Organizational Change Management to The Next Level:

From Project Level to Corporate/Business Level

The Case of Digital Transformation

PRANKS 94 (PRoject mANagement Knowledge Sharing94)

PMI Indonesia Chapter-National Webinar

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Agenda

  I. **Introduction**
 II. **OCM & Digital Transformation: The Journey**
III. **The Framework: Customize your OCM Framework**
IV. **OCM at Project Level**
 V. **OCM at Corporate/Business Level**
VI. **Conclusion**

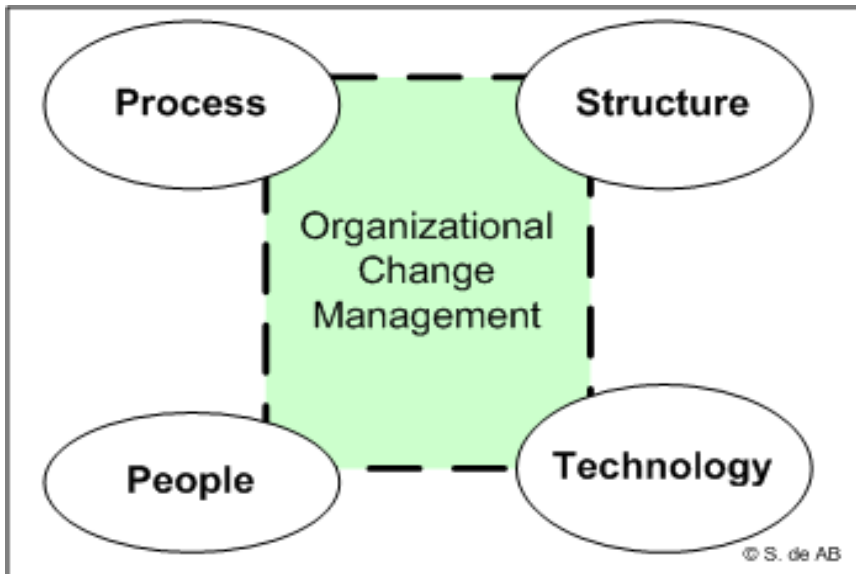## I.1 Organizational Change Management (OCM)

✓ **What :**

- **Is a framework for managing the change in organization to achieve required business outcome based on Business (Organizational) Strategy**

- **Is about to shifting and/or transform the organization from current state to the future (desired) state** (inc. process, technology, structure, people, and others aspect) **(Sabaruddin *et, al.,* 2024)*)**

- **Is about to build a perception, to intention, attitude, behavior, and embedded it in ORGANIZATIONAL CULTURE, to support an organization to REMAIN RELEVANT to the dynamic of business environment, not just to adapt.**

- **Is about :**
  - **Communicating (→Conversations →Dialog)**
  - Building Capabilities
  - Facilitating
  - Mediating
  - Engagement/Buy-In/Nurturing

- **Is Journey with Science and with more on an ART**

Note: ***) Kne Publishing : The Influence of a New Model of IT Leadership**

✓ **Fundamental Concept**

- Perception → Build their **Capability** to move from **A** ---(to)→ **B**
  - ➢ In Transition →From Resistance To understand---to-- to **DO**

- **Capability :** → more on **engagement, facilitating, and mediating**
  - ➢ All Things are created twice ©Stephen R. Covey
  - ➢ Everything is created twice first in the mind and then in reality © Robin Sharma

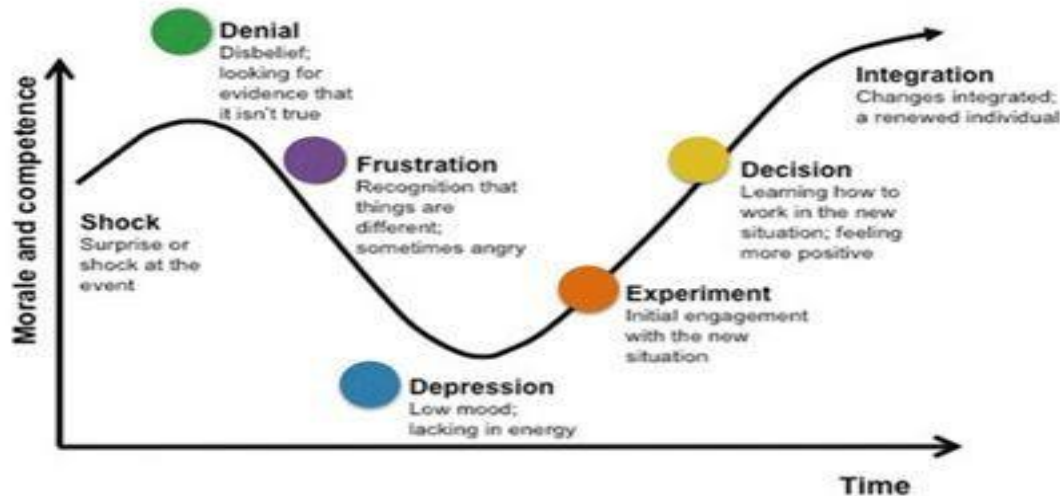✓ **Sources and Drivers**

Process

Structure

Organizational Change Management

People

Technology

© S. de AB

Organizational Culture
(to stay relevant to the business environment)

Personal / Group/ Organization

✓ **The Change Curve**

➢ Bring, Convert, Transform something (state) from $A_{s\ is}$ ---(to)➔ $_{to}$ B_e

▪ Manage the People **Perception (in TRANSITION PERIOD)**
   ✓ Kubler - Ross (Personal/patient perception journey)
   ✓ **UNDERSTANDING <** (less than) Resistance

The Kübler-Ross change curve

Morale and competence

Denial Disbelief; looking for evidence that it isn't true

Frustration Recognition that things are different; sometimes angry

Shock Surprise or shock at the event

Depression Low mood; lacking in energy

Experiment Initial engagement with the new situation

Decision Learning how to work in the new situation; feeling more positive

Integration Changes integrated; a renewed individual

Time

Create Alignment

Maximize Communication

Spark Motivation

Develop Capability

Share Knowledge

© Pinterest

I.2 Digital Transformation : The driver for OCM to the next level

New Business Model
- ✓ **Amazon**
- ✓ **Netflix**

New Product (as the result of Transformation)
- ✓ **KODAK**

New Operational Excellence

Organizational wide

IIoT, BI, GenAI, etc

Transformation

Integration Business Process
- ✓ **ERP Implementation (i.e. Oracle, SAP)**

Two or more departments

Improvement in Operational level
- ✓ **Work Activities, Quality improvement**

In one department

Area of the magnitude impact

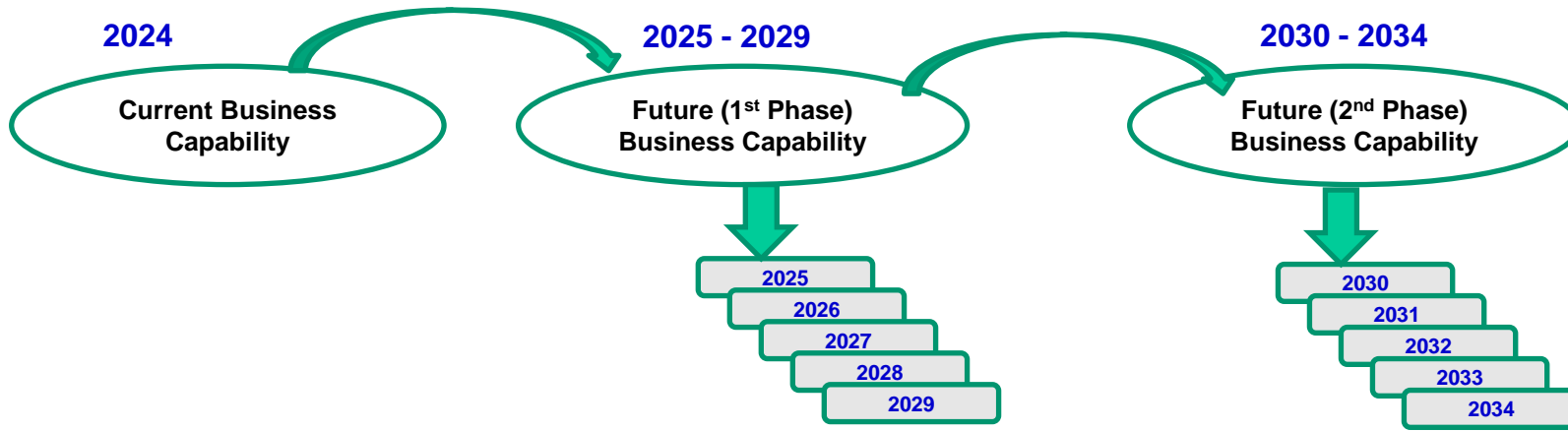- ▪ **Digital Transformation**
  - ✓ Using digital technologies
  - ✓ To Transform the organization, first in its operation (internally), to cope with the customers expectation
  - ✓ is **strategic change** → drive by strategy
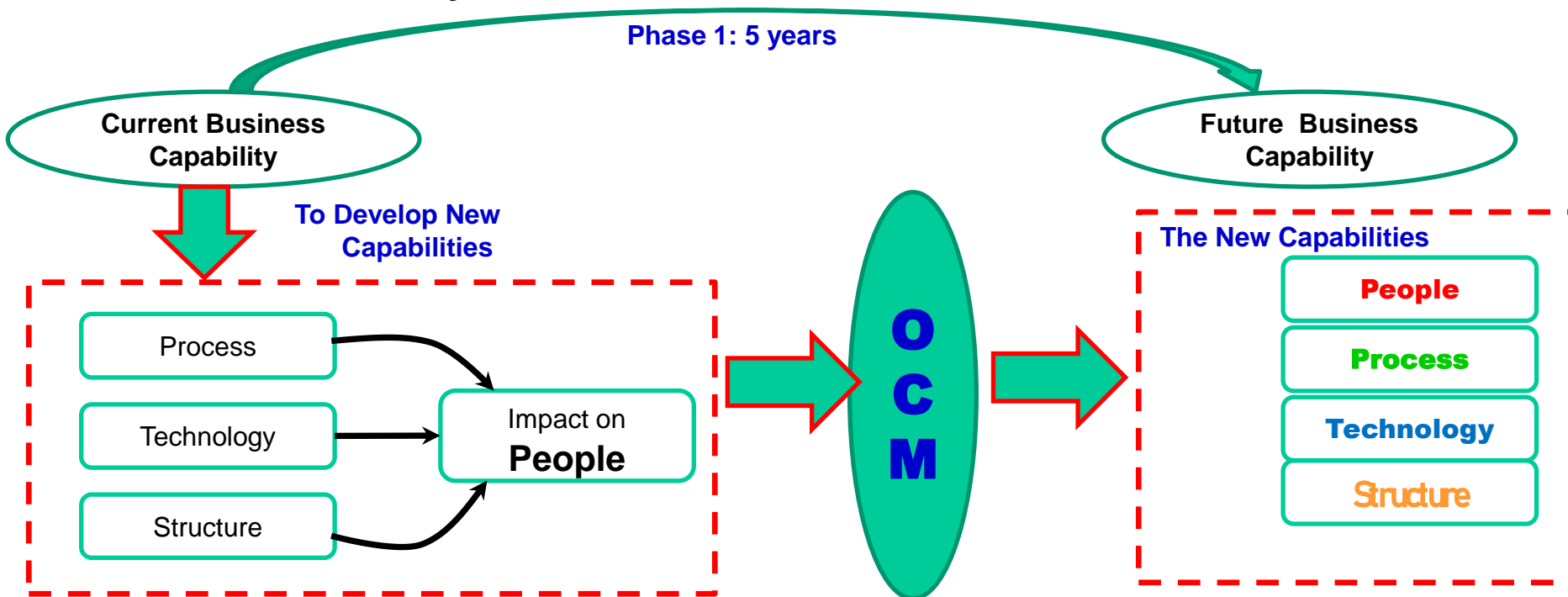- ▪ **Transformation: Why?**
  - ✓ To remain **RELEVANT** to the Business Environment
  - ✓ To stay **COMPETITIVE**

II.1 The long term vision:

2024

Current Business Capability

2025 - 2029

Future (1st Phase) Business Capability

- 2025
- 2026
- 2027
- 2028
- 2029

2030 - 2034

Future (2nd Phase) Business Capability

- 2030
- 2031
- 2032
- 2033
- 2034

II.2 Phase of Delivery

Phase 1: 5 years

Current Business Capability

Future Business Capability

To Develop New Capabilities

Process

Technology

Structure

Impact on **People**

OCM

The New Capabilities

People

Process

Technology

Structure

**As IS
(Current Systems)**

1. Current Business Process
2. Current Work Discipline/ regulation
3. Current Authority
4. Current Competency
5. Current **CULTURE** (i.e Mindset)
6. Current ……………..

The Transition Phase

**To BE
(Future Systems)**

1. Automation
2. Real time Process
3. Real time Output
4. **CULTURE** (i.e. Discipline in Data Entry)

1. UNDERSTAND

2. DEFINE

Transition Agenda :
- Related to **Project Management Process**
- Related to Produce the Project Result (i.e. ERP Customization)
- Related to **Transition Management (Organizational Change Management - OCM)**

(Current Systems) → **(Future Systems)**

| **Preparation** | → | **Planning** | → | **Execution** | → | **Closing** |

Continuous Improvement

Monitoring, Evaluation and Controlling

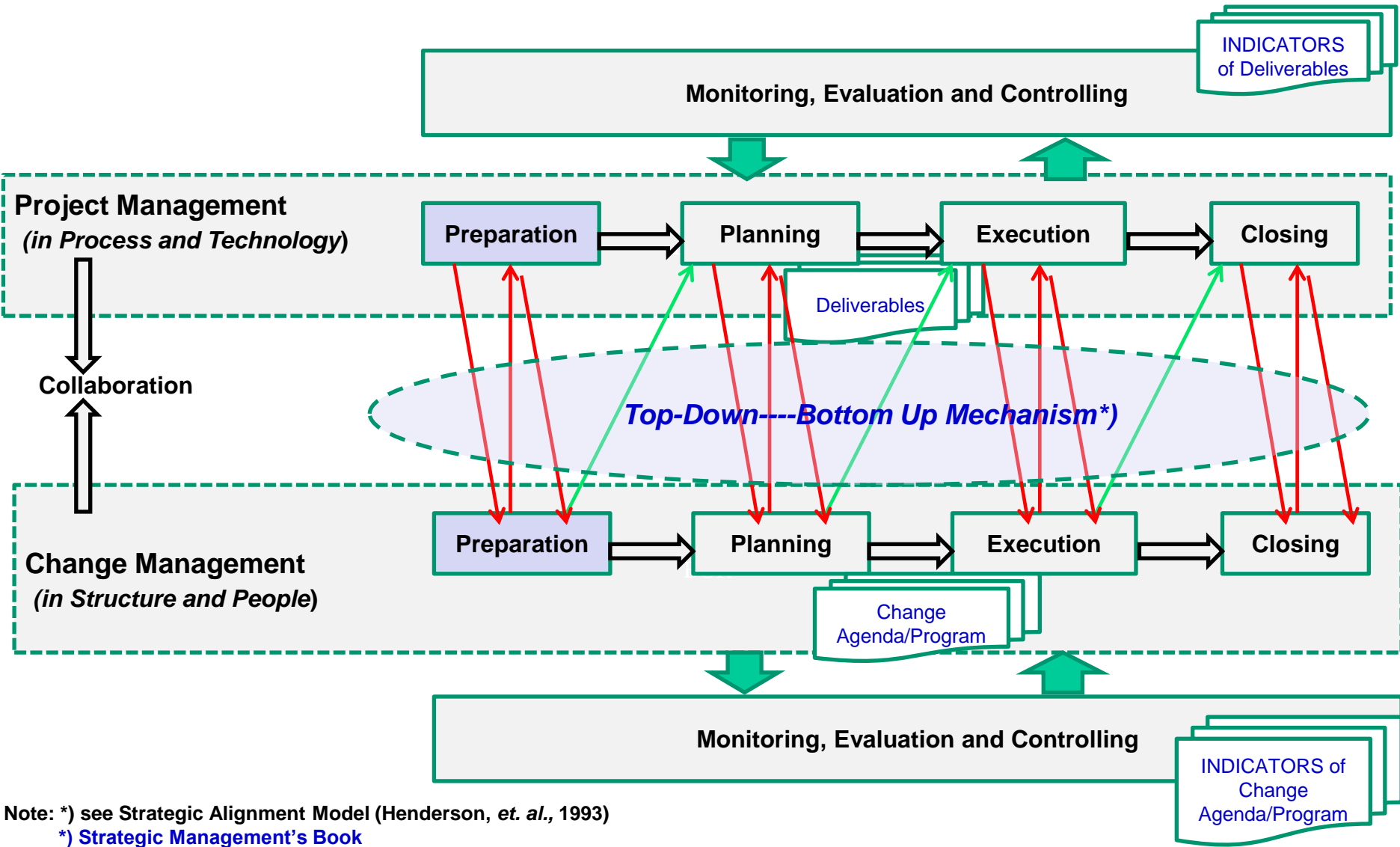**3. JOURNEY**

4. MEASURE AND KEEP ON THE TRACK

An Example of OCM Scorecard: (for Corporate/Business Level)

PTSP Framework: Organizational Change Management Performance Framework (de AB's Framework)

Business Value

Business Capability (Business Level)

No.	Capability ID		Head Office	Human Resources	Finance & Accounting	Others Dept or Area (including Outside of the Company-Generate Value/outcome)
	Capability ID: C-001 - BP-Integration	Process (P)				
		Technology (T)				
		Structure (S)				
		People (P)				

Cascading to project level : one – many project and/or linked with another Capability ID

Customer : Program/ Project Level

(Cascading to project level : one – many project and/or linked with another Capability ID: Program for managing Project portfolio)

No.	Capability ID		Head Office	Human Resources	Finance & Accounting	Others Dept or Area (including Outside of the Company-Generate Value/outcome)
	Capability ID: C-001 - BP-Integration	Process (P)				
		Technology (T)				
		Structure (S)				
		People (P)				

OCM Internal Process Excellence (CM Value Delivering)

1. Change Leadership
2. Communication and Stakeholder Engagement
3. Team Work & Collaboration
4. Project Change Management

OCM Learning and Capability Development

1. Knowledge Management
2. Competency Development

Note:
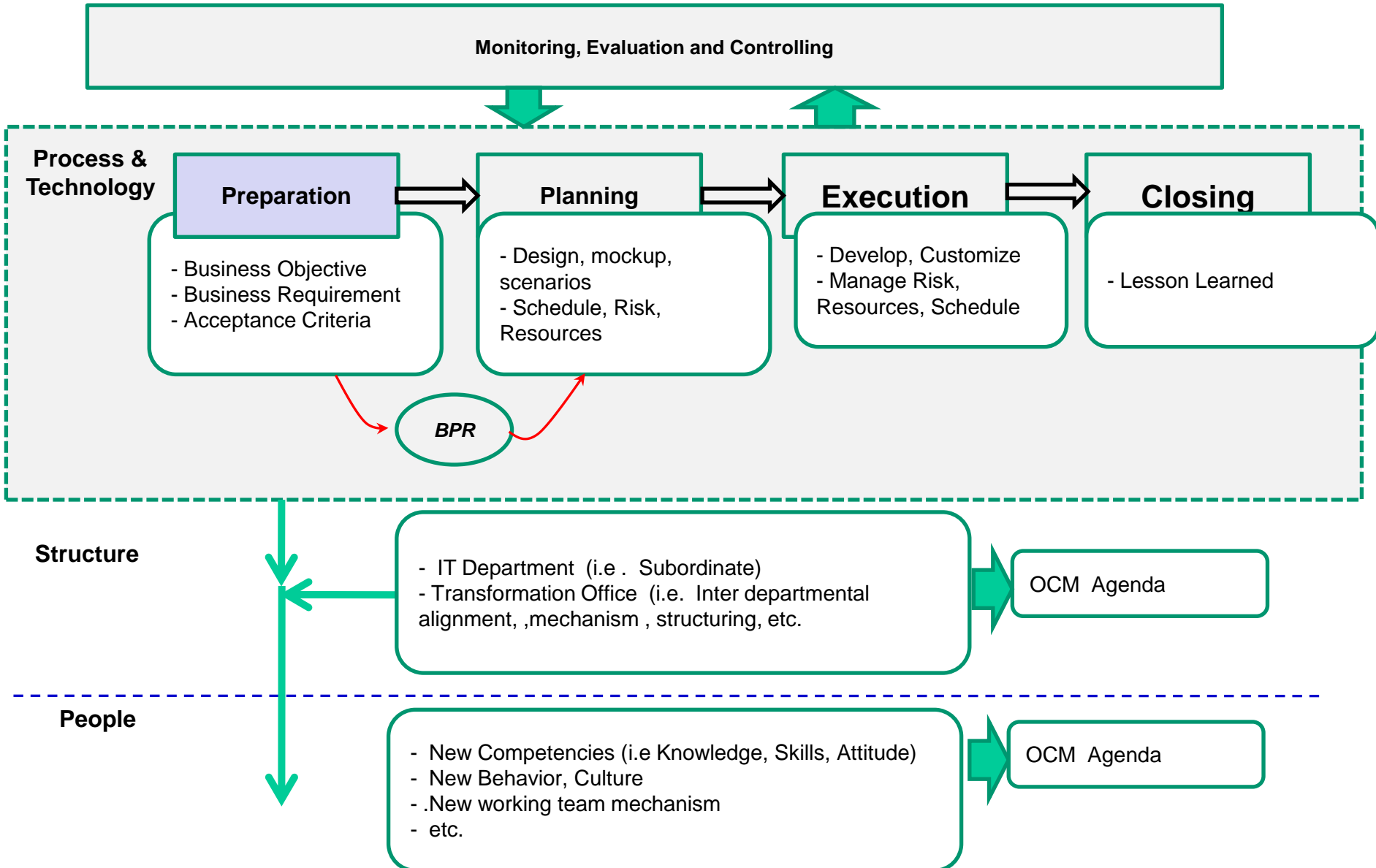Process (P)   : Process Aspect (i.e BPR, Business Process Integration, etc)
Technology (T) : Technology Aspect (i.e ERP, IoT, IIoT)
Structure (S)   : Structure Aspect (i.e Organization structure, Decision Making Mechanism, Structuring, Business rule, etc)
People (P)   : People Aspect (i.e Attitude, Work Culture, Training, etc)

IV.1 Mechanism APPROACH (i.e. Strategic Fit and Functional Integration *)

Project Management *(in Process and Technology)*

| Preparation → Planning → Execution → Closing |

Monitoring, Evaluation and Controlling

INDICATORS of Deliverables

Deliverables

Collaboration

Top-Down----Bottom Up Mechanism)*

Change Management *(in Structure and People)*

| Preparation → Planning → Execution → Closing |

Change Agenda/Program

Monitoring, Evaluation and Controlling

INDICATORS of Change Agenda/Program

Note: *) see Strategic Alignment Model (Henderson, *et. al.,* 1993)
   **   *) Strategic Management's Book**

IV.2 Mechanism APPROACH Execution

Monitoring, Evaluation and Controlling

Process & Technology

Preparation	Planning	Execution	Closing
- Business Objective - Business Requirement - Acceptance Criteria	- Design, mockup, scenarios - Schedule, Risk, Resources	- Develop, Customize - Manage Risk, Resources, Schedule	- Lesson Learned

BPR

Structure

- IT Department (i.e . Subordinate)
- Transformation Office (i.e. Inter departmental alignment, ,mechanism , structuring, etc.

OCM Agenda

People

- New Competencies (i.e Knowledge, Skills, Attitude)
- New Behavior, Culture
- .New working team mechanism
- etc.

OCM Agenda

A. Preparation

1. **OCM Unit Establishing** (3 main Unit)
   - Planning
   - Execution/Implementation
   - Monev and Controlling

2. **Mapping and Assessment**
   - **Change Initiative Mapping**: Based on Business(Organizational) Strategy : ***Business Initiative Portfolio*** (Programme, Project, etc) on : **(PTSP)**
     - ✓ **Process**
     - ✓ **Technology**
     - ✓ **Structure**
     - ✓ **People**

     From Current to Future

   - **Change Initiative Assessment**: based on **PTSP** :
     - ✓ Facilitator
     - ✓ Mediating
     - ✓ Supporting
     - ✓ Intervention, etc

Adjustment Regularly

Business (Organizational) Strategy

1

OCM-Scoping (People, Structure, Process, Technology)

3

2

OCM Strategy
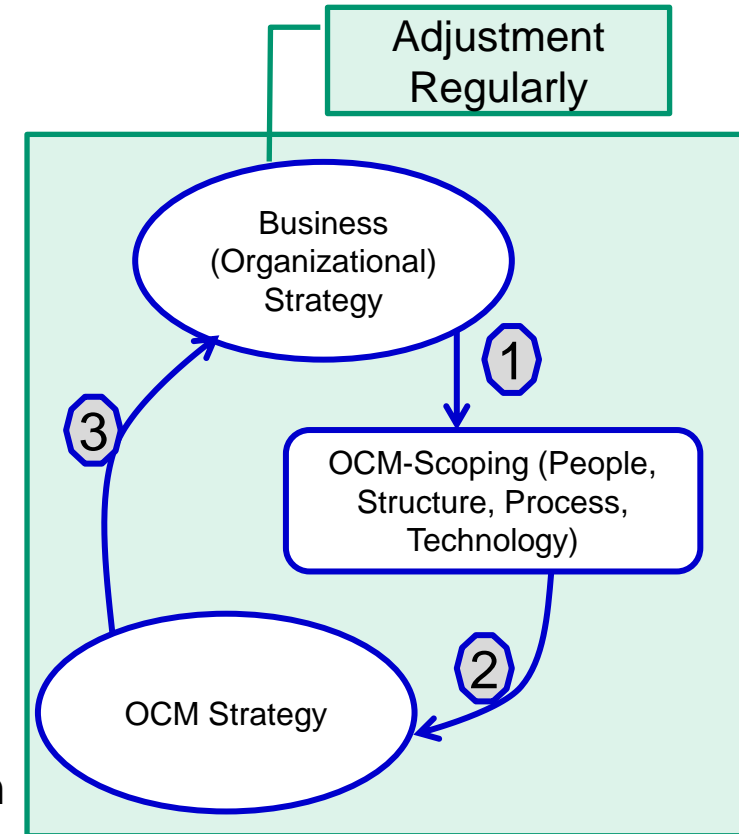
A. Preparation

2. Mapping and Assessment (cont'd)

- **People**
  - ✓ Hybrid Workplace
  - ✓ Virtual Meeting
  - ✓ ….
- **Process**
  - ✓ Business Process Management
    - • ERP Implementation / Optimization
  - ✓ New Process
  - ✓ ……..
- **Technology**
  - ✓ Digitalization (Platform, Cloud, etc)
  - ✓ ………
- **Structure**
  - ✓ Structure
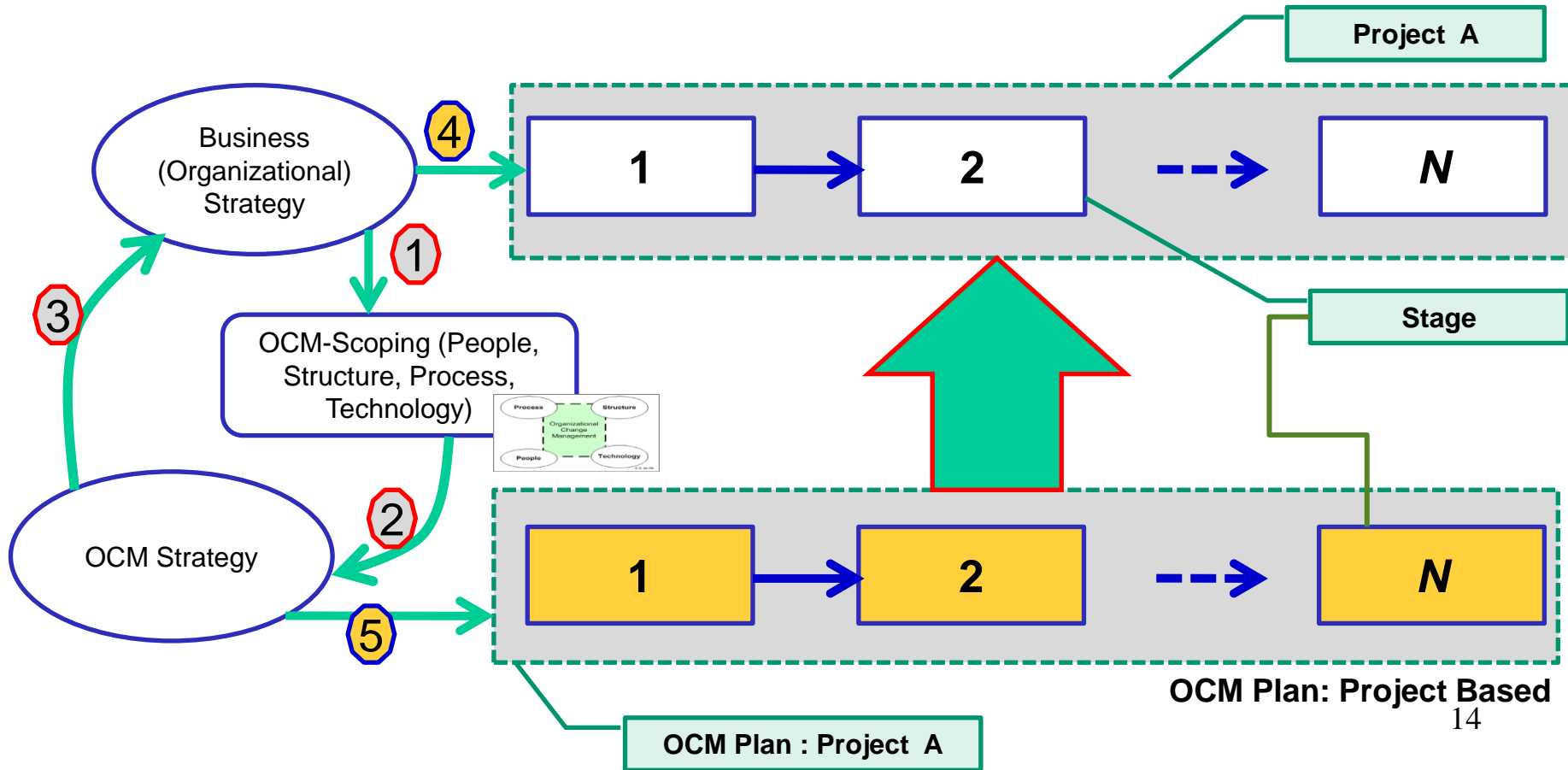 - ✓ Structuring
    - • SOP (adjustment)
  - ✓ …….

OCM Agenda (Draft)

1. **Agenda #001**
   (Socialization Processes)
   - Seminars
   - FGD
   - etc
2. **Agenda #002**
3. **Agenda #003**
.
.
n. **Agenda #00N**

B. Planning

1. **OCM Plan establishing:** (Based on Preparation result)
   - Based on Project : (Business Initiatives are launch on project Based)
     - ✓ One OCM Plan for each Project (i.g. ERP OCM Plan)
     - ✓ OCM Strategy as Master OCM Plan

OCM Plan: Project Based

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B. Planning (cont'd)

2. **OCM Plan based on Project :** (Transition Mechanism)
   - **OCM Framework**
     - ✓ Phases : Preparation, Planning, Execution, Monev and Controlling, Closing)
     - ✓ Change Approach for each PPST (People, Process, Structure, and Technology)
   - **Communication Plan**
     - ✓ Stakeholder Engagement
     - ✓ Socialization (Seminars, FGD, etc)
     - ✓ Information and data (accessibility, dissemination, update, etc)
   - **Capability Development Plan**
     - ✓ Training : (e.g. KickPatrick Models)
       - ❑ Assessment (TNA) from A → B
       - ❑ Training Agenda
         - • Class Training (KSA) A (inc. *Mind setting*)
         - • Immersion, Handholding, Handover
   - **MONEV and Controlling Plan** (in term of Continues Improvement)

3. **Change Agenda (Draft → Schedule) :** Create on **Regularly Schedule of Activities** (D/W/M)
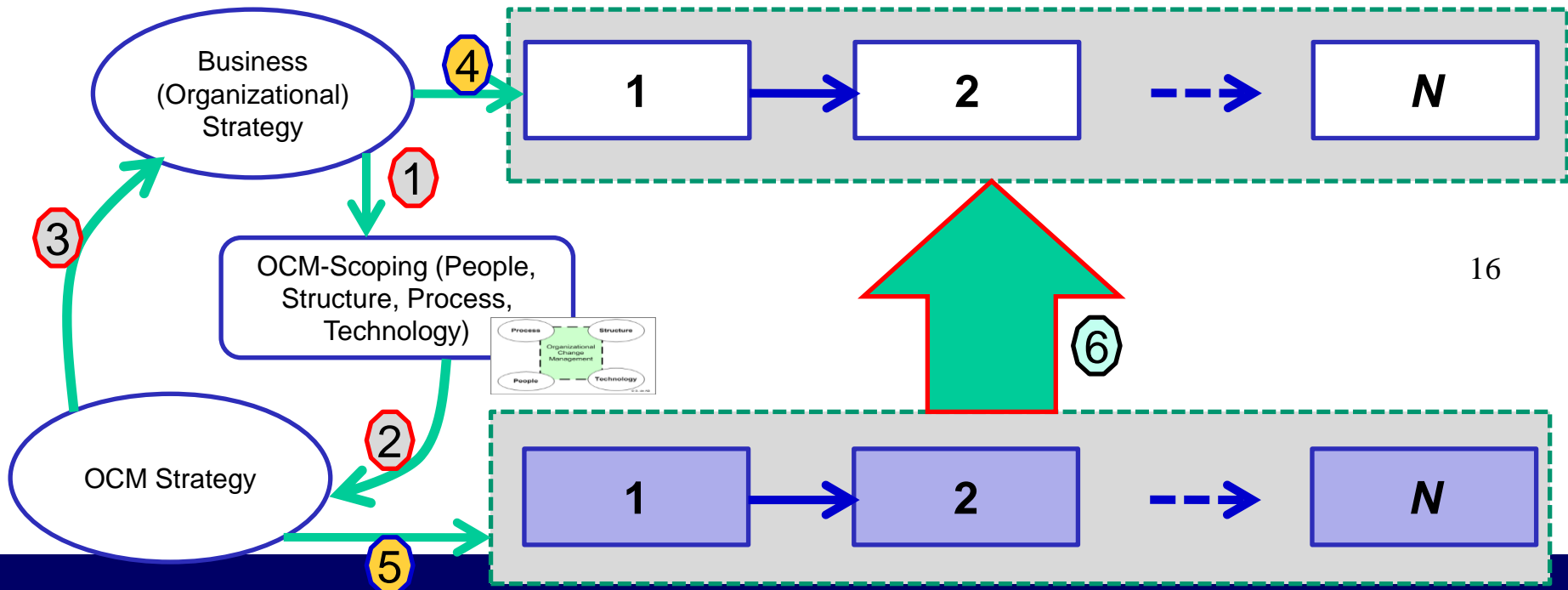
C. Execution

1. Navigating the Target

(a) V shape   **(b) U shape**   **(c) OK shape**
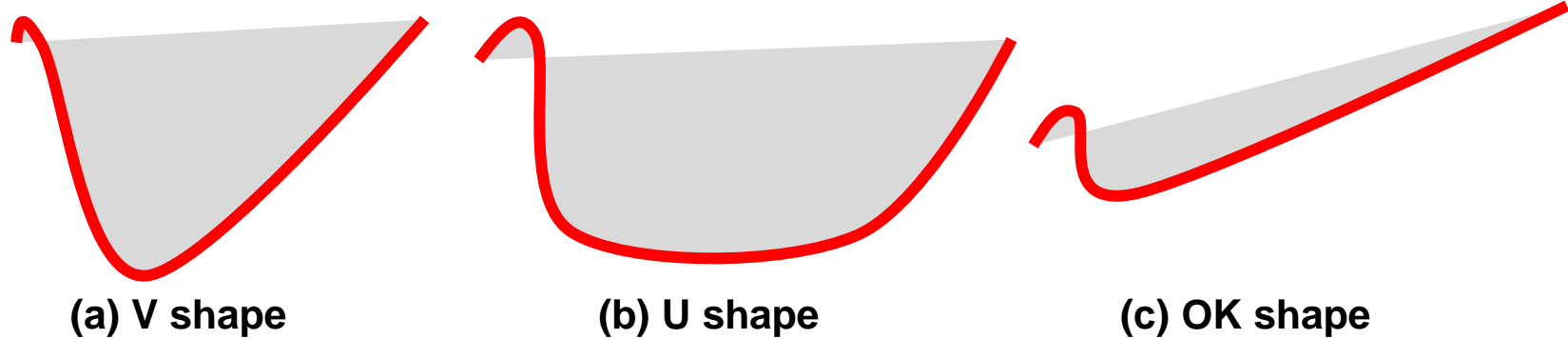
2. Change Agenda: (Continues Improvement, Science with more on ART)

Business (Organizational) Strategy

④

OCM-Scoping (People, Structure, Process, Technology)

OCM Strategy

①

②

③

⑤

⑥

| 1 | → | 2 | ⇢ | N |

| 1 | → | 2 | ⇢ | N |

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C. Execution (cont'd):   Leader Engagement

- **People :**
  - ✓ Leadership on the forefront
  - ✓ Empathy
  - ✓ Collaboration

- **Process**
  - ✓ Ensure the Operation running well

- **Technology**
  - ✓ Communication Platform

- **Structure**
  - ✓ Eliminate all obstacle on structure
  - ✓ **Adjust the structuring (e.g. SOP) to make Process and Technology Work for People**

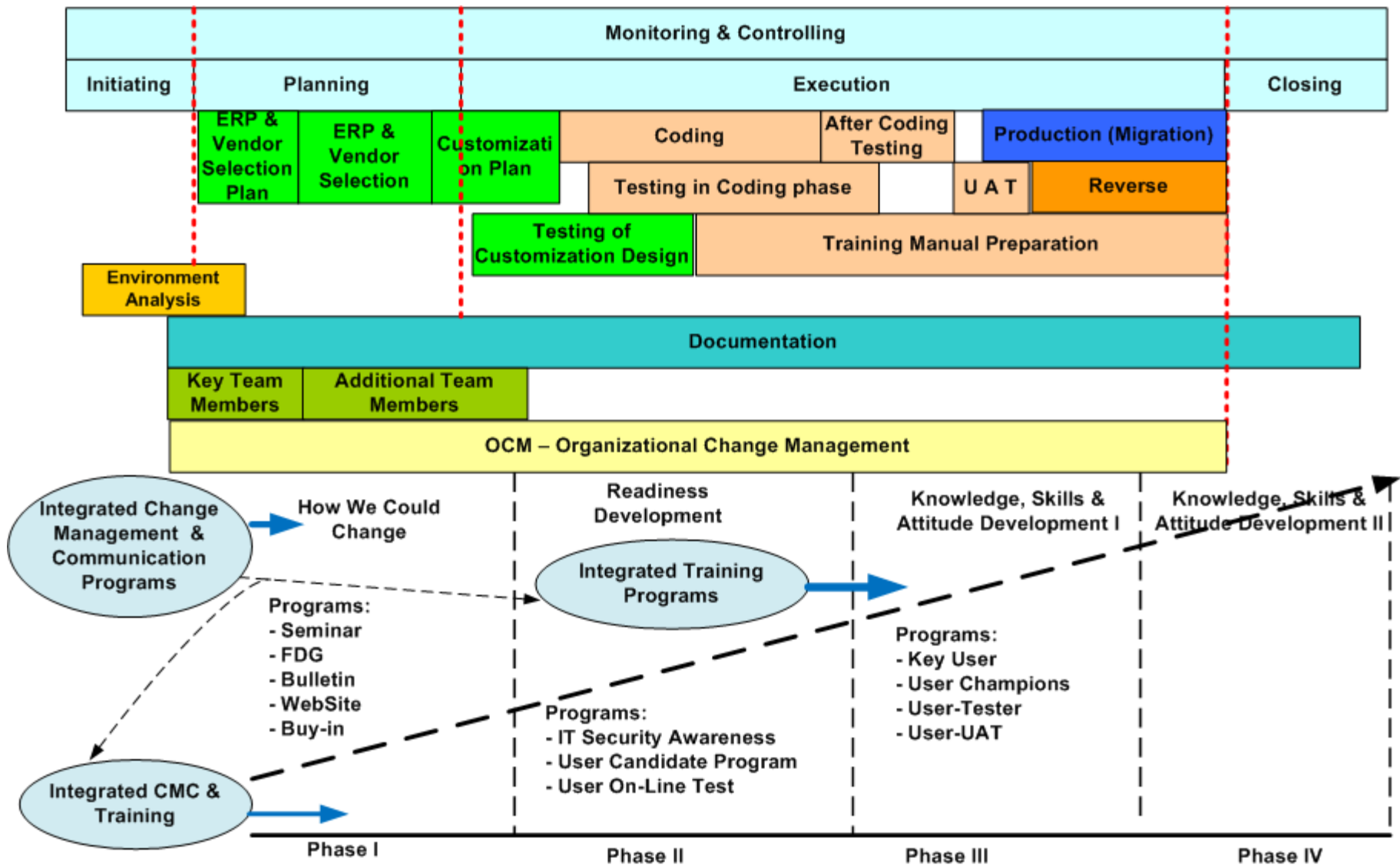# D. Monitoring, Evaluation and Controlling

Keep on the track : (the Situation would be dynamic)
- Improvement (approach, communication, engagement)
- MONEV (Monitoring and Evaluation) and Controlling
- Documentation
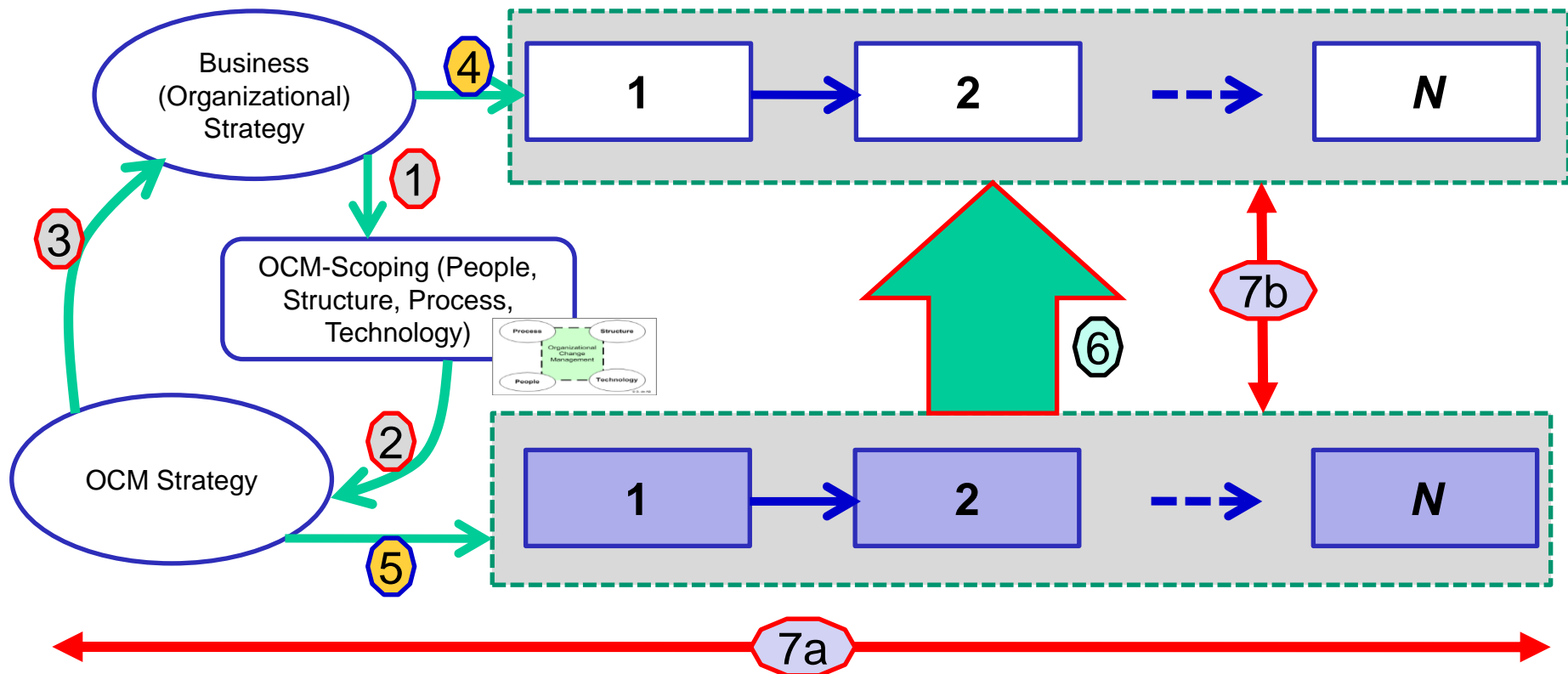
Case #1: OCM in Digital Transformation – ERP Implementation *)

*) Sabaruddin de AB _ERP Six-Step Implementation

Understand The Business Strategy

V.1 Change at the Business Level

- **Impact the entire of business (Transformation)**
  - ✓ ERP Implementation
  - ✓ New Business Model (i.e. AMAZON)
  - ✓ New Product (i,e. KODAK)
  - ✓ M/A (Merger and Acquisition)
- **High Investment**

CHANGE (I am) **is INEVITABLE**

V.2 Why Organization/Business Change

- **Market and Customer need re-orientation**
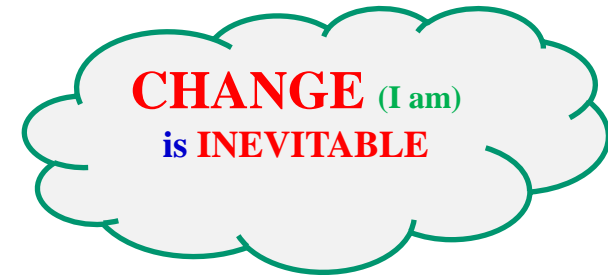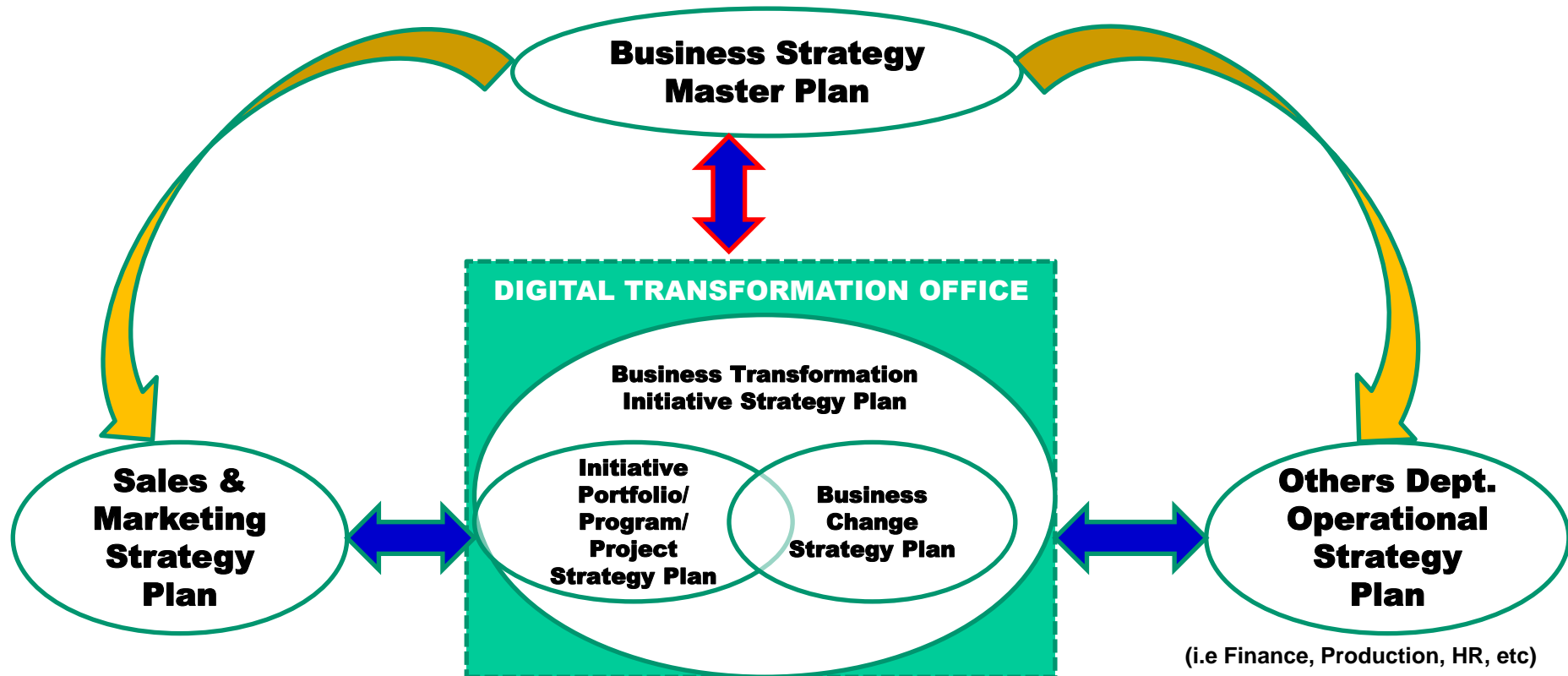- **Competitors**
- **Growth Opportunity**

Image: Marvel Studios

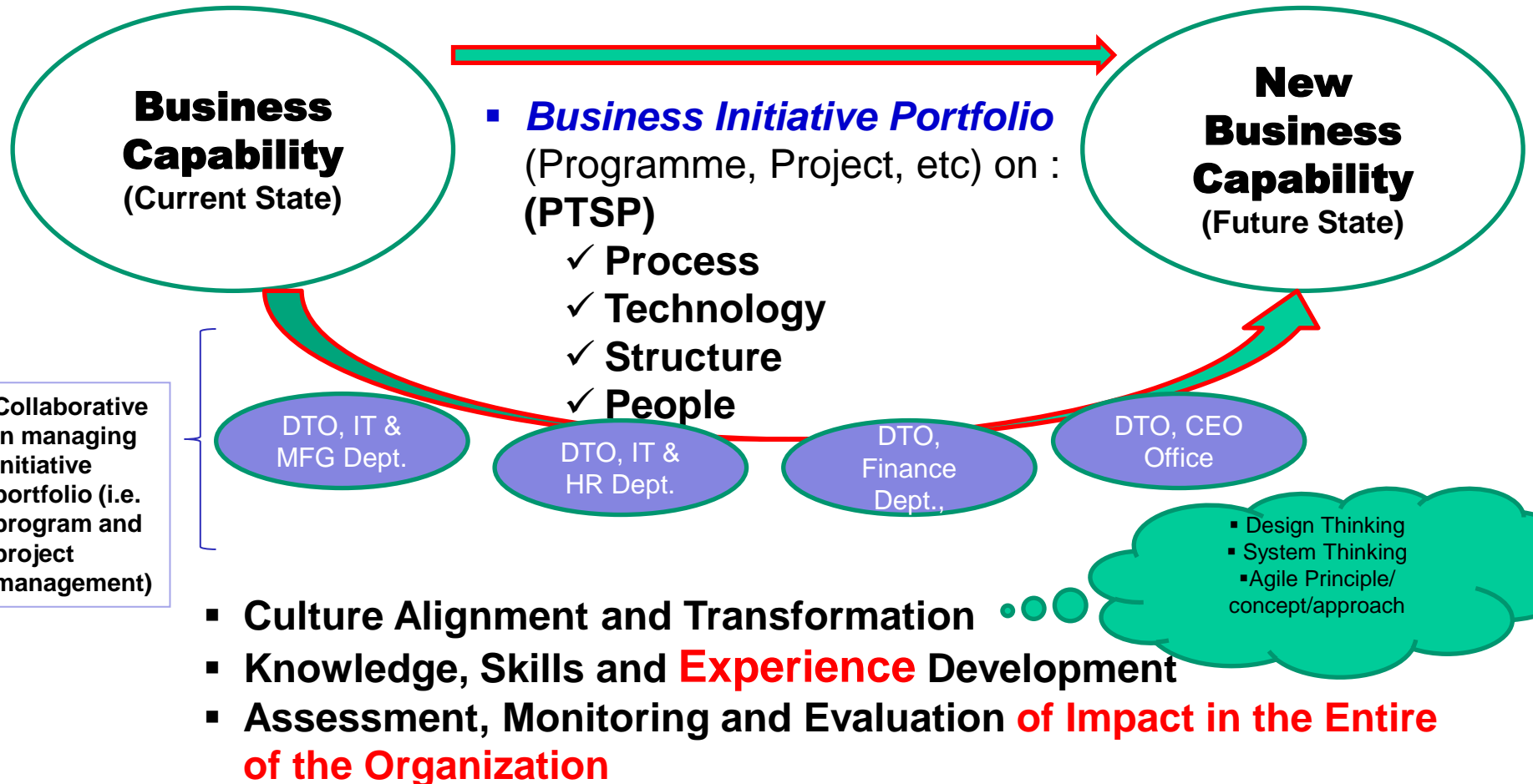## V.3 The Role of Change Management Office: *Digital Transformation Case*

- *Managing Business Initiative Portfolio* (Programs, Project, etc) on: **PTSP) *)**
  - ✓ **Process**
  - ✓ Technology
  - ✓ **Structure**
  - ✓ People

Note: *) + Policy for CMO in Government area

V.4. Change Management Office

- **Building Business Capability**
- **Transition Strategy**
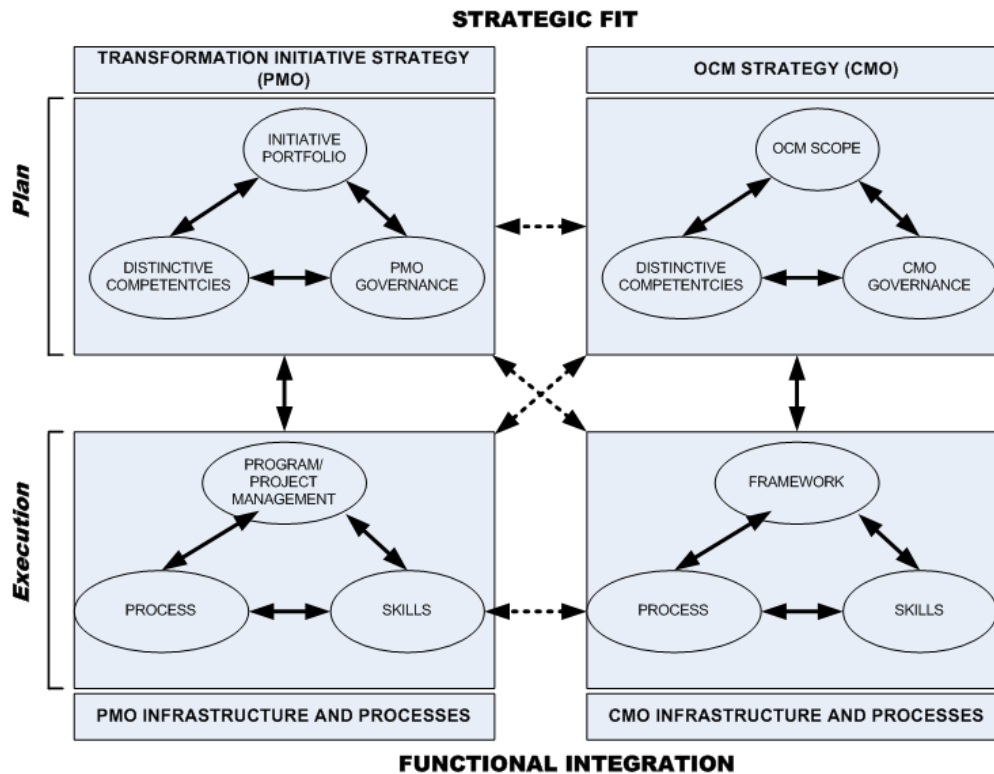- **Managing OCM Portfolio (i.e. OCM Program Management)**

Business Capability (Current State)

- ***Business Initiative Portfolio*** (Programme, Project, etc) on : **(PTSP)**
  - ✓ **Process**
  - ✓ **Technology**
  - ✓ **Structure**
  - ✓ **People**

New Business Capability (Future State)

Collaborative in managing Initiative portfolio (i.e. program and project management)

- DTO, IT & MFG Dept.
- DTO, IT & HR Dept.
- DTO, Finance Dept.,
- DTO, CEO Office

- ▪ Design Thinking
- ▪ System Thinking
- ▪ Agile Principle/ concept/approach

- **Culture Alignment and Transformation**
- **Knowledge, Skills and Experience Development**
- **Assessment, Monitoring and Evaluation of Impact in the Entire of the Organization**

V.5. The Strategy of OCM

- ✓ **Put In Organizational Strategy :** → *"change the leader"*
  - ▪ Strong Endorsement from C-Level
  - ▪ Smooth Engagement

  > **Strategic Change** →
  > **The Role of Thought**
  > **Leadership**

- ✓ **Alignment with Organizational Strategy (i.e. Initiatives) especially in Execution:**
  - ▪ To develop strategic fit and functional Integration (i.e. PMO and CMO)

STRATEGIC FIT

TRANSFORMATION INITIATIVE STRATEGY (PMO) | OCM STRATEGY (CMO)

Plan:
- INITIATIVE PORTFOLIO
- DISTINCTIVE COMPETENTCIES
- PMO GOVERNANCE
- OCM SCOPE
- DISTINCTIVE COMPETENTCIES
- CMO GOVERNANCE

Execution:
- PROGRAM/ PROJECT MANAGEMENT
- PROCESS
- SKILLS
- FRAMEWORK
- PROCESS
- SKILLS

PMO INFRASTRUCTURE AND PROCESSES | CMO INFRASTRUCTURE AND PROCESSES

FUNCTIONAL INTEGRATION

  - ▪ To avoid Strategy Blindness
- ✓ **CMO Collaborate with PMO**

V.5. The Strategy of OCM (cont'd)

✓ **Theories : → Guidance**
- **Kotter (1996)**

Implementing & sustaining for change

8. Make it stick

7. Build on the change

Engaging & enabling the organisation

6. Create quick wins

5. Empower action

4. Communicate the vision

Creating the climate for change

3. Create a vision for change

2. Form a powerful coalition

1. Create urgency

Source Cusick (2018)

- **Lewin (1958): Unfreeze-Change-Freeze**

✓ **Best Practices:**
- **ADKAR (Prosci)**

A — Awareness (of the need to change)

D — Desire (to participate in the change)

K — Knowledge (on how to change)

A — Ability (to implement required skills and behaviors)

R — Reinforcement (to sustain the change)

whatfix

Case #2: Smart Manufacturing: Intra Module – Program Management

Critical Point:
- **Accessibility** (real time or batch?)
- **Metadata** (format data send/receive)
- **API** (Application Programming Interface)
- **Data Integrity** (roll-back)
- **Data Security** (ISA/IEC 62443 series)

DTO, IT, MFG and HR Dept.

Cloud Platform

VPN (Virtual Private Network)

MES (mfg. execution systems)

(i.e. IIot and RPA)

SCM (Supply Chain Management)

ERP (Enterprise Resource Planning)

CRM (Customer Relationship Management)
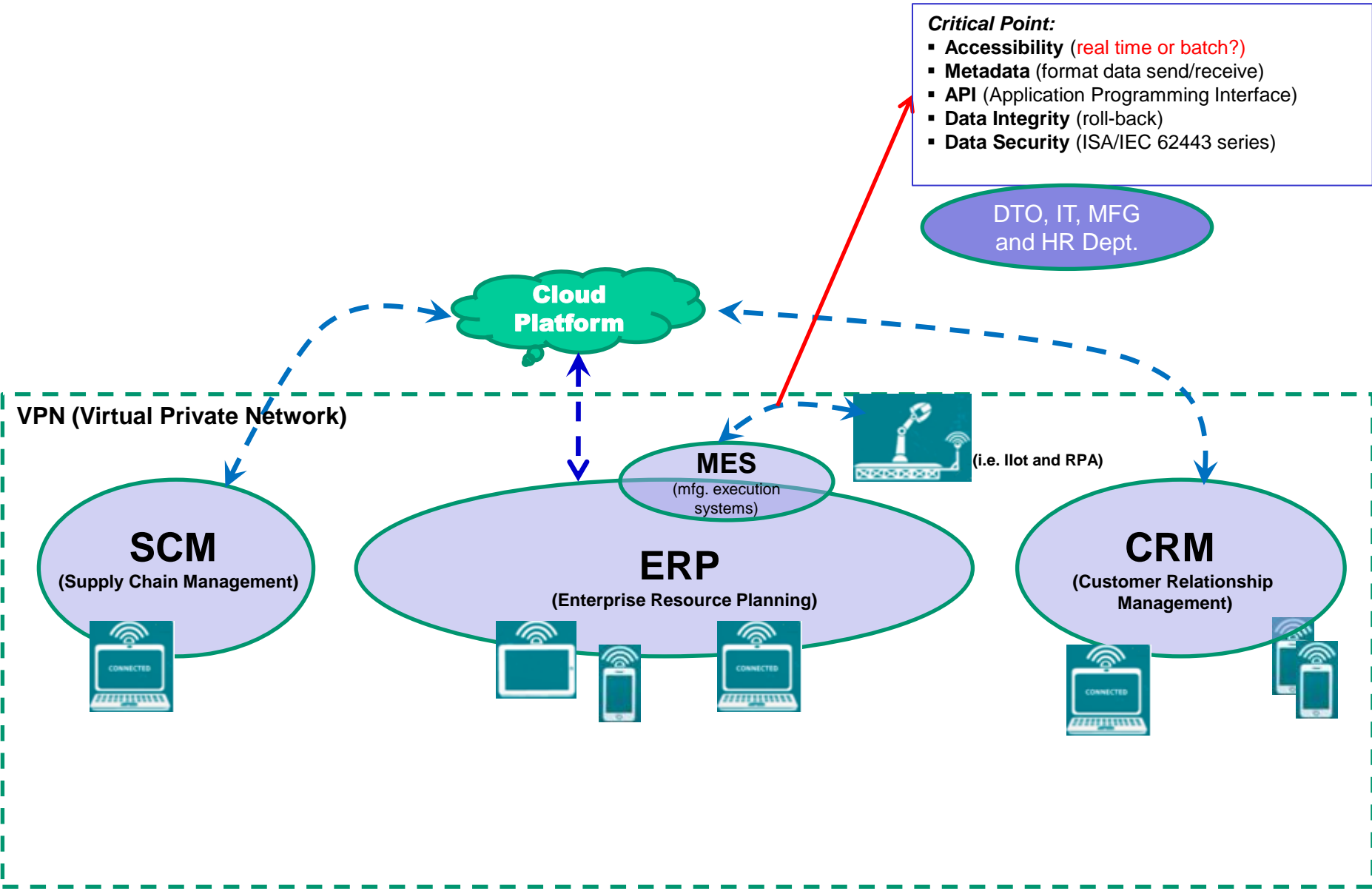
VI. The Challenges CMO in Digital Transformation:

- **Strengthen the capability of organization to cope with The Business Dynamic Environment, including pandemic** (i.e. COVID 19 Circumstances) **through Organizational Change Management Framework**

- **Develop Transformation Culture of Business/Organization**
  - ➢ Hybrid Work Place
  - ➢ Virtual Team
  - ➢ Etc.

- **How to Transform the Business Leadership (at all Level)**
  - ➢ Collaborative
  - ➢ Transformative
  - ➢ Leader in the forefront
  - ➢ More Emphatic
  - ➢ Etc

Q & A