Why a business case for change management
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### Executive summary

Companies need to be innovative, expand their footprint into new or emerging markets, and stay relevant to their customers in order to be competitive. A company’s strategy should serve as a clear roadmap to achieve these objectives. A strategic vision coupled with a strong business case, one that depicts the tangible value of change across various levels of the organization and the “people” dimension of competitive advantage, is important to support enterprise-wide transformation.

Some organizations emphasize projects being on time and on budget, but there is a third dimension: being “on value.” While this third dimension is integral to the success of a project, only 37 percent of companies measure the business value of their IT-enabled investments.¹ The roadmap to being “on value” is achieved through linking a company’s strategic direction and vision with an actionable business case.

The actionable business case serves as a key input, which delineates the case for change and articulates change in a meaningful way for employees and stakeholder groups. The actionable business case is an essential tool for executives in making a compelling case for change and communicating the vision for company-wide transformation. We believe that executives can use the IBM Better Change actionable business case to develop the optimal roadmap for their company—one that leads to value and holds people accountable for the changes needed to achieve the targeted business goals and benefits.

From a change management perspective, the actionable business case should be used when you: 1) need to properly position change management, 2) experience challenges making the case for change management, and 3) need help to secure funding for change management initiatives.
Introduction
The IBM Better Change methodology is a robust, structured framework delivered by IBM Global Business Services to address a range of organizational change management (OCM) needs, from transformational change to more operational and tactical change. It consists of a suite of tools, templates, and thought leadership across several enablers or categories of change. This comprehensive methodology helps users effectively manage change to ensure the success of a project and its delivery of business benefits. The Better Change method is scalable, adaptable, and is centered on value realization, which is a recognized IBM differentiator in business transformation. The case for change management, like other professional services, is a discipline whose suite of offerings, needs to clearly be articulated to organizations. IBM’s Better Change methodology has been ranked by International Data Corp. (IDC), the premier global market intelligence firm, as a worldwide leader in organization and change consulting and the number one company in thought leadership. IBM and other consulting services need to emphasize the value of change management on an ongoing basis.

Can change management practitioners use the Better Change actionable business case approach as a way to secure funding and commitment to manage the people side of change? This white paper presents insights on using the Better Change actionable business case as a tool to cultivate buy-in for integrating change management techniques into a business transformation project.

The difference between transformation and change
In today’s market, companies that change may survive, but companies that transform thrive. Change refers to incremental or small-scale adaptations. For example, when an organization updates human resource policies or retires outdated tools, this company is undergoing change. Transformation refers to extensive change that can greatly improve the future landscape of an organization. When a company establishes a new business model—for example, transitioning from regional shared services to globally integrated business services or replaces manual processes with an automated system, this large-scale effort is referred to as transformation.

Although the terms “change” and “transformation” are used interchangeably, the difference is in the magnitude of change. A true transformation addresses multiple dimensions of large-scale change, including but not limited to an organization’s processes, technology, and business model.

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**Figure 1:** IDC Marketscape findings identify IBM as a leader in organizational and change consulting services.

Source: IDC 2013.
transformation requires a large investment in resources and ownership, so that the company has a vested interest and stake in the transformation. Transformational change has another important component: sustainability. A company’s ability to sustain changes, after a transformation initiative has ended is critical to a project’s overall success.

Companies that transform think about their organization’s vision and long-term trajectory. They think about transformation as a journey—an evolution that allows them to stay competitive and continue to grow. An organization’s transformation journey consists of a series of changes that affect its culture, the mindset of its workforce, and its future as an organization.

Change management plays an integral role in the success of a transformation initiative. IBM’s Better Change method establishes a systematic approach to transformation with six key categories or enablers linked to Value Realization. This framework provides a comprehensive suite of change management activities, from strategic to operational, to support transformation, adoption, and acceptance from end-users on the new ways of doing business.

The Transformation Continuum was developed based on IBM’s extensive experience delivering Enterprise Resource Planning (ERP) transformations. The Transformation Continuum serves as a diagnostic tool to identify where a company is on the continuum, which helps determine the recommended change and learning services solution (see figure 2). The left-hand side of the continuum depicts companies that are seeking to replace a system or upgrade it and are not interested in the organizational or process component. A company that is seeking an enterprise redesign, however, is focused on the true business transformation that consists of significant business model, process, and organizational changes, depicted on the right-hand side of the continuum.

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<tbody>
<tr>
<td>IT community</td>
<td>IT community</td>
<td>IT community</td>
<td>IT community</td>
<td>Cross-functional program for paradigm-shifting Change necessitated by corporate strategic objectives and/or commitments to Wall Street</td>
</tr>
<tr>
<td>Scope</td>
<td>Incremental, if any, process change with upgrade or implementation of technology platform</td>
<td>Standardization of data and transactions (typically on embedded best practices within the package) and consolidation of systems for a select business function(s)</td>
<td>Optimization of enterprise business processes with KPIs used to drive program direction.</td>
<td>Cross-functional program for paradigm-shifting Change necessitated by corporate strategic objectives and/or commitments to Wall Street</td>
</tr>
<tr>
<td>Success measures</td>
<td>Budget and Schedule</td>
<td>Budget, Schedule, and Functional Specifications — may have a business case, probably used to gain capital approval</td>
<td>Robust business case validated against specific process / industry benchmarks</td>
<td>Comprehensive business case including baselines and robust mechanisms to monitor throughout its lifecycle</td>
</tr>
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</table>

Figure 2: Transformation continuum from IT project to business transformation
IBM’s Better Change Framework defined

As highlighted in the introduction, IBM’s Better Change framework serves as a comprehensive methodology for planning, developing, and delivering change management activities. This framework consists of six enablers or categories with Value Realization at the center of the model.

1. Transformation Strategy and Management: Focuses on identifying the key components of a change and learning program strategy to help the customer obtain transformational benefits and align the company’s objectives and vision.

2. Change Leadership: Provides a suite of tools for change management practitioners to leverage in order to build and maintain executive buy-in as well as a governance framework to support the project’s success.

3. Stakeholder Engagement and Communications: Establishes employee awareness and understanding in order to promote adoption and acceptance for the transformation and identifies, analyzes, and engages key, influential stakeholders throughout the transformation in order to gain their support and maintain it throughout the project.

4. Organization Design: Aligns an organization to the with new business model(s) and establishes a strategy to optimize work responsibilities, job structure, and related components needed to promote the new changes and business results.

5. Skills and Knowledge: Assesses and cultivates the skills and knowledge needed in an organization, develops and executes a training strategy and plan.

6. Culture Transformation: Improves an organization’s performance and accelerates transformational value realization by establishing a common vision of its culture to promote its objectives and manages the transition to the new behaviors and ways of working.

Key OCM challenges in driving transformation

OCM practitioners, both at IBM and in the market, face three primary challenges in selling OCM offerings.

First, some companies have not heard of OCM or do not understand the full extent of change management. In some cases, companies have not had any exposure to the potential benefits of change management. If the case for change management is not clearly articulated and tailored to the company during the sales pursuit, then the company will not realize the value of OCM. Second, some companies may not realize the integral role OCM plays in a project’s success. These companies may have a myopic view of OCM, seeing it as primarily a communications tool, for example. The third type of challenge is related to companies that believe they can address OCM themselves, but ultimately do not understand the full scope of OCM that is required to make the transformation successful. Further, companies may allocate OCM resources that do not have change management experience to manage a large-scale initiative.
Why a business case for change management

Once OCM and learning are determined to be part of a project’s scope, there are three key challenges that change management practitioners can face. First, based on the challenges referenced above in the sales pursuit, sometimes the result is allocating only one OCM resource to a project. Challenges also occur when OCM and learning practitioners join projects midstream, after teams have already started or are well underway on the transformation. A third challenge is that OCM is often one of the first workstreams considered for reduction when there are budget constraints. Based on an anecdotal assessment of approximately 65 IBM projects, approximately 15 — 20 percent of the time, the OCM and training teams are one of the first slated for reduction to accommodate funding concerns. These project lifecycle challenges all relate to the company’s perceived value of OCM. To promote change management adoption, companies must perceive OCM teams to be as critical and functional as technical teams.

Figure 4: OCM challenges during the sales cycle.

Figure 5: OCM challenges during the project lifecycle.

OCM challenges during the lifecycle of a project

One way to address the challenge of change management practitioners joining a project midstream is to continually communicate the key OCM components and the corresponding value proposition needed for a transformation to be successful. For example, during the project-preparation and blueprint phases, the change program and communication strategies are developed. Leadership alignment workshops and stakeholder analyses are conducted to develop a stakeholder engagement plan. The stakeholder engagement plan can be executed during the blueprint phase along with the design and deployment of a change agent network.

Organization design is another key OCM workstream that should begin in the early phases of the project to validate the organization and job role design scope. In addition, the job role mapping approach and templates can be validated, and a current organization assessment can be performed. These deliverables represent a portion of the OCM components included in the IBM Better Change methodology.
IBM’s Better Change innovative integration of OCM and VR

A comprehensive and effective transformation approach to project management is required to overcome the OCM challenges presented in the previous section. The success to transformation lies in the fusion of two seemingly independent disciplines, Organization Change Management (OCM) and Value Realization (VR), into one. When we evaluated 100’s of projects across various industries, we determined that the two disciplines need to be better integrated.

While the scope for OCM varies based on the complexity of a project or transformation, we’ve highlighted nine OCM and VR workstreams (see figures 6 and 7) and mapped them to six key project success criteria. These nine workstreams directly contribute to the transformation success criteria. The project success criteria, outlined in figure 7, serve as the “glue” between OCM and VR — both are required to achieve maximum return on investment (ROI). We have established strong linkages and integration points between change management and value realization, which are aligned to the nine workstreams and project success criteria (see figures 6 and 7). Based on our experience, there are six key success criteria for transformation initiatives.

Items one through five are directly related to the IBM’s Better Change methodology. While continual focus on value attainment has the strongest relationship to value realization, both active executive sponsorship and the user-adoption rate are also correlated with value attainment. These are the stakeholders accountable for improving business outcomes through the better use of the technology. A strong governance model is needed to continuously provide strategic direction after a transformation launches — to prioritize business needs, provide improvements, recommendations, or enhancements, and monitor the progress towards value attainment. The governance model sustains the business benefits and the underlying standard business processes that drive the efficiencies and effectiveness required to sustain value achievement.

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**Figure 6: Nine OCM workstreams**

1. Benefits Attainment
   - Continual focus on value attainment linked to corporate strategy and monitored & tracked on financial and operational dashboards

2. Executive Sponsorship
   - Active & committed executive sponsorship

3. High User-Adoption Rate
   - High user-adoption rate achieved through sustainable training

4. Program & Analytics Governance
   - Strong program governance model including PMO Governance and Analytics CoE (Center of Excellence)

5. Global Process Standardization
   - Business process standardization across BUs and geos driving efficiency & effectiveness

6. Data Management & Governance
   - Data management and data governance
<table>
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<tr>
<th>Project success criteria</th>
<th>IBM Better Change OCM &amp; VR Fusion</th>
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<tbody>
<tr>
<td>Establish benefit ownership and tracking</td>
<td>OCM View</td>
</tr>
<tr>
<td>Continual focus on value attainment</td>
<td>Design business benefits ownership plan</td>
</tr>
<tr>
<td>1) Value/benefits realization:</td>
<td>Establish an Enterprise Performance Management CoE which drives improved enterprise business decisions through:</td>
</tr>
<tr>
<td>• Establish Value Realization framework, benefit targets, and tracking mechanisms</td>
<td>• Operational and financial metrics</td>
</tr>
<tr>
<td>• Identify and engage benefit owners</td>
<td>• Value realization across IT and business projects</td>
</tr>
<tr>
<td>• Establish Analytics Center of Excellence to ensure on-going analytics and data driven decision making</td>
<td></td>
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<tr>
<td>Engage and prepare leaders to lead change</td>
<td>OCM View</td>
</tr>
<tr>
<td>Active executive sponsorship</td>
<td>Work with leaders, core team and business to create targeted action plans to manage level of support and influence for buy-in and commitment</td>
</tr>
<tr>
<td>2) Leadership alignment:</td>
<td>Develop clearly visible and consistent messages for key executives</td>
</tr>
<tr>
<td>• Work with leaders, core team and business to create targeted action plans to manage level of support and influence for buy-in and commitment</td>
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<tr>
<td>• Develop clearly visible and consistent messages for key executives</td>
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<tr>
<td>Continual focus on value attainment</td>
<td>Identify key stakeholders from impacted parts of the organization; perform surveys and interview periodically across program lifecycle</td>
</tr>
<tr>
<td>3) Stakeholder management:</td>
<td>Identify key stakeholders from impacted parts of the organization; perform surveys and interview periodically across program lifecycle to identify stakeholder awareness of project, communication effectiveness, identification of key barriers/challenges within functional area, and understanding of expectations/current activities.</td>
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<tr>
<td>• Identify key stakeholders from impacted parts of the organization; perform surveys and interview periodically across program lifecycle</td>
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<tr>
<td>Build awareness, understanding, and commitment</td>
<td>OCM View</td>
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<tr>
<td>Continual focus on value attainment</td>
<td>Identify and communicate change impacts to end users and support IT</td>
</tr>
<tr>
<td>4) Change impact:</td>
<td>Analyze overall organizational impact, high-level job role impact, policies and procedures, location, systems, activities, organization design implications, and new skills required</td>
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<tr>
<td>• Identify and communicate change impacts to end users and support IT</td>
<td>Convert the result of the change impact analysis action plans</td>
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<td>• Analyze overall organizational impact, high-level job role impact, policies and procedures, location, systems, activities, organization design implications, and new skills required</td>
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<td>• Convert the result of the change impact analysis action plans</td>
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<tr>
<td>Continual focus on value attainment</td>
<td>Develop and execute integrated communication team/plan—leverage existing vehicles</td>
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<tr>
<td>5) Communications:</td>
<td>Mobilize stakeholders. Engage 3-tiered change network for cascading communication and executing change management activities</td>
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<tr>
<td>• Develop and execute integrated communication team/plan—leverage existing vehicles</td>
<td>• Mobilize stakeholders. Engage 3-tiered change network for cascading communication and executing change management activities</td>
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In this economy, CEOs and CFOs are reluctant to approve large business or IT investments, often because technology vendors and consulting firms fail to demonstrate the business value that can be created by the investments. C-level executives are demanding a clear plan that illustrates the path to achieve business benefits, a path typically described by a business case. Though the business case is a common tool for transformation projects, few change management practitioners have been exposed to business case development or have taken the step of translating the rationale and approach for change management into a formal business case. Further, business case specialists overlook the critical importance of change management as a key enabler that aligns the business case benefits with the program’s success criteria. An integrated approach to the business case for OCM is needed for transformation initiatives.
Traditional business cases include a cost-benefit analysis, an estimation of return on investment (ROI), risks, and assumptions sections. These business cases usually receive the required funding, but are often abandoned by the project or implementation team. Why? Often, it is because the path to value is not central to the traditional business case, resulting in huge dissatisfaction with the business case’s overall approach, philosophy, and practice.

The IBM Better Change model takes a revolutionary approach to business case development by positioning value realization at its core. The first milestone on the roadmap to value, the actionable business case is an integral tool for business transformation, covering the people, process, technology, and organization dimensions.

The Better Change actionable business case’s supporting premise is that ultimate benefits realization, continuous value creation, and sustainable results are directly linked to the “people” dimension of transformation initiatives. Moreover, the business case increases visibility and creates awareness to key change management workstreams, such as communications and training, and articulates the importance of these areas to the project’s ultimate success factor: attaining maximum business benefits.

**Figure 8: The actionable business case covers all major transformation dimensions**

- **Technology**
  - Non-integrated
  - Not scalable
  - Not empowering users
  - Manual intervention
  - Many End of Life systems
  - Many “private” data stores
  - “Shotgun” administration
  - No formal Segregation of Duties (SoD)
  - Limited availability of technical skills

- **Process**
  - Undocumented processes within / across departments
  - Many manual process and non-value added activities
  - Informal collaboration
  - Few controls
  - Missed milestones
  - Customer satisfaction issues
  - Excess scrap

- **People**
  - “Overworked” / Overtime
  - Insufficient training
  - Low job satisfaction
  - Significant turnover
  - Excess hiring to compensate for inefficiencies
  - 3000 New Employees

- **Value Realization**
  - No existing VR competency / program
  - Missed revenue opportunities
  - JIT ≠ JIC: Excess (“lost”) inventory
  - No incremental profit despite growth

- **Organization**
  - Siloed, no awareness of personal impact on rest of organization
  - Much “tribal knowledge”
  - Koito “arms-length” partner
  - Business Strategy is not clear at all levels
  - Global marketplace
Actionable business case elements and differentiators

An actionable business case articulates the compelling reasons for establishing an initiative or project that will drive a decision-maker or decision-making board to take action. It requires executives to not only support the transformation, but also demonstrate clear commitment, both in words and in actions, throughout the transformation. Typically a well-structured, formal document, the actionable business case tells the story of an initiative from the beginning—what situation triggered the initiative, to the end, what benefit, value, or return is expected. An actionable business case is typically used to craft a unified vision, secure project funding, and obtain commitment.

The innovative actionable business case consists of seven key components:

1. Executive summary: Integrates change management with project management and value management so intended project results and business outcomes are achieved.
2. Pain points and change impact analysis: Directly connects the results, business outcomes, and benefit realization of the project to the “people” aspects of change. People, after all, are the driving force in process and procedure compliance and are responsible for benefits realization.
3. Solution: Presents the holistic solution covering all five dimensions required for success: strategy, people, process, technology, and organization. Describes the benefits action plan needed to build a platform for sustainable, continuous corporate performance-improvement capabilities. Benefits realization and value creation are completely and ultimately dependent on user adoption, employee engagement and executive buy-in.

4. Cost-benefit analysis: Focuses on the delivery of project results and business outcomes yielding the expected ROI. Presents milestones, workstreams and measurements for change management. Operationalizes benefits realization by: (a) designing value-focused business processes, (b) measuring the processes through key performance indicators (KPIs) and value drivers, (c) assigning ownership to the KPIs and (d) leveraging the Value Realization Dashboard, which provides the insights for action planning when variances occur. (e) Establishing the Performance Governance to monitor value achievement.

5. Value path and deployment plan: Solidifies the structured approach by integrating change management with the project’s scope, objectives and work streams. Also maps change management milestones to existing project milestones through the go-live stage and beyond. The deployment plan describes the sequencing of solution implementation, rollout and other steps and presents a clear path to sustainable value attainment.

6. Assumptions and risk assessment: Presents the assumptions, risks and a mitigation plan that, to a large extent, depends on integrating change management.

7. Conclusions and recommendations: Presents concrete recommendations based on decades of intellectual capital regarding both business operations and solution enablement.

Based on the seven key building blocks outlined above, the actionable business case is at the heart of the IBM Value Realization method and follows the agile approach, allowing it to be dynamic and up-to-date throughout the lifecycle of the IT or business investment. In Figure 9, items A through C represent the key components of the actionable business case subject to ongoing updates, whereas items D through F represent the main components of value realization during and after project implementation. These six components depict the end-to-end Continuous Value Realization approach (see figure 9).
Why a business case for change management

As depicted in Figure 9, VR is predicated on linking the following: Improvement opportunities or pain points to the financial lever then to the value driver, followed by a business process then to KPI and dashboards, all of which enable the people in the organization to make better informed decision and continuously improve the business outcomes and performance.

The actionable business case demonstrates the rigor and criticality of change management as an essential element of business transformation. With this tool, practitioners can debunk the misperception of change management as a soft and fuzzy concept, and instead present change management as a robust, critical discipline with a clear purpose.

People and processes are inextricable because people redesign business processes and deliver the expected value. People deliver the benefits while navigating the roadmap to value. By presenting the approach and rationale of the “people” element of a transformation through a formal business case, change management practitioners gain credibility and deliver tangible value throughout the transformation.

The actionable business case also allows sellers to present change management in a medium that is familiar to the company. Project leaders and senior executives employ business cases frequently, in addition to business transformation elements such as scope, objectives, workstreams, milestones and so on. By selling change management in a universal language, practitioners can convey a solution in a medium that the company is already accustomed to seeing and thereby increasing the likelihood of adoption.

From another perspective, the actionable business case is a powerful vehicle for presenting the rationale and approach for change management by addressing some of its most common challenges. The actionable business case provides the opportunity to respond to OCM challenges through education, “war stories,” and demonstrable expertise, to ultimately become trusted advisors to the company by improving their shareholder value.

There are four key differentiating factors for the actionable business case, outlined in Figure 10.

The Value Realization approach aligns the business case benefits to program’s success criteria and often times enables the execution of the business strategy.

Figure 9: The Better Change method’s Value Realization method depends on the actionable business case
### Figure 10: The differentiating factors supporting an actionable business case

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<tr>
<th>Key factors</th>
<th>Details</th>
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| 1) Taking a transformation approach by integrating the people, process, technology and organization dimensions into the business case | • Links benefit attainment directly to change management. People are the ones to change the business processes, review the KPIs and dashboards, and take actions to gain the proposed benefits  
• This approach provides education about IBM's various OCM offerings and their importance for sustainable benefits achievement  
• The approach incorporates an assessment of an organization's internal capacity for the change using fact-based analysis to demonstrate to the company that its current skills, resources, expertise and tools are not yet ready for the upcoming change  
• The actionable business case can effectively fend objections to OCM during the sales cycle and even during the project cycle |
| 2) Identifying the decision path & criteria | • Identify the decision path, steps and timeline throughout the interviews  
• Align executives on a clearly defined decision criteria  
• Discuss and address business units concerns, risks, and issue |
| 3) Containing a value-driven project-deployment roadmap | • The mix of location, business unit and solution-rollout plan is based on the expected business benefits  
• Business requirements, scope and WRICEF are managed and contained based on their connection to the expected business benefits |
| 4) Presenting a clear path and roadmap to sustainable value attainment | • Serves as the foundational building block for the Value Realization approach, one that is actually used during and beyond implementations. This is not "shelfware."  
• Operationalizes the benefits-realization plan  
• Assign Benefit Ownership  
• Recommend Corporate Performance Governance to track and monitor benefits  
• Links IT initiatives with corporate strategy and business objectives |

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**IBM's new value proposition for OCM**

One of the main objectives of the IBM Better Change enablers and supporting modules is to increase value realization. The IBM Value Realization approach identifies and designs value into the transformation program, delivers value, and tracks value post-implementation, helping projects stay “on value.” The methodology not only delivers the on-value element to program management but also makes substantial contributions to the traditional dimensions of being on time and on budget. According to an SAP Value Management Survey in 2010, companies that apply a value realization approach complete projects at least twice as quickly and under budget by a factor of at least 1.9x, compared to companies that do not leverage this capability. In addition, companies employing the value realization approach increased business benefits by 160 percent.³

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**Figure 11: IBM Better Change methodology**
Change methodology
The primary objective of the Value Realization method is to build continuous value realization capabilities that enable organizations to experience sustainable business performance improvements. Figure 12 illustrates the value proposition of the Value Realization approach.

The Value Realization component of the Better Change method guides companies through their transformation journey by providing them with a roadmap to value. The roadmap to value is a clearly defined business improvement plan with a set of deliverables, ownership assignments, KPIs to monitor progress, and an action plan. Companies can use this roadmap to achieve sustained benefits from their IT and business investments. The value journey is far more valuable than an ROI study; it establishes a rapport based on expertise, knowledge transfer, and personal relationships that can truly deliver transformative change. The actionable business case, which drives project decision-making, is key to value realization because it serves as the yardstick for what can be achieved by the transformation. According to a 2012 McKinsey survey of 5,400 IT projects, they found that the key to success (in transformation) “lies in mastering a value-assurance methodology”

The most common myth is that standard project-delivery approaches automatically lead to business benefits. Our experience demystifies the myth that clearly indicates that only direct, systemic and deliberate benefits-delivery-management enables the full realization of business value.

“Only 37% of companies measure the business value of their IT-enabled investments.”
(AMR Research, Feb. 2010)

Increased benefit attainment
The actionable business case presents the compelling reasons for establishing an initiative or project to drive decision-making boards to take action. Traditional projects are managed on the basis of being on time and on budget, but not on the basis of being “on value.” Projects can lose value because most of the standard project delivery approaches don’t focus on value delivery. Projects deploying an actionable business case address the missing dimension of value, articulated in the roadmap to value, within the Value Realization method. Increased benefit attainment is also driven by focusing on tangible KPIs, intangible strategic differentiators and process changes, and by assigning accountability.

Ultimately, OCM seeks to ensure and continuously improve the user-adoption rate, which is one of the top criteria measuring sustainable project success. IBM’s actionable business case is a leading practice approach that measures the success of OCM programs by using newly developed change management KPIs to quantify the user-adoption rate and application proficiency.
OCM KPIs drive benefit attainment

The evolution of OCM requires enhancing deliverables and creating a mind shift to drive and deliver the expected results of the OCM KPIs.

There are two kinds of OCM KPIs. Some that are system-generated, such as user-adoption rate and application proficiency (both determine ongoing training needs) and others, such as Employee Engagement, which are survey-based metrics collected through enterprise social media. IBM’s actionable business case KPIs follow the Balanced-Scorecard framework and link project success factors and KPIs to business benefits attainment.

The first example is the ROI of training. Studies and corporate bottom lines show that companies reap many benefits from investing in training for employees.

“An investment in education always pays the highest returns.”

Ben Franklin

Training improves employee performance in quality, quantity, speed, safety, problem solving, attitude, ethics, motivation, leadership, and communication. According to Ferdinand Fournies, performance problems occur because employees (1) don’t know what they’re supposed to do, (2) don’t know how to do it, and/or (3) don’t know why they should do it. Targeted training is one solution to all three factors.

Training enhances company profits. Training can increase sales revenue, increase referrals, new product ideas, and improved customer satisfaction and retention. According to the American Society for Training and Development, investment in employee training enhances a company’s financial performance. An increase of $680 in a company’s training expenditures per employee generates, on average, a 6 percent improvement in total shareholder return. Based on the training investments of 575 companies during a three-year period, researchers found that firms investing the most in training and development (measured by total investment per employee and percentage of total gross payroll) yielded a return 45 percent higher than the market average. These same firms also enjoyed higher profit margins, higher income per employee, and higher price-to-book ratios.

- Training improves a company’s competitive edge. According to Nobel Laureate Gary Becker, professor of economics and sociology at the University of Chicago, “Any company has to recognize that not only is the human capital of their employees a major asset, it is also a depreciating asset that needs continuing investment.” Keeping worker skills up to date keeps a company in the running.
- Training improves customer satisfaction. Better-quality work means better-quality products and services resulting in happier customers.
- Training improves employee satisfaction and retention. Many people assume that once employees are trained, they are more likely to leave the company for greener pastures, but actually, the opposite is true: trained staff are happier and more likely to stay put. The Cheesecake Factory spends an average of $2,000 on training per hourly worker each year, has an employee retention rate of about 15 percent better than the national average.

“What’s worse than training your workers and losing them? Not training them and keeping them.”

Zig Ziglar, success speaker
The second example, employee engagement plays a key role in the success of a transformation or initiative, since it is linked to productivity and retention. Employee engagement is the extent to which employees are committed to their organization and have a sense of purpose with their job. One way to assess employee engagement is through the use of surveys that cover various dimensions such as employee satisfaction, sense of belonging, and commitment.

Some of these attributes are also assessed in “readiness surveys,” which gauge the pulse of a business unit or organization throughout the transformation. Some companies have conducted an initial survey, which served as a baseline understanding and administered additional surveys, throughout the deployment lifecycle, to measure employees in terms of their understanding of a transformation, engagement from their leaders, and their commitment levels. While survey administration may vary from project-to-project, some readiness surveys ensure that the questions on each survey remain consistent, in order to analyze employees’ readiness and assess any patterns or correlations throughout a deployment or initiative.

According to a study conducted by the Hay Group of professional services firms, they found that workplaces with engaged employees were about 43 percent more productive. Their findings also correlated job satisfaction with productivity. In terms of employee retention, employees with a high degree of employee commitment, perform 20 percent better and are 87 percent less likely to leave their company, strengthening the linkage between engagement and their performance.

Improved time to value
The actionable business case aligns IT and business trajectories, which reduces confusion and the re-work of requirements. As part of the roadmap to value, the actionable business case defines a project’s scope and budget, minimizing long-term discussions or extensive functionality changes during the blueprint phase and beyond. C-level executives are the key stakeholders for the actionable business case. Securing executive sponsorship at the highest levels fosters rapid decision-making and helps secure funding, both of which are required for on-time project execution.

Figure 13: IBM’s new value proposition for continuous value realization
Reduced project costs
The actionable business case aligns cost-justification with the deployment plan and schedule. Business benefits are designed and delivered in a timetable that optimizes project resources while attaining maximum benefits. Approving workflows, reports, interfaces, conversions, enhancements, and forms (WRICEF) development, based on objective business value criteria, and linking it to the business benefits stated in actionable business case dramatically reduces the likelihood of budget overrun. Minimizing budget overrun mitigates the risk of rolling out OCM resources ahead of the planned schedule.

Mitigated project risks
The actionable business case determines the critical dependencies, constraints and change barriers early in the process and resolves conflicting priorities between business units based on an objective criteria set. Unlike the traditional business case, the actionable business case mitigates project risks by integrating, positioning, and promoting change management to ensure optimal buy-in and maximum user-adoption with full employee engagement.

Conclusion
The IBM Value Realization approach aligns the actionable business case’s benefits to the program’s success criteria, ensuring project success and benefits achievement.

Though there are numerous ways to tell the story of change management, the actionable business case is the most powerful. Because of the formality, structure, and familiarity of a business case, it can be the most effective tool for gaining support, commitment, and funding for change management. Presenting a formal business case for change management to project leaders and senior executives can earn change management practitioners the credibility needed to significantly influence the project.

The actionable business case drives continuous business process improvement yielding continuous corporate performance improvement measured through cross-departmental metrics and KPIs. Achieving continuous corporate performance improvement mandates enhancing stakeholder skills, improves decision-making abilities, and increases technology projects’ adoption rates through increased buy-in.

The ability for a company to sustain changes and continue to capture and increase savings after a program ends is a critical success factor of any engagement. An IBM GBS post-implementation audit validates the additional savings that a robust Value Realization approach provides.

IBM Value Realization’s primary objective is to build a permanent platform for Continuous Value Realization capabilities—enabling organizations to have sustainable business-performance improvements.
Why a business case for change management

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References


