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OCM (ORGANIZATIONAL CHANGE MANAGEMENT) AND GTM (GLOBAL TRADE MANAGEMENT)

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Organizational Change Management (OCM) is the application of a systematic methodology to facilitate the transition from a current state to a desired future state by:

– Providing strategic advice and direction for managing change arising from the project in the organization One function of portfolio management is to adjust the portfolio, as needed, to maximize its overall contribution to achieving the organization's strategic initiatives and goals. This may require changes in the mix of projects in the portfolio, including potential project deferrals or terminations. While those changes may be necessary from an overall perspective, individual project stakeholders may think otherwise. This paper details how change management addresses stakeholder expectations when changes to the project portfolio are needed.There are two key themes: (1) portfolio management is the enabler of strategy execution and (2) management of stakeholder expectations using change management practices embedded in portfolio management is a critical element of robust portfolio management. The implication is that the ineffective management of stakeholder expectations may have an adverse impact on an organization's strategy execution.The development of this paper included obtaining input and insights about managing change from eight diverse

organizations. Interviews were conducted over a three-week period in late February and early March 2015. Those interviews were typically conducted with an individual at an officer level and approximately one half were with the chief executive. The objective was to obtain additional practical insights regarding both the sources and management of change related to project portfolios. The demographics of the eight organizations varied (e.g., workforce from under 100 to nearly 3,000 and revenues from under US$10 million to nearly US$1.2 billion). The ages of the organizations ranged from under 20 years to nearly 100 years. The eight organizations represented diverse sectors: manufacturing, healthcare, social assistance, higher education, and information technology. In agreeing to be interviewed, the organizations also declined to be identified. Although there are a few direct quotes in this paper to emphasize particular points, they are made anonymously.

– Identifying potential organizational risksHere are multiple definitions of strategy. For instance:

Lafley and Martin (2013) defined strategy as "an integrated set of choices that uniquely positions the firm in its industry so as to create sustainable advantage and superior value relative to the competition" (p. 3). They also discussed how leaders sometimes approach strategy through ineffective viewpoints, such as equating strategy to vision or to a plan.

Ohmae (1982) defined strategy as "the way in which a corporation endeavors to differentiate itself positively from its competitors, using its relative corporate strengths to better satisfy customer needs" (p. 92).

Porter (as cited in Magretta, 2012, p. 219) defined strategy as "the set of integrated choices that define how you will achieve superior performance in the face of competition."

Not everyone shares these singular definitions of strategy. Nearly three decades ago, Mintzberg (1987) observed:Human nature insists on a definition for every concept. The field of strategic management cannot afford to rely on a single definition of strategy, indeed the word has long been used implicitly in different ways even if it has traditionally been defined formally in only one (p. 11).

Mintzberg also discussed various interpretations of strategy that are sometimes used as definitions. These include:Strategy as a plan to do something;

Strategy as a retrospective pattern of consistent behavior; andStrategy as an organization's position in its broader external environment.
However, there are key elements among these various definitions (or interpretations) of strategy: choices or options, integration, differentiation, and sustainable advantage. These elements may be combined to define strategy as the selection and integration of options that, if successful, will give the organization a sustainable competitive advantage.Strategy formulation involves choosing a particular path to get from current point A to desired point B. That point B should correlate to the organization's mission and vision. The strategy is a high-level answer to the question, "How do we get there?" The more detailed answer involves the development of strategic initiatives implemented through projects. The alignment and

integration of these projects should increase the likelihood that their successful completion will contribute to accomplishment of the organization's mission and vision.
-Creating plans for their minimization & Executing those plansThe execution of projects in the project portfolio is the mechanism to accomplish the strategy. Strategy development is followed by strategy execution, and strategy execution is enabled by the completion and implementation of projects. In other words, project portfolio management enables strategy execution.

Franken, Edwards, and Lambert (2009) described strategy execution as having two primary parts: creating the portfolio of initiatives and providing the resources to fund and implement those initiatives. They also discuss the reasons why successful strategy execution is difficult. These include more frequent strategy redefinition due to stakeholder pressure for greater profitability, and balancing the needs for change with the needs of ongoing operations. Franken et al. mapped 10 generic elements of successful strategy execution to three overall capabilities: alignment of the portfolio with the strategy; executing the initiatives in the portfolio; and identifying and implementing lessons learned to improve the process.

In particular, they identified four of the 10 generic elements as critical to successful strategy execution:

(1) Leaders creating an organizational culture of continuous change; (2) a united commitment to the portfolio by senior leaders; (3) governance, including accountability, for each initiative in the portfolio; and (4) active management of the portfolio to address interdependencies (and synergies).

The eight interviewed organization leaders provided examples for each of these four critical elements.

1.The organizational culture of continuous change is critical in shaping behaviors. One senior leader described the result of changing to an organizational culture of empowerment: "Try it. If it works, OK. If it doesn't, no one gets punished" (personal communication, 2015).

2. As one leader noted, ensure a united commitment to the portfolio by encouraging candid discussion of a project's pros and cons at senior leadership team meetings, after which "everyone supports every project agreed to" by that team (personal communication, 2015).

3. Accountability for each project in the portfolio often lies with the project leader. Another of the interviewed organization leaders described the dilemma of loose/tight controls as "Do not micromanage. Trust but verify" (personal communication, 2015).

4.One of the leaders described the active management of its collection of projects : "Initiatives are continually monitored. As needed, priorities for initiatives are changed and funds are moved" (personal communication, 2015).

Although these examples use different words, the critical elements are clear: the right organizational culture, mutual senior leadership support of portfolio decisions, accountability at the project level, and active management of the portfolio.

Strategy execution may be impacted by both changes in the portfolio and changes in the external environment. Changes in the portfolio occur naturally as projects are completed and resources are redirected to other projects. Portfolio changes can also occur by terminating projects that are underperforming or no longer contributing to the organization's current strategy. An organization may modify its strategy due to changes in the external environment. These may have rendered the current strategy suboptimal, or created strategic opportunities that weren't obvious when the strategy was originally created. One of the eight organization leaders described the organization's strategic process as "iterative and continuous adaptation." This allows the organization to capture opportunities that are not apparent at the periodic meeting for setting strategy.

Strategy is the overall path to achieving the vision and mission. Individual initiatives, managed as projects, are the mechanism used to move the organization forward on that strategic path. If there are a number of projects, there is value in formally managing them collectively as a portfolio of projects. The eight organizations all managed their projects as a collection, although many did not formally use the term "portfolio management" to describe this. None had a formally designated portfolio manager.

For smaller organizations, the senior leadership team performed this function. For larger organizations, this responsibility was delegated to major department heads. At this point, some organizations recognized this departmental role as managing a sub-portfolio, which is a critical, but potentially dangerous juncture. When organizations manage groups of projects only as a sub-portfolio, they minimize the importance of the overall portfolio management and may miss the opportunity to balance resource allocations across sub-portfolios or identify hidden synergies between elements of the sub-portfolios for potentially greater gain.

- **Global Trade Management Project aims to implement a process/ technology change which will impact different cultures and geography**
  - Each region/ business unit carries out processes in a particular way (systems , business practices, nomenclature, etc.)
  - Need to minimize resistance and gain support
  - Implementation will require use of new processes & in some cases current system capabilities might need to be given-up
- **Critical success factor → manage deployment's human side**
  In large part, individuals react to change based on its impact to them personally. Perceived favorable impacts generally lead to support for the change and perceived unfavorable impacts may lead to change resistance.
  Another factor is an individual's preference for change in general. Diffusion models show that innovators prefer change for the sake of change itself; other individuals dislike any change until the very end, if then, and the majority of individuals fall somewhere between these two extremes.

All change is personal. Each person typically asks: "What's in it for me?" Hutchinson (2001) followed that question with: "Will I be better or worse off, and what shall I do about it?" (pp. 28–29). In addition to informing individuals about the change, Hutchinson listed three other actions: leading, listening, and involving. In particular, leading involves the ability to "tell a compelling change story that the rest of the organization understands and supports" (pp. 29–30).

The "Will I be better or worse off?" question is key. For example, Barker (1992) described the impact of change on individuals through the "going back to zero" rule: "When a paradigm shifts, everyone goes back to zero" (p. 140). In different terms, individuals lose whatever expert power they have accumulated under the old paradigm, and must regain their expert power under the new paradigm. An example of this is how expert users of an old information system must learn new skills and knowledge when the new information system is implemented to regain their expert status. We all tend to resist, to some level, the loss of our personal power

Any change process in an organization has a direct impact on productivity causing a dip by the resistance to change the people impacted by it

Resistance may result in

- Decreased productivity
- Lower return on investment
- Project cost overruns
- Employee turnover
- Absenteeism & medical costs
- Sabotage & theft
- Unrealized goals

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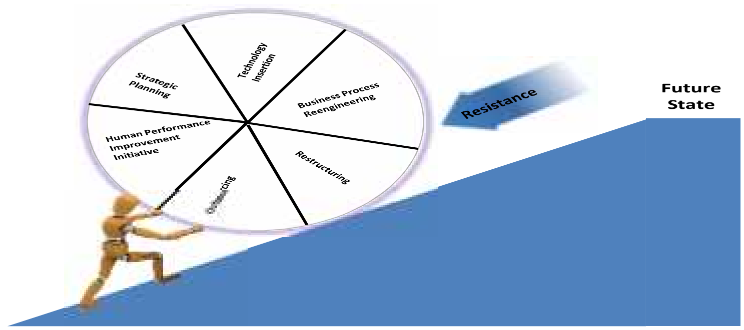
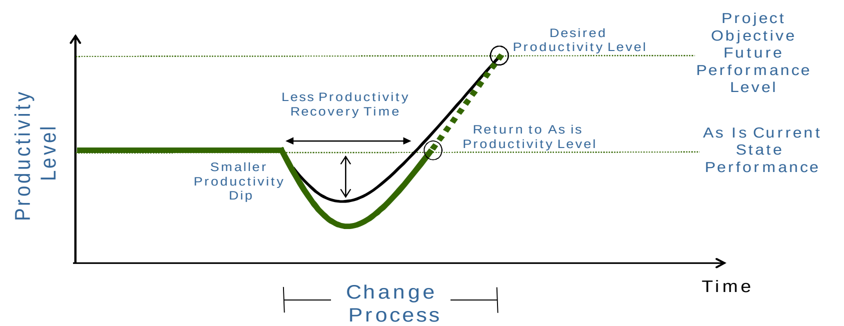


OCM can reduce productivity dips derived from a change



The objective, is to minimize the productivity dip and recovery time and make the transition to a future performance level as smooth as possible

*Source: Adapted from Deloitte Change Management Promotional Materials

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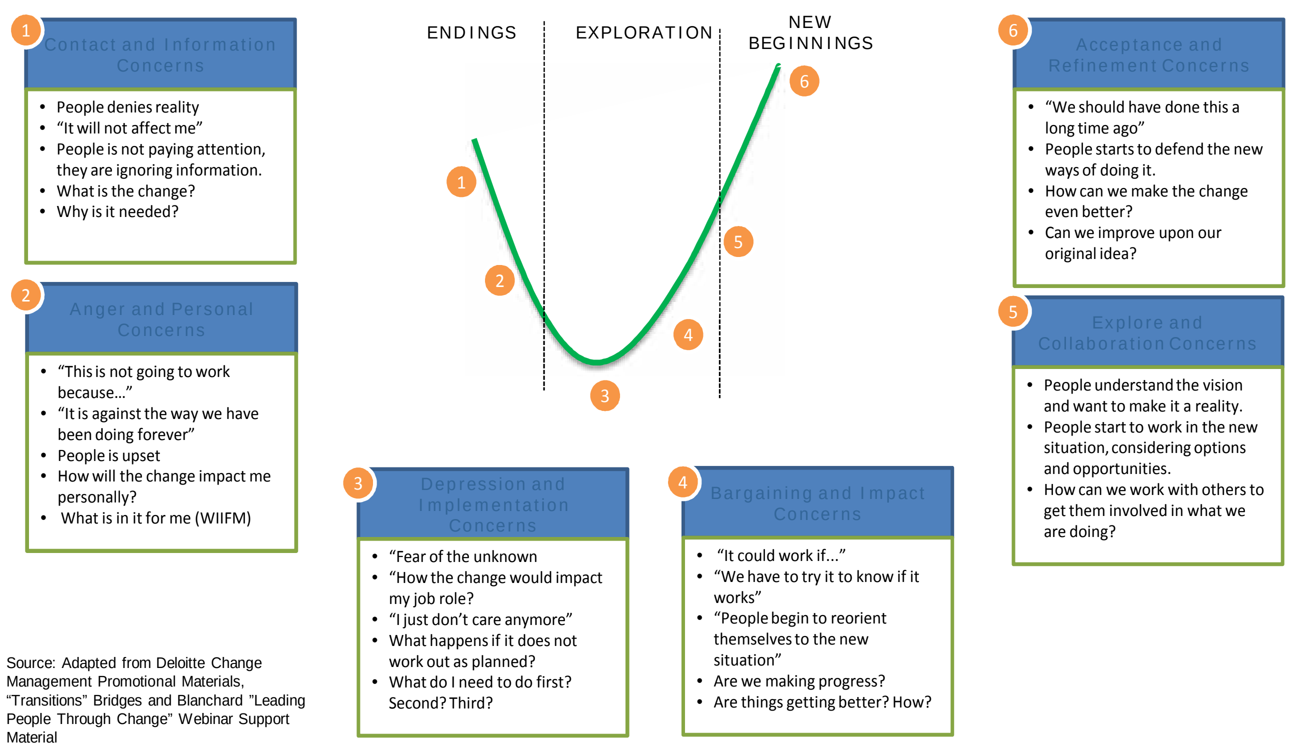
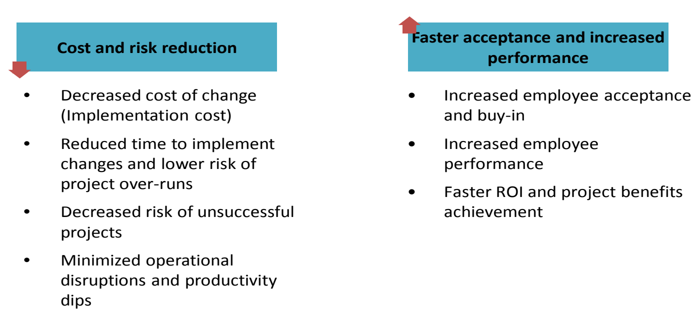
At the individual level, OCM activities support the six typical emotional stages involved during the change process



Source: Adapted from Deloitte Change Management Promotional Materials, "Transitions" Bridges and Blanchard "Leading People Through Change" Webinar Support Material

Benefits obtained from change management



*Source: Adapted from: Bauer, Debi
Change Management Realization

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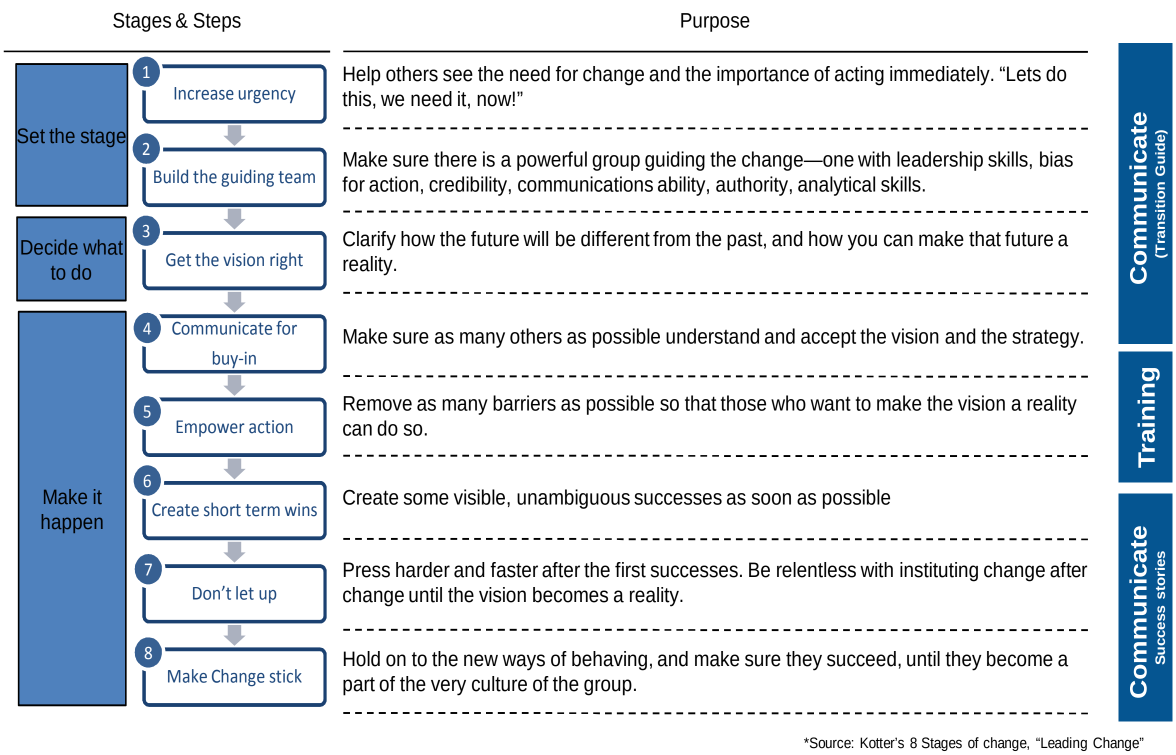
The Eight-Stage process of creating major change



GTM Project, OCM Key Steps and Tools

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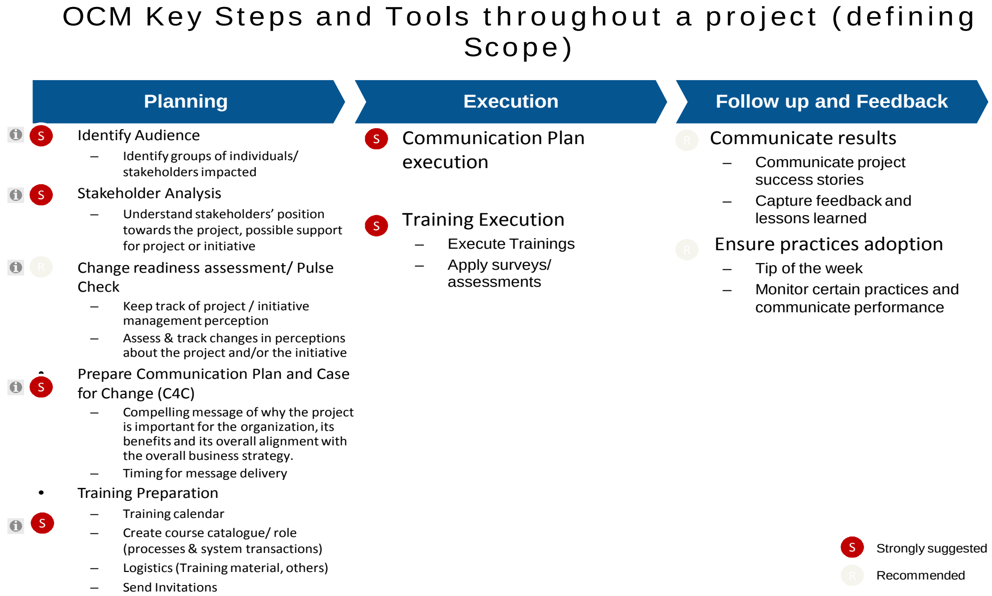

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