



# Intelligent Change Management : using outcome-driven change to achieve successful step-change



**pm3**

Project Portfolio Management

**pm3**  
change

Business Change Management

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## Introduction

There has never been a greater need to manage change effectively within organisations, yet Change Management is so often seen as a ‘black-art’ and an unnecessary, complicated overhead. But we all know that successful change doesn’t happen by accident. So how can organisations embrace change management and help ensure that successful step-changes happen ?

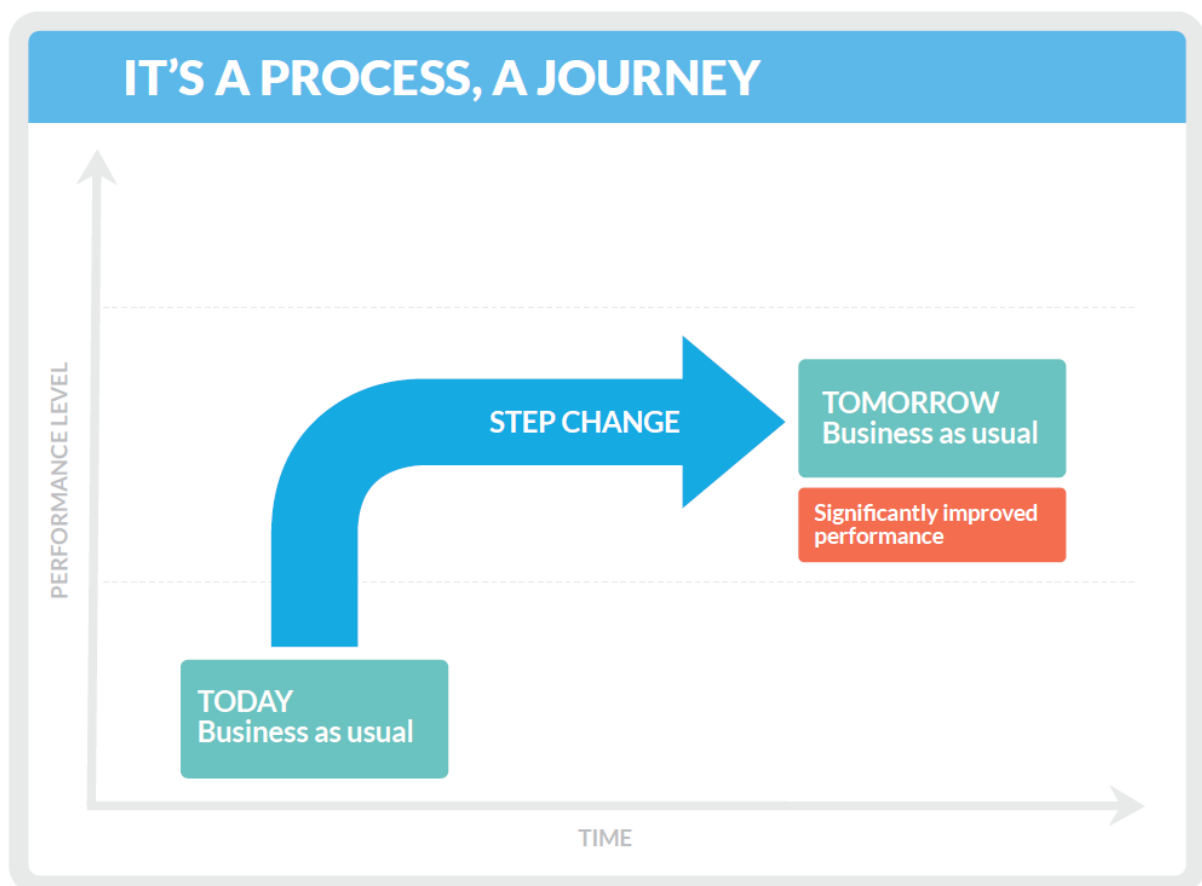
This white paper describes a fundamental, sustainable, powerful and easily-understood technique which any organisation can adopt as part of their change management approach :

- ✔ Always focus on the **outcomes** of the change : what will be different, what new behaviour do we want, who will need to behave differently, how will it feel, why is it better than today; and how will we know we have achieved the outcomes ?

This proven technique, together with smart communications, helps organisations manage variances, ambiguity and turbulence and ensure that the end-goals of the change programme are achieved and are successfully embedded in the organisation.

## Achieving a step-change in your organisation

There’s an opinion that “the only change worth making is a Step Change”. This is the type of significant change in business operations that results in a dramatic, sustainable, measurable improvement in business performance and behaviour, where the organisation moves from the current steady-state to a new, vastly improved steady-state.



## Outcomes and outcome-driven change

Often when you ask a change delivery manager “what is the purpose of this programme” the answer will be “to deliver a great new service or shiny new product for the organisation”. However, that is rarely true: it isn’t the new service or product that is important, but what people can do with it that really matters.

The diagram below illustrates the true value-chain in any programme or project:

- ✓ An **output** is created, for example a new web-based service
- ✓ This output gives the organisation some new **capabilities**, which people can then start exploiting
- ✓ Gradually, as more and more people exploit the capabilities a change in business behaviour happens. This is the true **business outcome** we are driving towards – this is the “**big picture**”
- ✓ Because new behaviours have been established we can now fully draw down the **business benefits** of working in a new way



Let’s illustrate this with some examples.

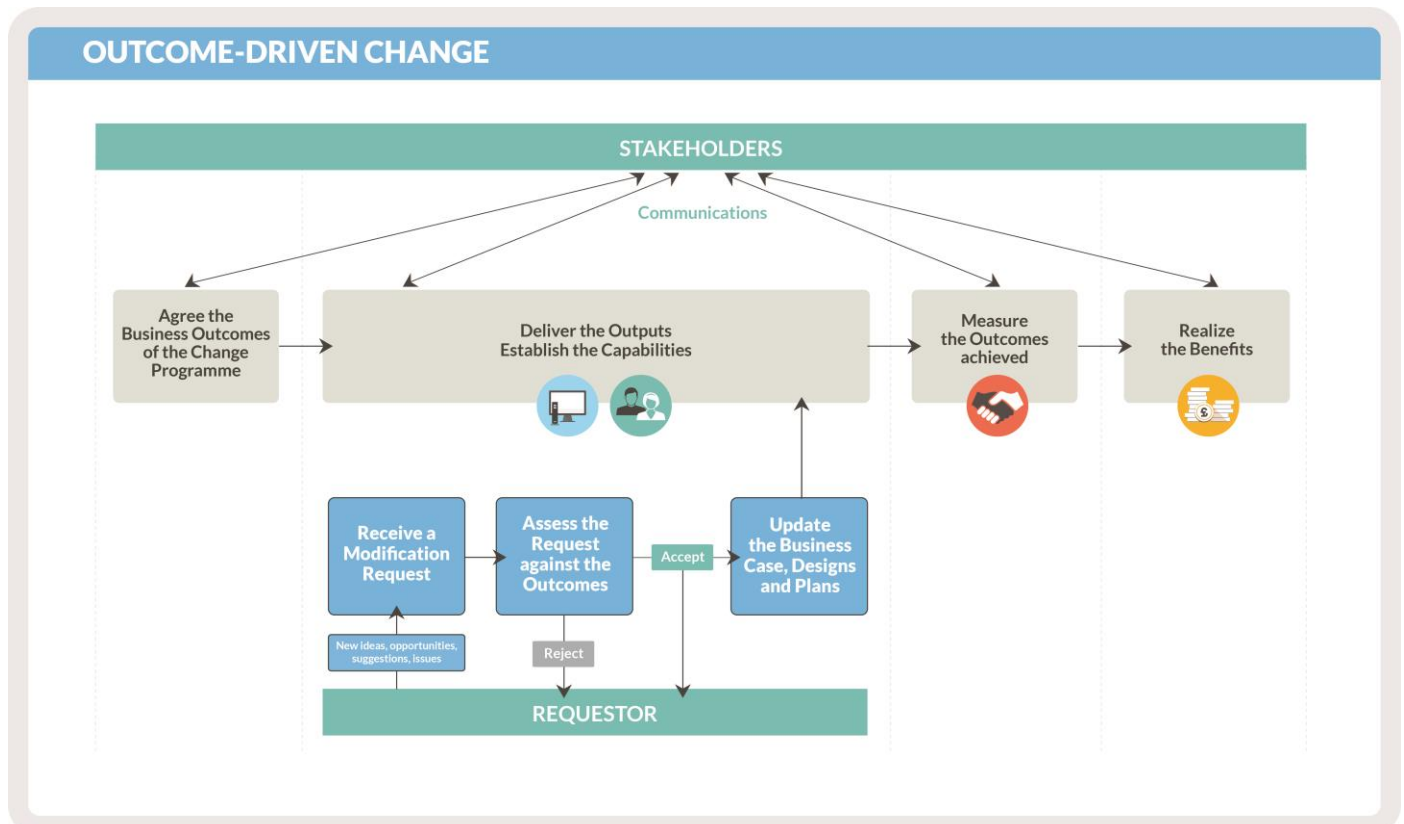
Outputs	Capabilities	Business Outcomes	Business Benefits
Smart Meters for supply of domestic gas and electricity	Customer access to information about energy consumption	<b>When more than 65% of customers have changed the way they use energy to reduce their consumption</b>	Greater customer lock-in, reduced costs, higher ranking in league tables
Electrification of the railway lines between London and Wales	We can use new, reliable and comfortable rolling stock	<b>When passenger traffic has increased by &gt;20% and punctuality of services has stabilised at &gt;95%</b>	Reduction in annual running costs and staffing, increase in customer satisfaction, fewer penalties paid to the regulator
New graduates have arrived	Eager and committed employees with ability to learn	<b>When the new graduates are integrated into the workforce, they have received their first annual appraisal and have contributed &gt;2 suggestions each to our continuous improvement programme</b>	We are seen as a ‘go-to’ employer, reduced cost of hiring staff, fewer leavers year on year
North America sales office opened employing national staff	We can start selling more products and services to North American clients	<b>When we have established a market presence in North America which regularly generates &gt;100 enquires a month and &gt;74% of employees are nationals</b>	International reach consolidated, significantly improved revenues, reduced costs of supporting North American clients from Europe



Use the classic “so-what” test to find the true value of the change programme:

- ✓ I’ve built a brand new service – so what ?
- ✓ Well, a few people have started using the new service – so what ?
- ✓ But now everybody is using the new service – it feels good, but so what ?
- ✓ We’ve measured an improvement in performance so now we can realise the business benefits – ah ha !

**Outcome-driven change** is a simple concept, but is extremely powerful when combined with controlled flexibility during delivery of the change programme:



1. First, agree the true Business Outcomes of the change programme. Build your Business Case around them
2. Stakeholders : Communicate these Outcomes to the stakeholders across the organisation, and ensure that they are well understood. Listen to the feedback, keep listening and communicating until you hear people voluntarily talking-the-talk. Also, throughout the change programme keep reminding people of the Business Outcomes
3. Allow flexibility during the development of the Outputs by encouraging new ideas which are then controlled as Modification (or Change) Requests. Use the agreed Business Outcomes to test all proposed new ideas, variations, risks, opportunities and issues : accept those modifications that support the Outcomes, reject those that don't. Adjust the Business Case and other documents as necessary, and communicate the updates. This is similar to an Agile approach
4. As the outputs are delivered and people start using them and establishing their Capabilities, keep the focus on the Business Outcomes. Proofs-of-Concept can help to identify problems of adoption and lead to new ideas for improved Outcomes
5. Establish your benchmark measures, start measuring the Business Outcomes, communicate the achievements and any Benefits as they are realised
6. Finally, ensure ownership for on-going realisation of the Benefits is established, and keep communicating especially as more and more Benefits are realised



## Case Study : East Surrey Clinical Commissioning Group

Here is an example of a successful implementation of a Project Portfolio Management Tool, which was run as an outcome-driven project. East Surrey Clinical Commissioning Group (CCG) identified the need to improve the governance of their portfolio of change projects. After defining their requirements, evaluating potential partners and selecting our PM3 tool they established an implementation project and team using the following outcome-driven approach :



Outputs	Capabilities	Business Outcomes	Business Benefits
A PMO 'Value Centre'	We can start providing high quality information to our Executives and Governance Boards	<b>When all programmes and projects are being managed in a consistent way, giving full visibility of progress, risks, costs and resource needs, and the senior management systematically use information provided by the PMO to inform their investment decisions</b>	Fewer failures, improved RoI, increased savings, improved utilisation of staff and contractors

Key to the success of this project was winning the hearts and minds of the CCG’s project and programme managers. By using an outcome-driven approach, which is fully supported by PM3, the PMO team were able to bring people on-side with the project by continually focussing on the overall outcomes of the change initiative.

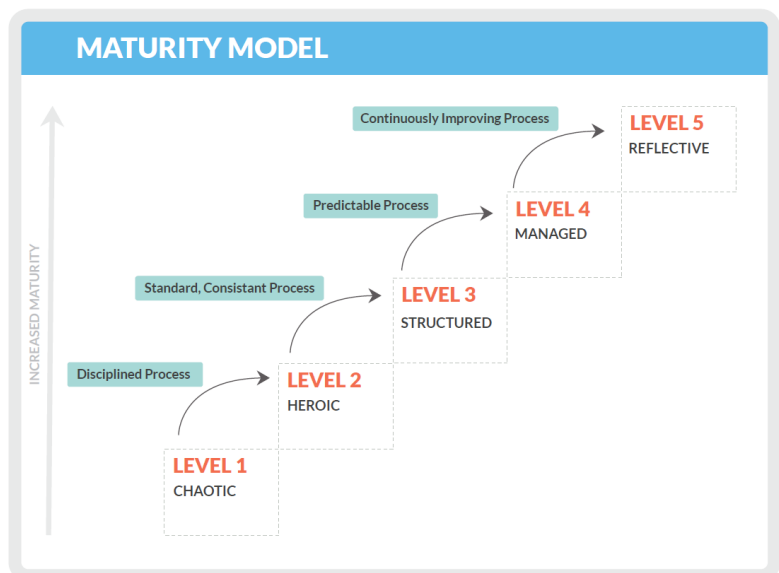
### Measurements : outcomes and change management maturity

Within the context of a change programme or project it is essential that the Business Outcomes can be measured, in order to be able to prove that they have been achieved. There are two key aspects to this :

1. Express each outcome as “**When** <something has happened>”. It is difficult to over-emphasise the power of the “when” word : it helps communicate precisely what is expected.
2. Define the outcome in (easily) measurable terms

For example, an outcome of “better customer satisfaction” is ambiguous : does it mean “we have sent out the first customer satisfaction surveys” or “one customer has replied” or “we have received a few replies and some of them are positive” etc. A good outcome definition is “when we have conducted three consecutive quarterly customer surveys and >70% of the responses score 4 or 5 on a five point scale of satisfaction”.

In addition to measuring the outcomes of any programme or project, an organisation usually also wants to know that it is getting better at ‘doing’ change. This is where the concept of a “**Maturity Model**” is useful. This diagram shows a model for measuring how an organisation manages change, which a number of clients use to help with their transformation programmes. Each level is defined in terms of observable behaviour which can be used to show progress towards a target and sustainable level of maturity. At higher levels of maturity change is delivered more consistently and outcomes achieved more reliably.





## Communications

Intelligent Change Management includes ensuring that your stakeholders are always engaged with the outcomes of the change programme and that they are kept informed about any adjustments to the plans and about the progress towards achieving the desired outcomes.



The golden rules for sharp, effective communications are :

- ✓ Don't assume people know what's happening, inform them
- ✓ Always focus on the outcomes, not (just) the outputs
- ✓ Just because you have done something it doesn't mean anybody else is interested, so only provide information when it is useful to the recipient
- ✓ Don't just talk at your stakeholders, listen to their feedback and let them know you are listening
- ✓ Set up a communications drumbeat so that people become accustomed to receiving information

## Conclusion

Using an outcome-driven approach is guaranteed to help you achieve a dramatic Step Change from your transformation programme or project, because it allows everyone to keep focussed on the end-goal of the programme throughout its life. It is a simple yet extremely powerful approach that is being used successfully in many organisations, large and small, regulated and unregulated, in both the public and the private sectors.

For further information on intelligent change management, adopting an outcome-driven approach and using PM3 please contact: [info@bestoutcome.com](mailto:info@bestoutcome.com)

## About *the* Centre for Change Management

C4CM are a Bestoutcome partner specialising in business change and capability improvement for portfolio, programme and project management, and have developed the Change Management Maturity model illustrated in this white paper. [www.c4cm.co.uk](http://www.c4cm.co.uk)