

# Strategic Systems Change Capital Intensive Industry

## Background

A large State Government organisation in a capital intensive industry committed in 2004 to improve the **capability** (ie. ability + capacity) of their IT professionals. An IT Capability Program was created (consisting of five projects) to achieve cultural change and capability development. The IT function had, for many years, been dispersed across 25 highly autonomous business areas with no single person accountable for overall IT performance.

The end game was to enhance the productivity of business operations through consistent and repeatable business processes (enabled by IT) as the business was facing a massive capability shortage in technical professional roles.

The organisation had a long standing **federated culture** across the many Districts and Regions that created a tension between corporate requirements and local needs. The benefit of the highly autonomous and de-centralised model was it enabled the local business to be highly innovative and responsive to their local customers.

However, an unintended consequence was each area evolved their own culture, locally developed business processes and over 2000 small business applications were used across the organisation! The business was good at planning and delivering technical projects, but **organisational change management** and **benefits management** needed to be spearheaded by the IT Capability Program. As stated by one senior executive "IT had become an artifact of the business itself".

The senior executive had recognised the business had become unnecessarily complex as each District was essentially doing the same functions, but using different systems and processes. It also meant that movement of staff between locations created a high learning curve, and it was difficult and cumbersome to implement organisational wide change.

A key challenge was to **demonstrate cultural compatibility** of the Program by "respecting the past culture, while positioning for the future" which meant that innovation needed to be preserved while processes were standardised, and systems rationalised to create a simpler business environment that would be able to rapidly adapt to change and consistently deliver customer excellence.

## Process

Given the size and complexity of the challenge, the organisation decided to appoint 451 Consulting in the Project Director role, to manage the Program of Work (PoW), which was predominantly resourced with internal staff. In fact, the first challenge after improving scope clarity, business objectives and simplifying governance was to develop the capability of the five internally appointed project managers who had not previously had project management accountability.

An organisational change management stream was created to win the hearts and minds of stakeholders and to ensure the deliverables from the Program would produce sustained change. This included Stakeholder Analysis & Management, Business Accountabilities, Focus Groups, Readiness For Change Assessments, Consultation Strategies, Process Analysis, Readiness Checkpoints into Plans, Operational Impacts Assessments per District, Customer Impact Analysis, Position Impact Statements, Infomercials on Going Through Change and a detailed Communications Plan. Feedback loops were established to understand issues and gauge the mood of staff so strategies could be fine-tuned and operational impacts minimised.

Resources from 451 Consulting were also engaged to fill capability gaps in the Program where specialists were needed or qualified staff were not available.



cultural change



bridging business & information technology



project/programme management



risk management

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## The Five Projects

1. Implementation of a Program and Project Management Office, including infomercials, benefits realisation, governance framework, tools and templates;
2. Rationalised business applications (systems) and adoption of standardised processes to reduce business complexity and improve overall responsiveness;
3. Implementation of a standardised desktop environment with supporting SLA's which would enhance staff mobility and reduce the Total Cost of Ownership;
4. IT Workforce Capability to assess staff competencies and match to future requirements through a transition strategy and development Program;
5. Service Delivery to define in business terminology the IT services, and how they can better enable the business. This required structural change.

## The Main Challenges

1. The absence of best practice processes for planning, managing and tracking projects and Programs of work.
2. The need for improved accountability for OUTPUTS by the project managers and for OUTCOMES (benefits) from the operational managers.
3. Significant early resistance to change by staff with fear/uncertainty as many positions would ultimately be changed, in combination with a perception of reduced local autonomy. This was complicated by a lack of accepted organisational change management approaches and supporting toolsets.
4. The organisation had a massive Agenda of Change at a time when the business needed to increase outputs by up to fourfold to meet customer needs. There was a critical need to understand, plan and manage how all of the organisation's projects would impact each operational area at specific points in time to ensure operational performance would not be compromised.

## Outcomes

1. Staff are much more receptive to change and morale has improved.
2. Adoption of a customer centric culture for IT services (based on ITIL), with a supporting service catalogue was mapped to a new structure.
3. Rationalised applications based on business value.
4. A consistent desktop environment for all areas of the organisation with a single process, supported by a business centric Service Level Agreement.
5. Creation of a CIO role with overall accountability for IT for the organisation.
6. The Program and project frameworks and supporting tools developed have since been adopted across the entire organisation.
7. The Program has had five Health Checks since inception as it was one of the organisation's Top 4 strategic priorities. In each review, the Program was commended for displaying best practice characteristics. The Program delivered to agreed scope, time and quality and saved \$1million over original business case estimates, and benefit streams have started to be realised. The organisational change management approach was adopted on a wider basis across the organisation.