

# The Paradox of Implementing Enterprise-Wide Change

“Why do things seem to get worse, instead of better?”

If you were to examine the change agenda of most large corporations, you probably would find the following on the lists of current implementation initiatives: CRM, Supply Chain Management, process redesign, shared services business models, ERP, Data Warehousing, Six Sigma, ISO, Lean Manufacturing, Knowledge Management, Learning Organization, Enterprise Portal, and E-Business. What do they all have in common?

- They are all significant strategic solutions to critical business problems.
- They commonly require multi-million dollar investments.
- They promise an ROI of tens of millions of dollars.
- They all require a cross functional approach to implementation, or more.

Is there a fifth important commonality we should note?

**Yes...all are candidates for the 70% sub optimization rate experienced by major change efforts.**<sup>1</sup> In other words, in the majority of cases, strategic problems aren't solved, implementation costs far exceed budgeted estimates, and the actual ROI is very disappointing.

The track record for each of these initiatives is more akin to that of 1960's TV's "Mr. Ed", the talking horse, rather than the successful thoroughbred race horse, we thought we were betting on. Therein lies the paradox, instead of creating an integrated suite of business solutions, we instead end up with a disparate and complex set of implementation problems that ferociously consume scarce resources.

Each of the aforementioned initiatives is susceptible to the predictable and chronic barriers of any major implementation: e.g., lack of clear scope/definition;

poor implementation history; no sustained leadership support; major employee resistance; lack of cultural fit; weak motivation; poor communications, undisciplined project management. Moreover, there is an additional situational barrier that exacerbates the impact of the predictable ones: cross functionality versus the organizational silo\*. As author John Kotter has stated, "Where change has to cut across silos, you're dealing with a very tough challenge. On a scale from 1 to 100 in such situations, most of us are at the 25 level. And, when you're at 25, it's exasperating!"<sup>2</sup>

Enterprise-wide change has its own particular dynamic of implementation complexity. The complexity lies in the tension point that exists between the status quo (i.e., organizational silos) and the desired state (i.e., horizontal organizations). In the former, energy, movement, information, control, and focus all have an up and down momentum. In the latter, these same factors are indifferent to

organizational boundaries. Held captive in each silo are localized goals, bureaucracies, political dynamics, sub-cultures, and functional business processes. Topple the silo and these factors are freed to the winds of change. However, unleashing the contents of multiple silos simultaneously, creates a Box effect that equates to a hurricane of implementation chaos.

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It is the cruelest of ironies that many organizations pursue cross functionality in a silo'd way. "Process owners focus so intently on their own process--to the exclusion of other processes-- often essentially replacing a functional silo with a process silo."<sup>3</sup> They view each initiative in isolation, rather than in the context of total organizational change (i.e., the cross functional change agenda or portfolio).

\* Silos can be functional, brand, geographic, product, or team in nature.



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To further complicate matters, they often deploy different implementation approaches for each cross functional effort. Then, in the hopes of surviving the implementation hurricane, they seek to simplify the change by focusing on one key barrier-- e.g., they focus their energies on strong communications, or on creating a sense urgency, possibly on some element of the culture, or on a disciplined project management approach. This is a false simplicity. When multiple enterprise initiatives are using disconnected implementation approaches, the hurricane inevitably rages out of control.

In Industry Week's 2001 Census of Manufacturers survey, 27% of the 313 executive's responding cited breaking down silos as the most important boost to company change/competitiveness.<sup>4</sup> What is required is an adaptive approach that addresses the complex dynamics and reality of organizational change -- i.e., the system. The implementation approach must address the predictable barriers to enterprise-wide execution, it must be scalable and replicable, it must be practical and customizable, and it must be systemic. If it does not meet the aforementioned criteria it cannot address the complexity inherent in multiple cross functional change nor achieve on time, on budget, to specification project results.

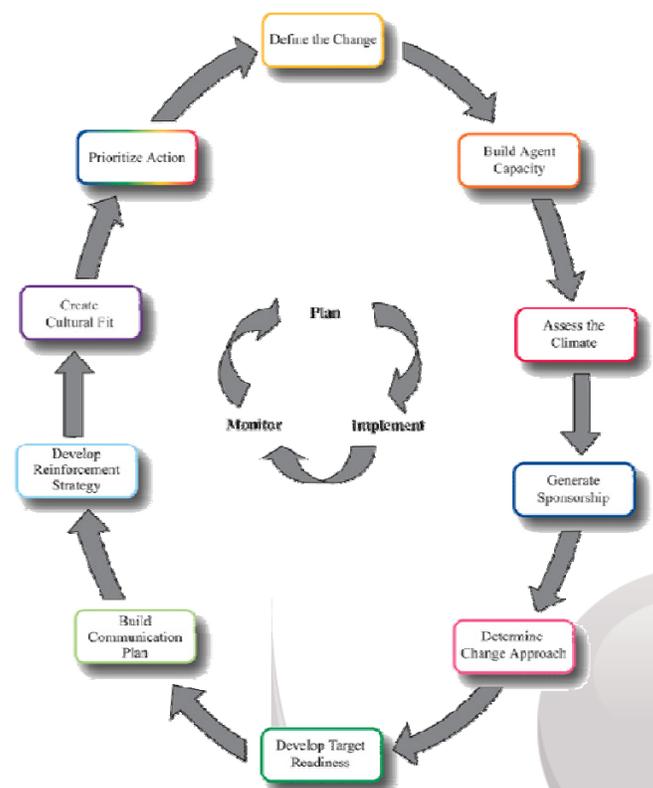
The odds against implementing a single enterprise-wide initiative are stacked against you. In the AMA's 2002 Executive Management Conference Survey (“On Living with Silos”), 75% of the nearly 500 respondents, considered silos to have a negative effect on collaboration and 5% considered them to be destructive.<sup>5</sup> **Obviously, the odds against implementing multiple efforts simultaneously are much, much worse.**

Decreasing the risk of implementation failure is paramount. Implementation Management Associates, Inc. (IMA) has developed a structured process that does exactly that. The approach is called **Accelerating Implementation Methodology (AIM)**. It is tactical, repeatable, practical, and based on

common sense. It includes a set of data-driven tools that allow you to first measure the particular strengths and weaknesses that will be encountered when multiple enterprise-wide initiatives are deployed. Secondly, it provides the structure to develop the strategies and tactics to mitigate implementation barriers and leverage the strengths.

Each step of the roadmap addresses a likely implementation barrier. Assessment tools to collect data as to the causes of the barriers accompany the steps. Further, the steps can be “unbundled” for high leverage execution and speed.

## IMA's Accelerating Implementation Methodology Cycle: The Road Map



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Just a few examples of key issues that would be considered when applying

the roadmap and its tools, in the context of enterprise-wide change, are:

- **Define the Change** -- who are the key stakeholders, how are they impacted, and what critical behaviors must be adopted to support a cross functional strategy?
- **Assess the Climate** -- is the level of aggregate implementation activity exceeding the organization's threshold for change?
- **Generate Sponsorship** -- deploying a purposeful approach to gaining and sustaining widespread and aligned leadership commitment across and down silos.
- **Develop Target Readiness** -- developing a strategy to effectively manage the inevitable resistance to change at all levels of the organization's various silos.
- **Build a Communication Plan** -- targeted communication that speaks directly to the particular frames of reference attendant to each silo, thus enabling employees to answer the “What's in it for me?”, “What's going to happen to me?”, type questions more quickly.
- **Create Cultural Fit** -- does your culture value cross functional collaboration or silo competition?

The logic for pursuing a “One World” or “One Company” business model is unassailable. The ROI is staggering. Through an enterprise-wide business model you can markedly improve customer satisfaction, materially reduce operating margins,

utilize resources more effectively, improve internal collaboration, and position the organization to respond quicker to changing market conditions. But the implementation challenge and the accompanying risk of failure are also compelling.

Enterprise-wide change is excruciatingly difficult and complex. On the “business side” it requires changes to strategy, structure, operations, and technology. On the “people side”, attendant changes in employee expectations, perceptions, behaviors, and skills are required. Further, the change context is politics, emotion, and resistance. This complexity can only be managed with a common and structured approach that purposefully integrates solutions to create “One Company.” The alternative is a fractured implementation approach with fractured results.

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*Sources:*

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