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POINT OF VIEW | ORGANIZATIONAL CHANGE MANAGEMENT

How Data-Driven OCM Enables Purposeful, Sustainable Transformation

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Table of contents

> Organizations must recognize and embrace constant change or risk becoming irrelevant in a rapidly evolving society.

Business leaders and their employees have heard the warnings for years: Organizations must recognize and embrace constant change or risk becoming irrelevant in a rapidly evolving society. The message is more meaningful today than it was two decades ago because the pace of change in the business world has accelerated. Among the causes are the exponential growth of technology, shifting cultural norms and a global pandemic that dramatically altered the workplace. With the next major disruption always looming over the horizon, it's nearly impossible to predict what challenges and opportunities will await organizations over the next 20 years.

Businesses know all too well that long-term success depends on change, with digital transformation among the highest priorities. Despite the understanding that constant adaptation is essential, surprisingly few organizations have mastered the process of change itself. They struggle repeatedly with botched systems implementations, slow adoption rates or cultural barriers that stand in the way of meaningful progress.

In a world where change is critical, why is it so hard to achieve? It could be because many companies still rely on outdated and ineffective organizational change management (OCM) practices. Before they can expect employees to adopt new systems, processes and behaviors, companies first need to make sure their approach to organizational change is in tune with current realities. Modernized tools, data-driven insights and techniques designed to convert even the most change-fatigued employees can help. With them, companies stand a much better chance of achieving and sustaining the changes they seek.

Unprecedented urgency to adapt

The ever-increasing pressure on companies to change is much more than hearsay. The second annual Innovation Index study by NTT DATA and Oxford Economics reveals that organizations "recognize that being prepared to proactively handle change helps them remain on pace or ahead of the pack" — and that the pace of technology change remains foundational to growth and performance. Executives are also slightly more optimistic about the positive impact change will have on operations and performance (58% in 2022 versus 52% in 2021).[1]

The blistering pace of technological innovation is undoubtedly a major factor driving change across every industry. Automation and artificial intelligence are widely available and easy to implement. These tools help companies discover near-unlimited potential to streamline and revamp business processes. But they can also displace employees or require them to adapt to new ways of working alongside their digital counterparts. Meanwhile, cloud computing has changed the way organizations deliver services to their employees and has enabled a profound decentralization of the workforce. The pandemic and shifts to work-from-anywhere arrangements hastened this already-in-motion trend. Big data analysis has given companies unprecedented knowledge and insight to make frequent strategy adjustments, demanding that employees adjust to shifts in that arena as well.

> **The ability to change directions on demand — without creating organizational chaos — has become increasingly valuable.**

Of course, not all change is technology-driven. A challenging economic environment is forcing companies to cut costs, work more efficiently and remain resilient against recession or other harsh conditions. At the same time, businesses are trying to maintain customer loyalty and expand into new markets. They must also stay abreast of evolving cultural norms, a polarized political landscape and sensitive world issues like climate change and human rights. For employees at these organizations, it can seem as though policies and objectives are in constant flux.

For all these reasons and more, companies look for ways to increase their agility and flexibility. To stay ready to seize opportunities or sidestep failure as market forces require. This ability to change directions on demand — without creating organizational chaos — has become increasingly valuable.

Why change initiatives fail

Unfortunately, even companies that have good intentions about providing a positive employee experience can fail. Failure comes in many forms. In some cases, companies make substantial investments in new technologies that simply go unused by employees. It's a regrettable waste of capital and labor expense. Other organizations may undertake major structural changes, such as a merger or relocation. If not expertly managed, it may result in disgruntled and disengaged employees, a mass exodus of skilled labor and severe business disruptions.

Before companies can become more effective agents of change, they need to understand why success can be elusive. It goes without saying that incompetent project management and poor communication can undermine initiatives. Assuming these foundational components are sound, why do companies continue to fail at OCM? NTT DATA has identified several recurring themes that work against organizations in their quest for effective change.

Employees are exhausted and overwhelmed by change

In an era when every company focuses on transformation and there's incessant pressure on employees to adapt and improve, "change saturation" has become a real problem. People are tired of hearing about everything they should be doing differently. The result has been a subtle (or sometimes not so subtle) but growing backlash that dooms many change initiatives before they even begin.

COVID-19 is the most relatable example, having altered workplace policies — at least temporarily — at nearly every business in the world. With no choice but to work from home and collaborate remotely, many employees have become disconnected from the company culture and less enthusiastic about ambitious new projects. As the pandemic subsided and businesses recovered, millions of employees reevaluated their career options in a massive wave labeled the "Great Resignation." More recently, many other workers have chosen to stay in their jobs while exerting the bare minimum effort, now known as "quiet quitting."

These trends have taken a significant toll on workplace productivity and greatly hindered companies' ability to push change initiatives across the finish line.

Leadership assumes too much

All too often, management becomes enamored with a new advanced system. Rather than researching employees' needs and engaging them in the conversion, they assume employees will adopt it immediately. This mindset of "if we build it, they will come" leads to disappointment when employees are slow to get on board.

Once the implementation is complete, management may consider the project a success without thoroughly measuring employee adoption and satisfaction. This tendency to claim victory prematurely can often be worse than acknowledging failure and starting over.

Companies rely on outdated OCM tools and techniques

Even when leadership recognizes the need for OCM expertise, they still insist on managing projects the same way they did 20 years ago. "Tried and true" methods may fail to take advantage of today's powerful tools to gather data, automatically and proactively connect with employees, collaborate and measure results in real time.

As the world has changed dramatically in recent years, so too should the practice of OCM.

Building adaptability as a capability

To stay competitive in an ever-changing environment, companies must accept that change isn't project-based with finite parameters. It's a never-ending evolutionary process. As such, businesses must make change management a core competency that they can rely on to reshape the organization repeatedly and effectively. In other words, they must view adaptability as a capability in and of itself.[2]

The following are some fundamental best practices organizations should aspire to as they seek to become more adaptable.

- **Communicate in unique ways to build trust and inspire confidence**. Organizational change can't succeed if employees fail to see the value in changing. Every change initiative should include a comprehensive communications campaign to win support and gain buy in. Communicators should begin by identifying and segmenting affected stakeholders. Next is drafting targeted key messages for employees. They must be clear, concise and persuasive to help employees grasp the impetus for change, their role in the process and associated benefits. Communication channels should be varied, allowing employees to consume information on their own time and in a preferred way. As the initiative continues, there must be consistent and timely communication to keep employees aware of progress, requirements and timelines.

- **Align leadership to program goals and objectives.** Often, change initiatives earn resounding approval when first proposed, but are later stymied by competing agendas and priorities among the various departments and business units involved.

It's important to make sure all management stakeholders clearly understand the work involved in the initiative and how it connects to their group. Uncovering assumptions is essential for success throughout an initiative. This information, along with specific adoption key performance indicators (KPIs) at the start, will provide clear expectations. It'll allow leaders to fully support the initiative or raise their concerns early, without derailing the project after it's begun.[3]

- **Model the desired behaviors.** Employees are much more likely to adopt new technologies or processes when they see management leading by example. The opposite is also true: If leaders are indifferent, employees will be, too. It's critical that managers at every level serve as champions of change by actively and outwardly supporting the initiative.

- **Create effective change interventions.** Every initiative is different and will require structured activities that meet employees where they are and support them effectively through the change. These actions, also known as change interventions, may include targeted communications, employee workshops or incentive programs designed to spur adoption among specific groups.

- **Engage employees in the process.** Basic psychology dictates that people tend to favor their own ideas over ones that are forced upon them. Applied to the business environment, it means most employees will support a project more if they originate it or at least provide input. Surveying stakeholders, holding user focus groups and soliciting executive input before and throughout the change initiative can make a big difference in how quickly employees get on board and respond to change.

- **Highlight and share success stories**. As part of the communications effort, the change team should be sure to capture and share positive results. Whether it's an example of a team saving time thanks to new software or a delighted customer praising a new service, illustrating real-life wins can help convince naysayers and reinvigorate supporters.

These best practices can help make sure the change takes hold and the company sustains it — that is, until it's time to change again.

Extracting the full value of change

As companies increase their competency in driving organizational change, the most obvious benefit is faster achievement of goals and objectives. For example, it could be the adoption of DevOps practices to increase speed to market or a shift to a cloud computing platform to make the company more flexible and resilient.

What may go unnoticed are the additional benefits of more effective OCM practices. These advantages can include:

- **Increased speed to ROI.** The more a company focuses on improving its change management capabilities, the better it becomes at completing change initiatives in less time at a lower overall cost.

- **Enhanced employee experiences.** When companies execute change initiatives the right way, employees come through the experience feeling seen, heard and valued. They gain confidence in the future of the company and their place in it, which equates to employee satisfaction and retention.

- **Higher employee engagement.** Effective OCM practices don't include issuing edicts and demanding compliance. Rather, they seek to understand employees' challenges, listen to their concerns and involve them in creating solutions. As these best practices become business as usual, employees become more engaged not only in specific change projects but in their everyday work as well.

- **Mitigate risk.** Major change initiatives are complex and cumbersome. They typically involve an array of stakeholder groups with differing priorities, objectives and motivations. Groups that are used to working independently. Now they need to combine their skills and talents in new ways to achieve a unified strategy. A modernized approach to change management can help uncover needs, challenges and roadblocks. It can also increase the odds of success.

- **Improved culture.** People enjoy working for leaders who keep employees' interests top of mind and encourage the open exchange of ideas. As companies build a track record of well-managed and successful change initiatives, they simultaneously foster a culture of inclusion and trust among their employees.

A data-driven approach to OCM

While it's nice for business leaders to have an instinctual feel for shepherding their organizations, the recent era of fast-moving, technology-driven change has proven that "going with your gut" isn't a practical OCM strategy. Reliable data is becoming a critical factor in understanding the challenge, revealing the best path forward and measuring success. With modern tools and techniques to collect and analyze data, companies no longer need to rely on assumptions. They have definitive business intelligence to lead the way.

Transformative Stickiness: Embracing the Who, What and Why in Data-Driven Organizations

Read the Article

NTT DATA uses a data-driven approach to continually assess a client's change requirements, risks, opportunities and challenges. To start, the OCM team has developed a proprietary algorithm to determine an organization's Change Friction Factor. As the organization moves along its transformation journey from resistance to adoption, data reflects the progress made and the Change Friction Factor improves.

With a holistic OCM framework powered by ongoing data analysis, leaders can track progress and effectiveness of their change initiatives on a digital dashboard. These tools give project managers a multi-faceted view of the transformation in progress, providing answers to important questions such as:

- What are the specific steps required to execute the transition?
- Which stakeholders will be most impacted by the initiative?
- What are employees' reasons for opposing the change?
- Which groups have successfully adopted new behaviors?
- What interventions would help increase adoption?
- Is the company sustaining the change after the transition period?

The value of this data reaches well beyond the OCM team. It allows them to partner with other parts of the business, such as IT and HR, working in lockstep on the timing and delivery of all transformation activities.

The organization neither discards nor forgets the data gathered during each change initiative once the project ends. When aggregated, the data forms a holistic view of successful drivers of change as well as impediments to change. This knowledge creates a collection of lessons learned and best practices that'll make future change projects more predictable and successful. Put another way, data helps companies achieve adaptability as a capability.

OCM success in action

Theory and conjecture aside, what does successful, data-driven change look like in real life? Consider these examples from NTT DATA's portfolio of past OCM projects:

A successful spin-off. When a global manufacturing organization was divested from its parent company, it lost access to the parent's core IT systems and support functions. To operate as a standalone entity, the new company needed to prepare its 7,500 users on three continents for critical technology changes. It also had to prevent business disruptions through the divestiture process. NTT DATA helped the company thoroughly research the change requirements, identify and communicate with stakeholder groups, and execute a complex matrix of work plans against a tight timeline. Ultimately, the OCM program accelerated the adoption of new systems and established the critical workforce capabilities the company needed to succeed on its own. The company completed the transition faster than anticipated, saving the client $1 million in projected OCM costs.

A major systems upgrade. A Fortune 500 financial institution had used the same commercial loan system since 1988. To keep pace with industry demands, the company knew it needed to upgrade its technology. However, doing so wouldn't be easy with 7,000 system users spread across 15 disparate lines of business. Data collection and analysis proved critical in determining each unit's unique user personas and training needs. Rather than issue a one-size-fits-all transition program, NTT DATA tailored communications and learning content for each group. Doing so gave heavy system users the in-depth support they needed to make the transition. It also spared basic users from unnecessary training commitments. Customizing OCM allowed the company to engage employees in plotting their own learning curriculum. This approach led to faster adoption and sustainability of usership.

An education transformation. As a top public sector health authority began a large-scale implementation of a ServiceNow platform, management knew the challenges ran deep.[4] The impacted departments were siloed. Subject-matter experts struggled to work cross-functionally. And employees were already experiencing change fatigue in the wake of several other transition projects. NTT DATA helped the organization align its governance, people and processes with an e-learning development team to support the implementation. With key resources now working as a cohesive unit, NTT DATA worked with the group to design and develop more than 60 e-learning courses based on ServiceNow modules. Taking a calculated, strategic approach sped up the transition to ServiceNow with minimal disruptions to operations.

The power to change by choice

Every organization in the world faces the same choice: They can either change proactively or have change happen to them. The companies that can see over the horizon and make purposeful improvements — before future goals become today's imperatives — will be in the best position for long-term success.

As most enterprises have learned, implementing change across a large and complex organization takes much more than a good idea and a few emails. Meaningful progress requires a comprehensive approach to researching, planning, executing and sustaining the change. Fortunately, today's organizations have an advantage their predecessors lacked: unlimited access to data. Capturing, analyzing and interpreting data from systems and stakeholders helps companies translate high-level strategies into concrete actions and measurable outcomes. They can build the capability to transform — intentionally, repeatedly and systematically. Most importantly, they can keep pace with a world in constant motion.

About the author

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