from Prosci[1], projects with excellent change management are six times more likely to achieve or exceed their goals. And according to Willis Towers Watson[2], firms with highly effective change management activities are three-and-a-half times more likely to outperform their industry peers financially.

Our data shows that overall, change management programmes give a 120% positive return on investment, rising to 135% if an excellent and sophisticated change management programme is in place. This is shown most clearly in US companies (136%) and UK firms (134%), which suggests that a long culture of change management is key.

When it comes to effectiveness, the more comprehensive the analysis of the impact of change on different groups of employees, the greater the delivery against the objectives in the business case. This means that doing work in advance is key, with planning and analysis of the

company's employee profile and the impact of change on different groups a vital stage of any change management project.

Ensuring communication with employees is clear, robust and engaging is vital. This must be followed by training to help them with the change. Importantly, the benefits of change to colleagues and their teams must be identified.

Across the companies surveyed, advance work was cited as the second most influential part of change management, following executive sponsorship. For example, "planning the project, getting the timing right and conducting the necessary preliminary analysis" was considered to be the area that would benefit most from greater investment (45% of respondents).

Karen Frank at PwC, who helped lead change management for the firm's transition to Google Apps in 2015, affirms the benefits of advance work: "Often, change management is an afterthought. But involving change management professionals in the decision-making process is essential because it helps people make more informed decisions about the impact on users," she says. "So much of effective change management is being proactive and laying the groundwork early on."
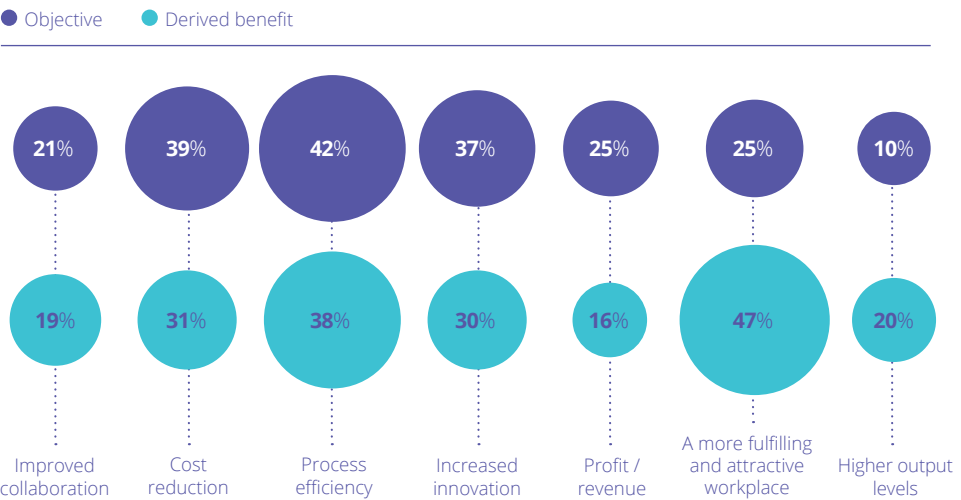
Loren Udwin is a change management consultant with Appirio, an organisation that partners with Google to help companies implement Google Apps. She has the same conclusion: "Spend time up front planning and strategising the implementation with the business," she says. "It is less about IT migrating data and more about preparing the company for the change."

Funding also plays an important role in the success of a change management programme. There is a clear correlation between the rating respondents give for adequacy of funding and their agreement that recent projects delivered against objectives. Those who strongly agreed that quantifiable objectives, such as cost-savings, had been met rated adequacy of funding 20% higher than those who were neutral in their level of agreement.

When it comes to making workplace changes, such as switching to Google Apps, it is important to note that there are often hidden benefits. For example, when asked for the reasons for embarking on change before the project, efficiency (42%) and cost-savings (39%) were the top two benefits cited, with innovation just behind (37%). But interestingly, after the change, a more attractive and fulfilling workplace was highlighted as biggest benefit by far (47%).

> Ensuring communication with employees is clear, robust and engaging is vital

Figure 2
The most important objectives, and biggest derived benefits, from recent change projects
Projects often achieve a significantly greater positive impact on the quality of workplace and increased output than predicted

● Objective ● Derived benefit

	Improved collaboration	Cost reduction	Process efficiency	Increased innovation	Profit / revenue	A more fulfilling and attractive workplace	Higher output levels
Objective	21%	39%	42%	37%	25%	25%	10%
Derived benefit	19%	31%	38%	30%	16%	47%	20%

1 - Best Practices in Change Management, 2014 edition
2 - 2013-2014 Change and Communication ROI study

02 LEADING CHANGE

Executive leadership and buy-in at the top is a key indicator of success of change management throughout the company

People are key to the entire change process. Executives and senior leaders have the biggest impact throughout a change management project, with 84% of respondents considering them to be one of the top three greatest influencers of success.

"The most important element of deployment is having the top leadership team being very hands on," says Miguel Cocjin, whose team at Singularity Solutions Consulting deployed Google Apps for Globe Telecom in the Philippines. "The Globe Telecom CEO was very visible during deployment – he was vocal that he wanted the project to be successful. This was helpful because when the organisation saw their leader had bought in, they got on board with the idea."

Senior leaders are aware of the importance of their role, with increased levels of executive leadership and buy-in identified as the most helpful factor when it comes to increasing employee engagement; 45% of respondents say it is key.
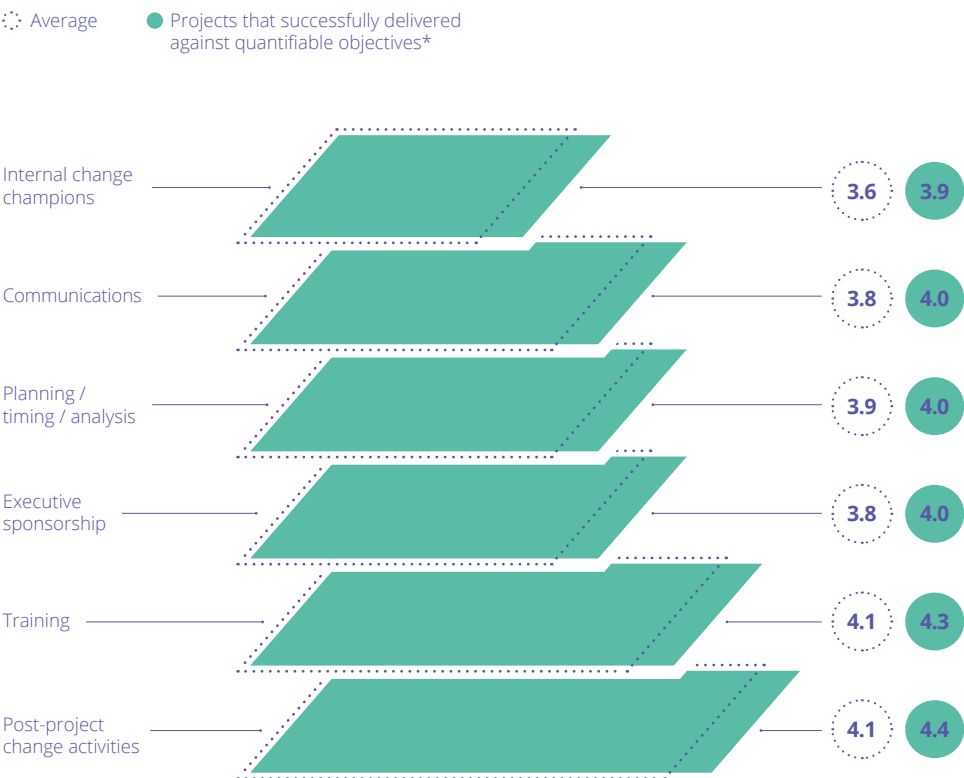
Ideally, the chief executive becomes the "face of change", and is supported throughout the business by leaders and an executive committee who help drive change in their division. Leading by example through using the tools and behaving collaboratively and transparently brings visible results.

Patricio Diez, change management director at Google partner Revevol - who has had extensive experience helping large organisations transition to Google Apps - agrees that clear support from top management has the biggest impact on project success. "There needs to be visible communication from the top," he says. "They need to be the first people in the company embracing the change."

Throughout our data sample, executives and senior leaders were considered to be the greatest influencers across all geographies, with the exception of France (85% of respondents) and the Philippines (78%) where front-line employees are seen as most important.

Figure 3

The effectiveness of activities in recent change projects
The effectiveness of activities is indexed to overall project success

1 = very ineffective; 5 = very effective

◌ Average ● Projects that successfully delivered against quantifiable objectives*

	Average	Successful
Internal change champions	3.6	3.9
Communications	3.8	4.0
Planning / timing / analysis	3.9	4.0
Executive sponsorship	3.8	4.0
Training	4.1	4.3
Post-project change activities	4.1	4.4

At employee level, Google guides – early-adopters who help spread messages and support the change – bring results. Our data shows the value of giving 5-10% of employees the role of champions, who move on to the Google platform during an early-adopters' phase and then provide peer-to-peer support during switch-over, and beyond. This is well worth the time these champions take out of their main job.

The survey shows 67% of companies who strongly agreed their change programme delivered against objectives had change champions that played a comprehensive role.

> Leading by example by using the tools and behaving collaboratively and transparently brings visible results

Figure 4

Activities that most improve employee engagement
A variety of activities are needed for maximum employee buy-in

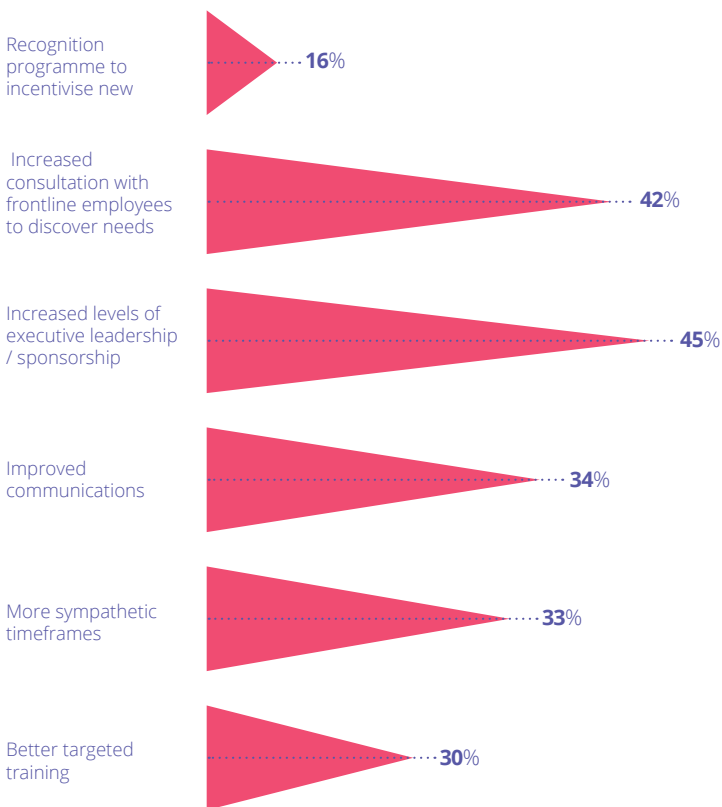|	
Recognition programme to incentivise new	16%
Increased consultation with frontline employees to discover needs	42%
Increased levels of executive leadership / sponsorship	45%
Improved communications	34%
More sympathetic timeframes	33%
Better targeted training	30%

Figure 6

The role of change champions
Change champions play an important role in successful change programmes

···· Average ● Projects that successfully delivered against quantifiable objectives*

Comprehensive change champion programme (e.g. peer-to-peer training) 67%, 35%

Light change champion programme (e.g. floor walking) 61%, 33%

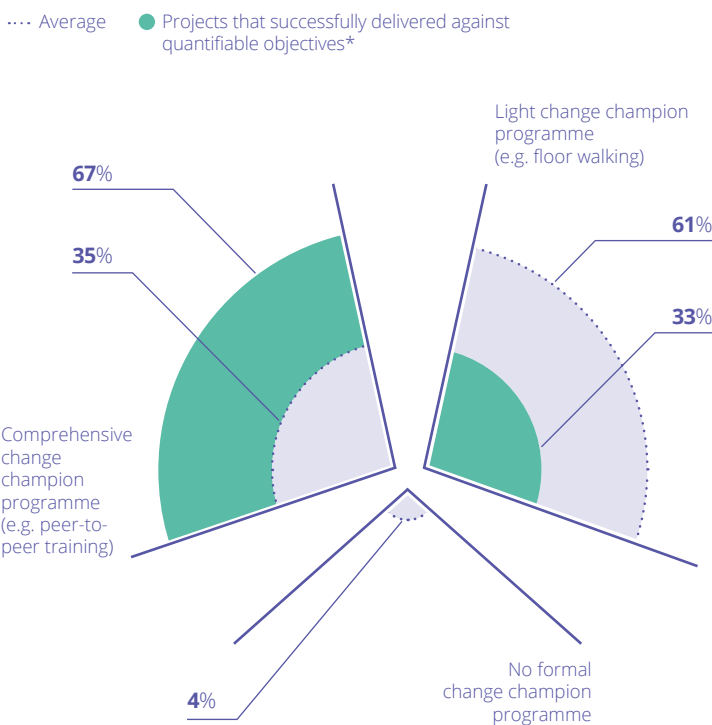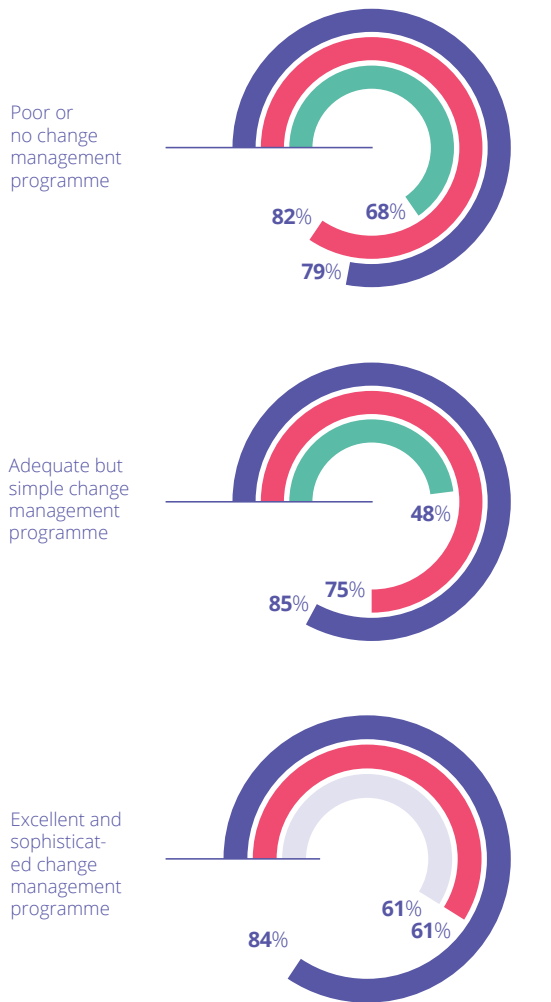No formal change champion programme 4%

Figure 5

The greatest influencers of success
Executive sponsorship is the critical factor for successful projects

● Executives / senior leaders ● Frontline employees
● HR / Learning and Development ● Internal change management practitioners

Poor or no change management programme — 82%, 68%, 79%

Adequate but simple change management programme — 48%, 85%, 75%

Excellent and sophisticated change management programme — 61%, 61%, 84%

03 COMMUNICATIONS AND ENGAGING STAFF

Effective communication is proven to increase employee engagement

When it comes to communication, there are clear lessons that can be learnt from companies that have used fun, engaging and non-traditional forms of communication to capture the attention – and the buy-in – of their employees.

While the leaders who responded to our survey said they considered direct digital communication the most effective form of communication, with e-mails having

> **Thinking beyond the everyday can yield compelling results when it comes to engagement**

the highest impact, thinking beyond the everyday can yield compelling results when it comes to engagement.

Globe Telecom, the largest telecommunications company in the Philippines, utilised several unique communication channels to get their message across. Miguel Cocjin, solutions manager at Singularity Solutions Consulting, helped implement the change. "The project team made a variety of marketing paraphernalia, such as posters, tarpaulins, jackets, shirts, pins and more," he says. "There were also games to communicate the value of collaboration. By creating this fun environment for the employees, they were more open to learn about what Google Apps had to offer."
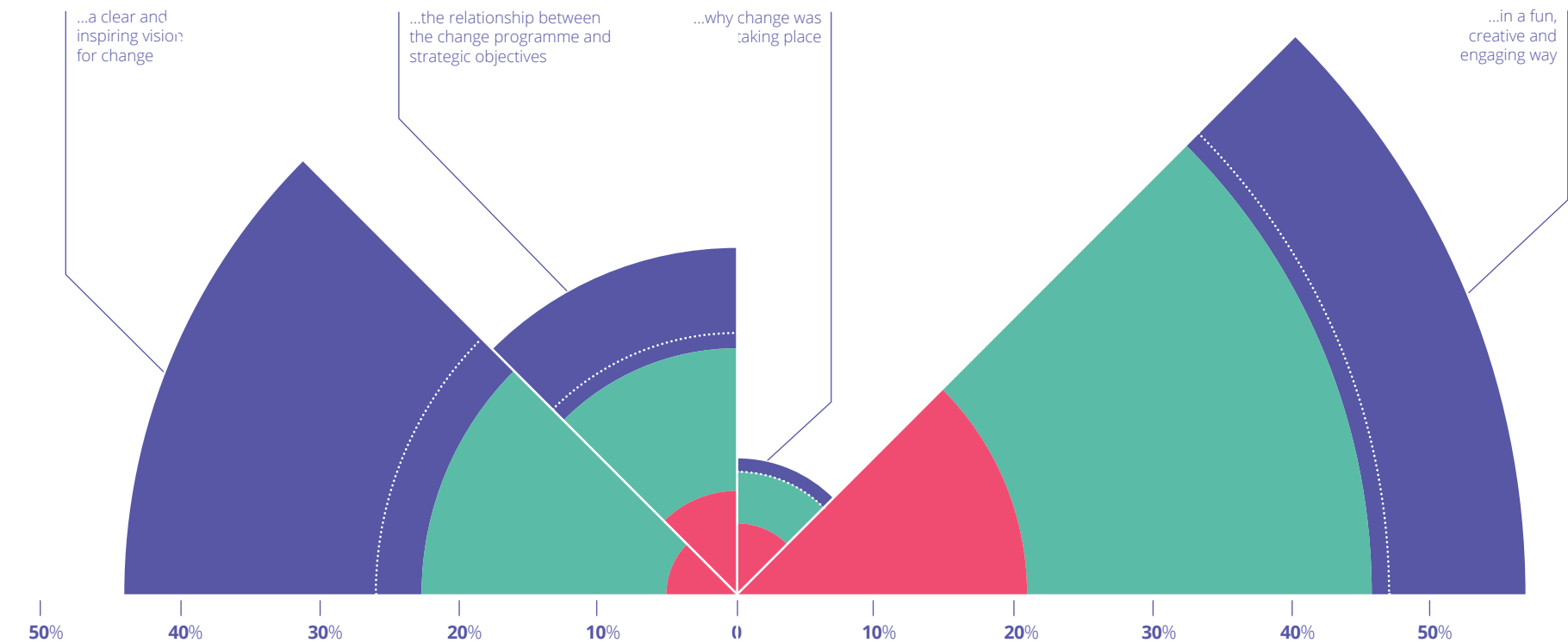
Globe Telecom's most stand-out communication piece was a "super-engaging" go-live event where managers did a flashmob dance to a Google song they created. This event both caught the company's attention and showed that the management team were on board. "Of course, all these activities meant a considerable monetary investment, but the buzz it created proved to be invaluable," says Cocjin.

Despite the success of alternative communication methods, many companies still prefer digital communication. In our survey, video conferences sit just below

e-mails with a rating of 4.17, where 1 equals ineffective and 5 highly effective. In contrast, traditional communication methods, such as physical meetings, get a rating of 3.35. However, the example of Globe Telecom shows that physical meetings don't have to be traditional.

Printed materials, such as user guides (3.35) and posters (3.33), are also considered to be somewhat effective on their own, but as part of a comprehensive and multi-channel communications strategy, they can add significant value.

Figure 7
What did the communications plan in your recent change programme covey?
The most successful change programmes all have a comprehensive communications plan

● Poor or no change management programme
● Adequate but simple change management programme
● Excellent and sophisticated change management programme
○ Average

The communications plan in recent change programmes communicated...

...a clear and inspiring vision for change
...the relationship between the change programme and strategic objectives
...why change was taking place
...in a fun, creative and engaging way

50% 40% 30% 20% 10% 0 10% 20% 30% 40% 50%

The survey also found that the reasons for change should be given to employees more clearly. Almost half of respondents – 48% – did not agree that the reason why the change was taking place was communicated effectively.

Firms that celebrate success, and reward and recognise collaborative behaviour will achieve higher levels of engagement; for example, by running competitions to find use-cases within the organisation and publicising the results.

The success of both Globe Telecom and PwC's change management programmes shows companies will receive a greater return on investment if their deployment of communication extends beyond e-mails.

> **Firms that celebrate success, and reward and recognise collaborative behaviour, will achieve higher levels of engagement**

PwC, for example, had great success using printed materials as part of a multi-channel strategy. In addition to posters, they sent mail to everyone in the firm to educate them about the switch to Google Apps. "The mailers were one of the most effective ways of reaching people, as it was so unexpected," says Adrienne Schutte, senior manager at PwC. "We branded [them] in Google colours instead of the PwC colours, which worked well as people knew just by glancing at them that they were to do with the Google Apps change."
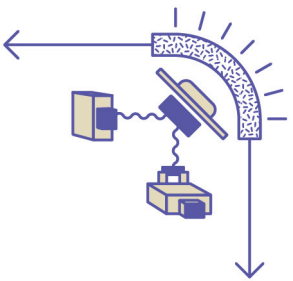
Figure 8
The impact of communications channels
Both traditional and innovative channels are key to effective communications

1 = low impact; 5 = highly effective / high impact

Channel	Rating
Emails	4.18
Video conferences	4.17
Team meetings	3.99
Videos	3.65
Intranet announcements	3.43
User guides	3.35
Townhalls	3.35
Posters and merchandise	3.33

04 TRAINING

There is a direct correlation between the percentage of employees who receive training and the delivery against business objectives

One of the reasons why people resist change is that they are worried about seeming incompetent with new tools or processes. The results of our survey demonstrate why training is so important - you must give people the skills and ability to operate successfully in their new world.

"Train your employees as much as possible," says Patricio Diez of Revevol. "Learning a new technological system is a long journey and they must be educated in how best to utilise their new tool."

There is a direct correlation between the percentage of employees involved in training, and delivery against business objectives. In turn, this is tied into the level of change management programme. For example, 40% of employees participated in training at firms that

training will result in lower engagement and may ultimately cost more through loss of productivity.
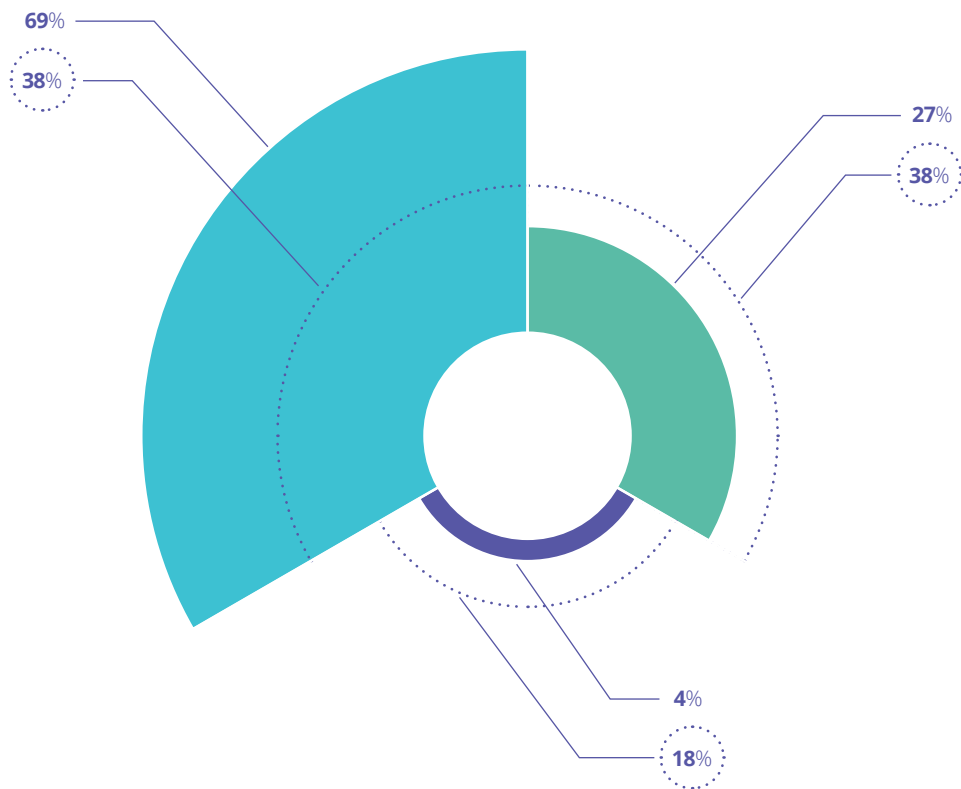
Transformation labs are a key part of any switch to Google Apps. These are workshops that can help inspire new and better ways of working. They identify challenges teams are facing and find ways that Google Apps can help these. Labs can help to motivate and inspire change. Inspiring employees with real-world examples is a key component of training, and one that feeds into engagement.

Running these during deployment and after, incorporating them into an employee–led innovation council, is key to change management success.

As PwC's Karen Frank says: "The people coming out of transformation labs are evangelists for us. They are really excited and enthusiastic, and they understand the potential of what Google has to offer. It's a salient way of experiencing the new tools in a safe environment."

> Organisations that offer a comprehensive training programme of mixed formats are significantly more likely to meet their project objectives

had excellent and sophisticated change management programmes, leading to greater delivery of objectives. But those companies with poor or no change management programmes only involved 22% of employees in training initiatives.

Self-paced training, such as using guides and online resources, was most popular overall, with 85% of firms deploying it. In companies with excellent change management programmes, remote and instructor-led training was also popular (75%).

The data clearly shows that training is essential to the success of the project. Organisations that offer a comprehensive training programme of mixed formats, which is mandatory for all employees, are significantly more likely to meet their project objectives. Cutting corners with

Figure 9
How the most effective change management programmes rolled out their training
The most successful change programmes offer training before and after go-live

● In advance of go-live   ● After go-live   ● Before and after go-live   ⬡ Average

69%
38%
27%
38%
4%
18%

Figure 10
Percentage of employees that participated in training
The more sophisticated the change management programme, the higher the training participation rate

⬡ Average

Poor or no change management programme

22%

Adequate but simple change management programme

31%

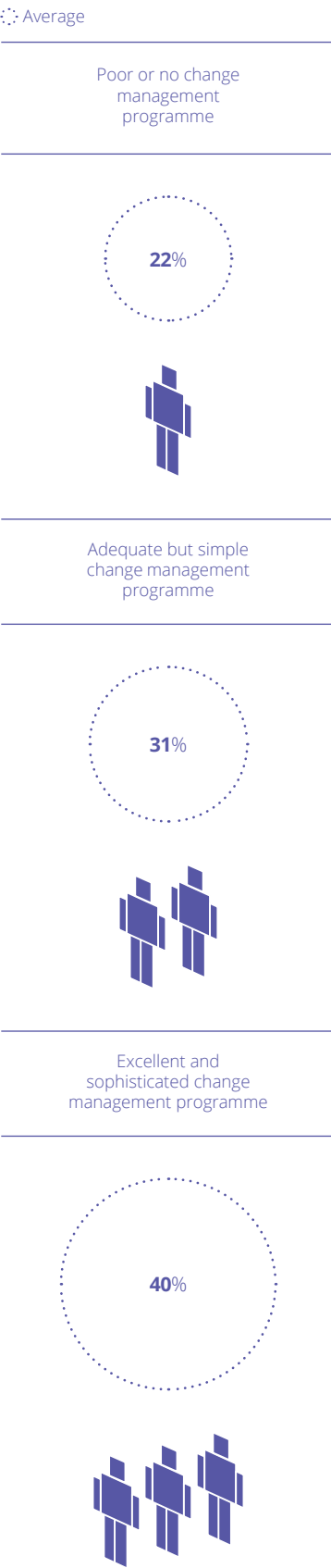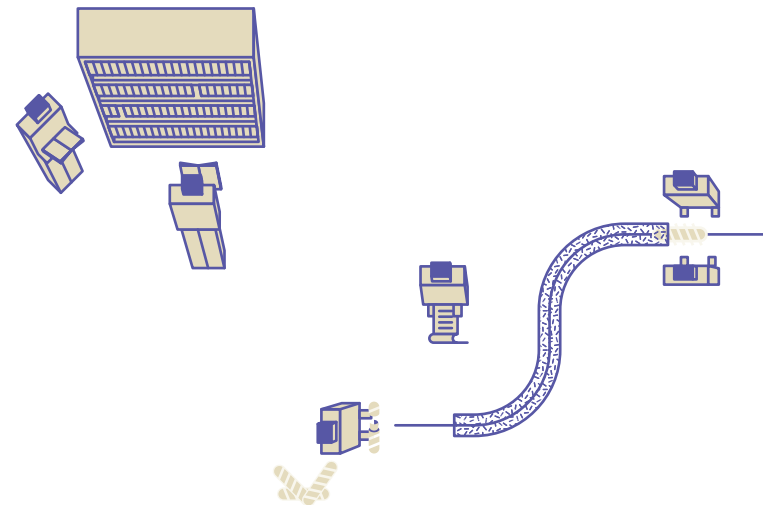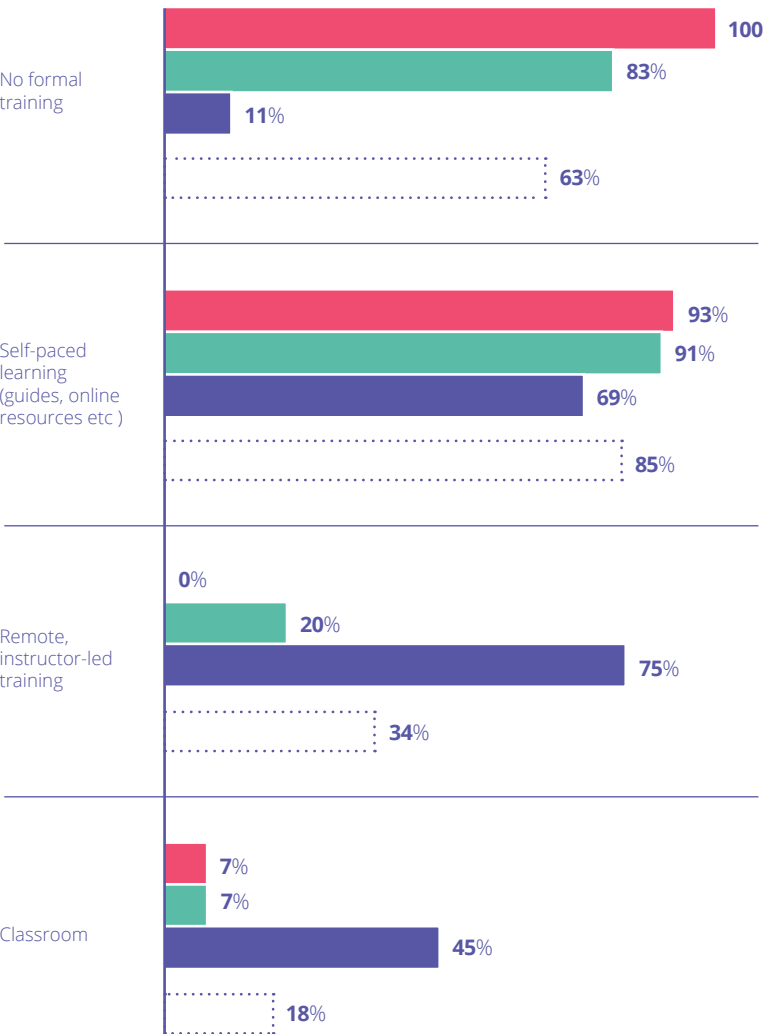Excellent and sophisticated change management programme

40%

Figure 11
Most successful training formats
Projects are most successful when multiple training formats are used

● Poor or no change management programme   ● Adequate but simple change management programme   ● Excellent and sophisticated change management programme   ⬡ Average

No formal training
100%
83%
11%
63%

Self-paced learning (guides, online resources etc)
93%
91%
69%
85%

Remote, instructor-led training
0%
20%
75%
34%

Classroom
7%
7%
45%
18%

05 SUSTAINING CHANGE

Being able to sustain change and change management
activities is crucial for return on investment

While pre-launch training is an essential element of successful change management programmes, it will be in vain if there are not structures in place to help the change continue past the hype of the launch. In order to ensure that implemented change lasts six months and beyond, it is necessary to put in place post project teams. This is backed up by the data: when respondents were asked to rate the effectiveness of a number of activities in relation to their impact on the business case, both training and post-project change processes were considered to be most effective, rating 4.1 out of 5.

When asked to rate the level of

sustainment in the six months since the project went live, those who rated their change management programme as excellent and sophisticated were more likely to point towards this being greater across all areas. When it comes to delivering on cost reduction, there is a significant variable, as companies with an excellent and sophisticated programme rated sustained cost reduction 33% higher than those with poor or no change management programmes.

Post-project teams are vital. When it comes to industry sectors, both manufacturing and pharmaceuticals are way out in front in terms of putting

Figure 12

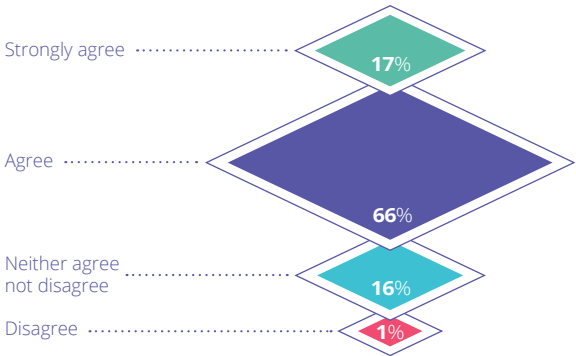**Level of agreement that change management programme delivered against objectives**

Figure 13

Level of sustainment six months post go-live

Change is more long-lasting when implemented with an excellent and sophisticated change programme

1 = return to pre-change programme levels with stakeholders apathetic and resigned to regression;
5 = exceeded levels first achieved at go-live with concerted appetite and drive to improve further
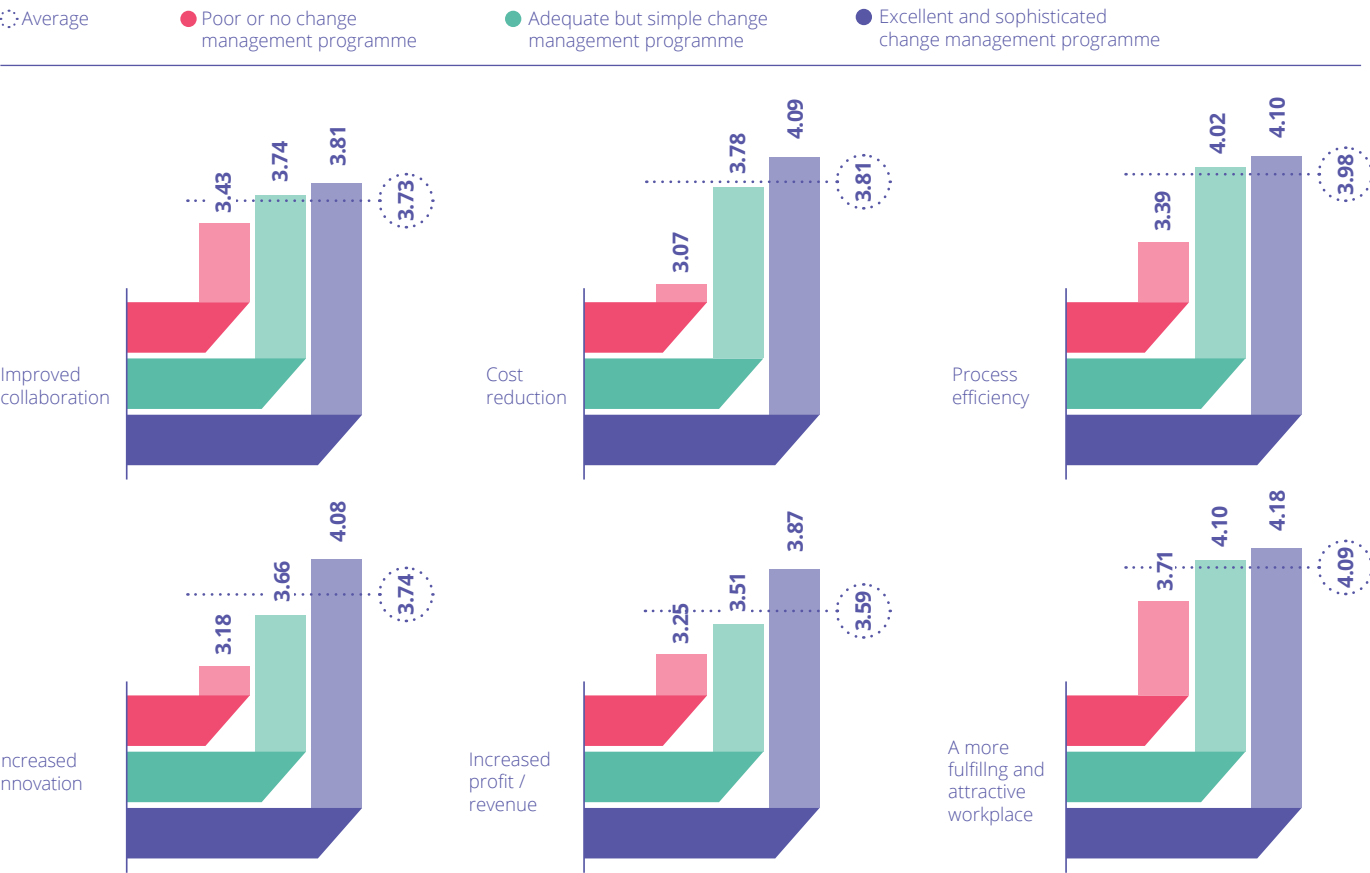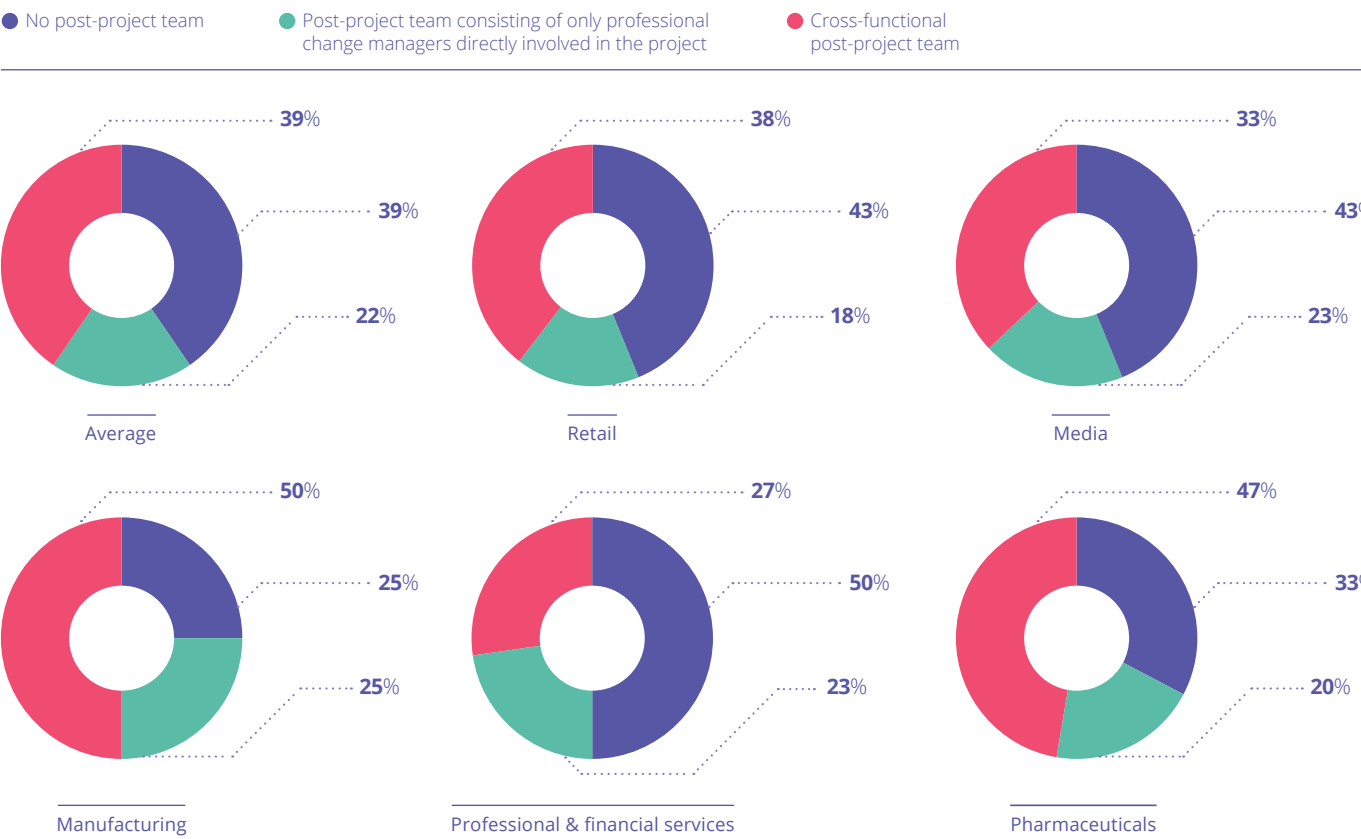

Figure 14

Format of post-project team in place to sustain the change and drive future innovation
Manufacturing and Pharmaceuticals lead the way with post-project teams - but across all industries there is potential
for more focus on post-project engagement

● No post-project team   ● Post-project team consisting of only professional   ● Cross-functional
                                 change managers directly involved in the project   post-project team

teams in place to sustain change and drive future innovation.

Our survey suggests that the constructive aspects from a change management programme are generally shared. When asked to rate how successfully positives had been identified and applied to other areas of the business, respondents gave this an average rating of 3.98 out of 5, where 5 was very successful.

But, as is shown by retail and manufacturing, there is room for improvement in some sectors.

Where the post-project team consisted only of professional change managers directly involved in the project, positives were successfully identified and applied to other areas of the business. As demonstrated by a rating of 4.4 out of 5, nearly half a point above the average.

Establishing an innovation council comprised of employees, after going live, to ensure ongoing commitment to transformation and adoption is another important step.

Patricio Diez of Revevol emphasises the importance of the post-project team, saying: "Change requires time. A new mindset and a new culture is not achieved just after the go-live. You need to continue

communicating and training. Don't stop. Collect success stories, redistribute them through the intranet or newsletters, integrate Google in to a new employees' on-boarding programme and so on."

Employee engagement refers to an employee's positive emotional connection to their work. Engaged employees are inspired to go above and beyond to help the organisation meet its goals. Organisations with engaged employees are up to two times more profitable than their competitors with disengaged workforces, according a report from Kenexa in 2014.[3]

Employee engagement goes up the more successful the change management programme. When it comes to sectors, retail has the highest level of employee engagement (4.23), while media has the lowest (3.92). In terms of geographies, engagement is highest in India (4.32), but lowest in the UK (3.89).

3 - Quantum Workplace Employee
       Engagement Trends Report 2014

Figure 15

The level of employee engagement in recent change projects
Employees are more engaged when the change programme is
excellent and sophisticated

1 = employees felt disillusioned by programme and did not
believe in programme objectives;
5 = employees were positively engaged, believed in the value
and were motivated
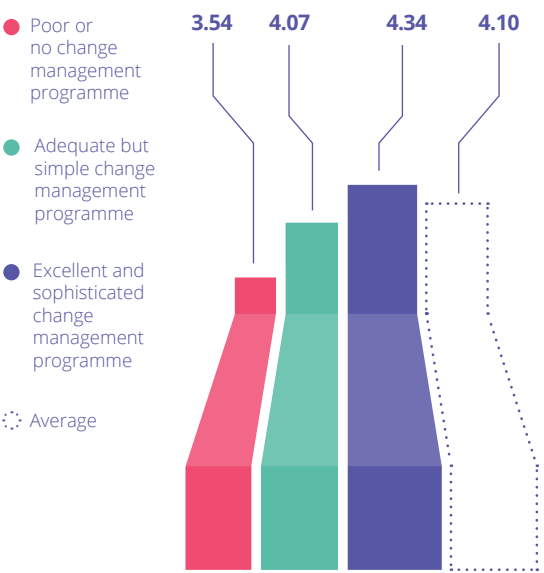
IN CONCLUSION

The better the change management -
the greater the project ROI

The better the change management programme, the greater return on investment. Our survey data backs this up. Those who consider their change management programme to be excellent and sophisticated see an average return on investment of 135%, compared with just 105% for those organisations with a poor or non-existent programme. And more than a third
of respondents agreed that an even higher return on investment would have been made if change management activities had been invested in more heavily.

A successful change management programme consists of the following elements:

• **Active, visible executive sponsorship**
Critical for getting the entire workforce on board.

• **Google Guides to provide peer-to-peer support**
These early-adopters help spread messages and educate their peers.

• **A fun, engaging multi-channel communications plan**
Think beyond email to communicate in a stimulating way that really gets the message across.

• **Training for employees both before and after go-live**
The greater the investment in training, the greater the employee-buy-in.

• **Transformation labs**
These provide real-world examples of Google Apps, and motivate and inspire change.

• **An innovation council to sustain the change**
Post-project teams are vital in securing change and driving future innovation, while employee-led groups, such as innovation councils, ensure ongoing commitment among colleagues.

The investment of time and money in change management activities has a significant positive impact on the project. The more you do, the better the result. Change management activities help to increase collaboration and reduce costs. Ultimately, these actions increase efficiency, innovation and revenues, resulting in a more fulfilling and attractive workplace.

RESOURCES

To find out how Google Apps can benefit your organisation visit apps.google.com.

For more insights see:

• The Change Management Blog (connect.googleforwork.com/ community/customers/change-managementand).

• 'Transformation Gallery' (transformationgallery.withgoogle. com) for examples of how Google Apps has helped organisations streamline business process.

"Getting people to understand the value of the change is essential to achieving ROI."
**Karen Frank,
Change Management
Professional at PwC**

* Respondents that strongly agreed that recent IT or business projects delivered against quantifiable objectives (savings, increased revenue etc.) defined in the business case (fig. 12)