The Truths About Change

What It Takes to Get It Right

A Spotlight on Effective Change Management
Based on results from the 2011 – 2012 Change and Communication ROI Study

TOWERS WATSON

This year's findings reveal that organizations with both highly effective communication and change management practices are more than twice as likely to significantly outperform their peers as organizations that are not highly effective in either of these areas.

2011 – 2012 Change and Communication ROI Study

The 2011 – 2012 Change and Communication ROI Study analyzes data collected in April and May 2011 from 604 organizations in various industry sectors and regions around the world. The majority of participants have experienced significant change over the last two years, and the typical participant has gone through at least three common organizational changes (e.g., reorganization, implementation of a new performance management system, change in corporate focus or direction, or downsizing). Our goal was to clarify what effective change management looks like and then assess its influence on an organization's overall success and financial performance.

To learn more about the participants, methodology, and the relation between financial performance and effective communication and change management, access the full report at **towerswatson.com/roi-study**.

The Truths About Change: What It Takes to Get It Right

A Spotlight on Effective Change Management

This report provides a deeper look at the change management findings from Towers Watson's *2011 – 2012 Change and Communication ROI Study,* which sheds new light on the pivotal role that effective change and communication processes play in global organizations today. Representing more than 600 organizations from a broad cross section of industries and countries, this study investigates how top companies create a clear direction in a complex world.

At a Glance

Companies face serious challenges when it comes to managing change. Less than half of respondents across a variety of industries around the world indicate they achieved the desired operational goals from change initiatives.

Because managing change is difficult work.

It requires agility, courage, teamwork and a clear, strategic plan from the start — and the right mix isn't always intuitive. In fact, our data show that more than half of surveyed participants struggle to meet the mark, sometimes with serious consequences to the schedule, budget and achieving goals.

Our study shows that, across any industry or geography, effective change management can help the bottom line and that certain activities can drive success in any type of change.

Executive Summary

Managing change is difficult work

Across a variety of industries and regions around the world, companies face serious challenges when it comes to managing major organizational change. Less than half of respondents indicate they achieved desired operational goals from change initiatives. Only 44% are able to stay on schedule, and just 47% hold team members accountable for deadlines. In the end, a mere 48% stay on or under budget.

In short, organizations are committing effort, funding and resources toward change but not getting the outcomes they want. Considering the prevalence of change — and the effect of change management on bottom-line performance — there are plenty of reasons to take a hard look at how organizations are approaching change management and learn how the best do it.

- **Effective change management is a little bit art and a little bit science.** It's about understanding the unique needs of a company and its employees, and then providing insight and the

right tools to adapt to change. And it's about robust leadership, and aligning and sustaining programs. Effective change management also requires thoughtful, strategic measurement so an organization can course-correct along the way. The best change practitioners balance rational, data-driven approaches with a deep understanding of emotional drivers.

- **There are six activities that really count.** We've identified six activities that influence overall change success. It doesn't matter what type of change a company is going through or where that company's operations are located. From highly complex mergers and acquisitions to more straightforward types of change, focusing on the right activities can help companies outperform their peers in any industry or geography worldwide. We'll describe these activities in the following pages.

- **Doing the right things at the right times is pivotal.** How and when an organization integrates the six activities during each change phase will impact organizational and financial outcomes.

"Whether you're going through a complex or straightforward change, effective change management can help you shine when it matters most."

Key Findings

Our research sheds new light on the pivotal role that effective change processes play in global organizations today. Here's what we've learned:

- Organizations that manage change effectively tend to have formal, systematic processes, as well as dedicated staff members who help communicate and support change.
- The best involve internal communicators early in the decision-making process, while the company is identifying challenges or opportunities that require change and considering appropriate solutions.
- We have identified six activities that influence overall change success — The Big Six. Of these, leading, measuring and sustaining activities have the biggest impact on overall change success.
- The activity of involving — building a shared sense that employees and leaders are "in it together" — is a hallmark of organizations that are highly effective at managing change. These companies use a combination of communication methods and the influence of their managers to support change, and as a result are about seven times as likely as low-change-effectiveness organizations to create a sense of ownership of the change among employees throughout their organization.

"Leading, measuring and sustaining activities have the biggest impact on overall change success."

- Companies that practice effective change management are six times as likely to report that their managers are skilled at helping employees adapt to change, compared to companies with low change effectiveness.

Defining "The Big Six"

The six activities that influence overall change success are:

- **Leading:** Equips leaders to inspire confidence in the change, creates clarity among employees and fosters a sense of community
- **Communicating:** Fosters understanding and guides employee actions
- **Learning:** Ensures that people have the knowledge and skills to adapt to change and be effective in their roles
- **Measuring:** Uses a balanced set of metrics to define success and support continuous improvement
- **Involving:** Creates intentional opportunities for employees to shape direction, unearth challenges and model the way forward
- **Sustaining:** Reinforces behavior change over time through structure, technology, process and people programs

- Of all companies surveyed, 82% report that they train managers in the area of change management, but only 36% find it effective. Although they're being intentional, these companies are not providing the right kind of training in the right way.
- Effective communication is an important element of change management and, if both are done well, can significantly impact financial performance. Companies highly effective at both communication and change management are 2.5 times as likely to outperform their peers as companies that are not highly effective in either area.

Measuring Change Management Effectiveness

Figure 1. Five indicators for effective change management

How effective is your organization at each of the following areas?

0%	20%	40%	60%

Achieving the desired operational goals from change initiatives
43

Improving organizational financial performance through change initiatives
43

Identifying the changes that are necessary to be successful
43

Changing at the right pace
35

Sustaining the positive impact from changes for at least five years
31

■ Overall

Note: Percentages include respondents indicating "effective" or "highly effective" in these areas.

We measure change management effectiveness using the five indicators in *Figure 1.* The organizations whose survey responses were in the top third of the scores for these indicators are designated "highly effective change management companies." The one-third of organizations with the lowest scores are designated as "low effective."

Comparing high-effectiveness and low-effectiveness companies

Most questions in our survey used a five-point Likert, or effectiveness, scale. Where we compare high and low effectiveness, we are showing how many of the organizations designated as having high or low change effectiveness responded to the item with a four or five score (i.e., agree or strongly agree, effective or highly effective), or answered with a yes.
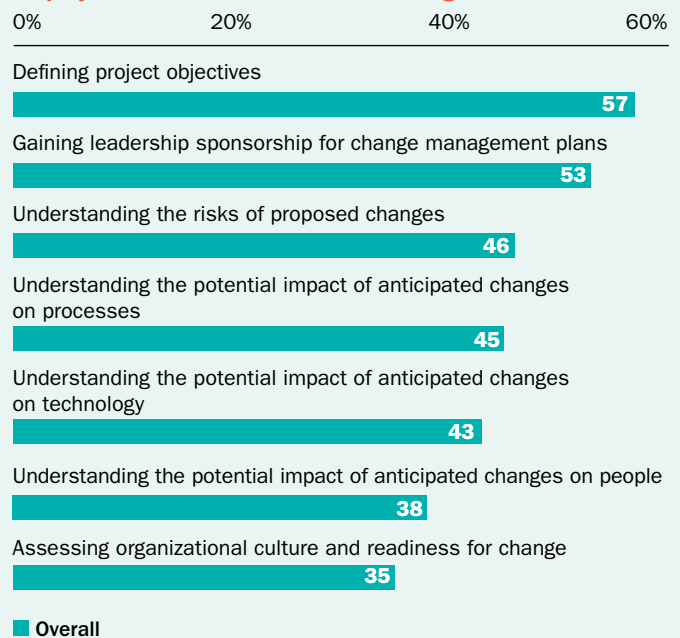
How does employee readiness impact change?

The concept is quite simple: A more aligned workforce supports a more successful change. Making sure employees understand the reasons for a change, what will happen during the change, and what new skills or behaviors they will need to be successful through the change process can ensure greater employee confidence, satisfaction and support for company goals.

In general, however, our survey data show that the opposite is happening. Almost half of the surveyed participants spend time evaluating how a change may impact their business processes or technologies, but relatively few look at the impact it will have on their employees and culture. Since businesses consist of both rational and emotional elements — of technology, processes and people — effective change management must consider all of them.

Preparing employees for change can include communicating important details, taking surveys to gauge their knowledge or skills related to the change, providing informed leaders as resources, offering opportunities for employees to learn more or provide feedback throughout the change process — and then adjusting the change strategy as necessary. Taking the time to deeply understand employees is a wise investment. It helps develop training, communication and incentive programs that are relevant to their needs, and it facilitates involvement, ownership and feedback to improve the results of change.

Figure 2. Effective companies take the time to understand employees and their readiness for change

0%	20%	40%	60%

Defining project objectives
57

Gaining leadership sponsorship for change management plans
53

Understanding the risks of proposed changes
46

Understanding the potential impact of anticipated changes on processes
45

Understanding the potential impact of anticipated changes on technology
43

Understanding the potential impact of anticipated changes on people
38

Assessing organizational culture and readiness for change
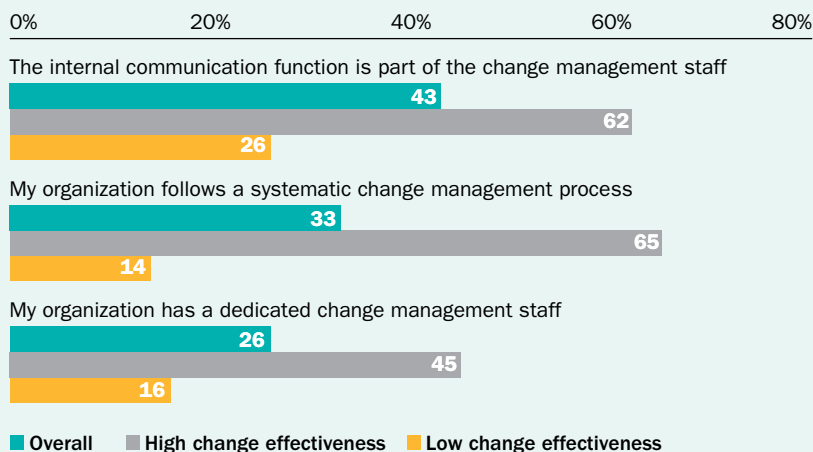**35**

■ Overall

Who manages change?

Our data show that the organizations with the best change management practices are more likely to have a formal, systematic process and a dedicated staff that includes the internal communication function *(Figure 3)*. These companies also involve their communication function earlier in the decision-making process *(Figure 4)*.

Figure 3. Effective companies include communication in their change management process

To what extent do you agree with each of the following statements?

0%　　　　20%　　　　40%　　　　60%　　　　80%

The internal communication function is part of the change management staff
- Overall: 43
- High change effectiveness: 62
- Low change effectiveness: 26

My organization follows a systematic change management process
- Overall: 33
- High change effectiveness: 65
- Low change effectiveness: 14

My organization has a dedicated change management staff
- Overall: 26
- High change effectiveness: 45
- Low change effectiveness: 16

■ Overall　　■ High change effectiveness　　■ Low change effectiveness

Figure 4. Effective companies involve the communication function early in the change process

At what phase does the internal communication function first become involved in the decision-making process?

	Identifying the problem or opportunity	Identifying possible approaches to address the issue	Selecting the approach to address the issue	Planning the implementation	Implementing the change	Only if a problem arises	Not applicable
Overall	14	26	10	20	17	6	7
High change effectiveness	22	29	11	18	13	2	5
Low change effectiveness	9	20	6	22	21	10	13

■ Overall　　■ High change effectiveness　　■ Low change effectiveness

The Big Six

Leading

Leading activities have the most influence on overall change success. It's not surprising that organizations that miss this element are less likely to achieve their change goals. A company without clear vision is like a ship without a captain — it has a lot of exciting places to go, but it's adrift in a big sea. Companies that implement effective change strategies from the very start greatly increase their chances of reaching their objectives.

Here's a more detailed look at what the results show:

- Companies with high change effectiveness are seven times as likely as companies with low effectiveness to create strong employee motivation for organizational change — which includes getting support from executives, as well as creating an integrated communication and change management strategy.
- Only 19% of companies with low change effectiveness have a clear vision of what their organizational change is intended to achieve, compared to 84% of highly effective companies.

- Only a third of all participants create an integrated communication and change management strategy to help employees understand and align with what is expected of them.

Leading activities are not owned only by the C-suite

Communication and change management professionals also have an important role to play. Highly effective companies involve the internal communication function and change leaders early. Change leaders provide direction and reinforce the importance of getting the right stakeholders involved at the right time, to ensure both change and communication expertise is there at the start of the change journey.

While these results vary by region, the point still stands that there is room for improvement in this essential part of effective change management.

Should the type of change affect our approach?
Not really. Our research shows that no matter what the change, leading, measuring and sustaining drive overall success.

Figure 5. Effective change leaders provide direction and get the right stakeholders involved at the right time

0%   20%   40%   60%   80%   100%

Finding executive sponsorship for organizational change
- 56
- 85
- 26

Developing a clear vision of desired organizational change
- 48
- 84
- 19

Creating an integrated communication and change management strategy
- 37
- 72
- 15

Creating strong employee motivation for making organizational change
- 32
- 67
- 9

■ Overall   ■ High change effectiveness   ■ Low change effectiveness

"Companies that implement effective change strategies from the very start greatly increase their chances of reaching their objectives."

Figure 6. Across the globe, there is room for improvement in effectively leading change

	Finding executive sponsorship for organizational change	Developing a clear vision of desired organizational change	Creating an integrated communication and change management strategy	Creating strong employee motivation for making organizational change
Overall	56	48	37	32
Asia Pacific	52	44	34	36
Canada	59	59	49	46
Europe and Middle East	61	51	32	24
U.S.	57	47	44	27

■ Overall   ■ Asia Pacific   ■ Canada   ■ Europe and Middle East   ■ U.S.

Communicating

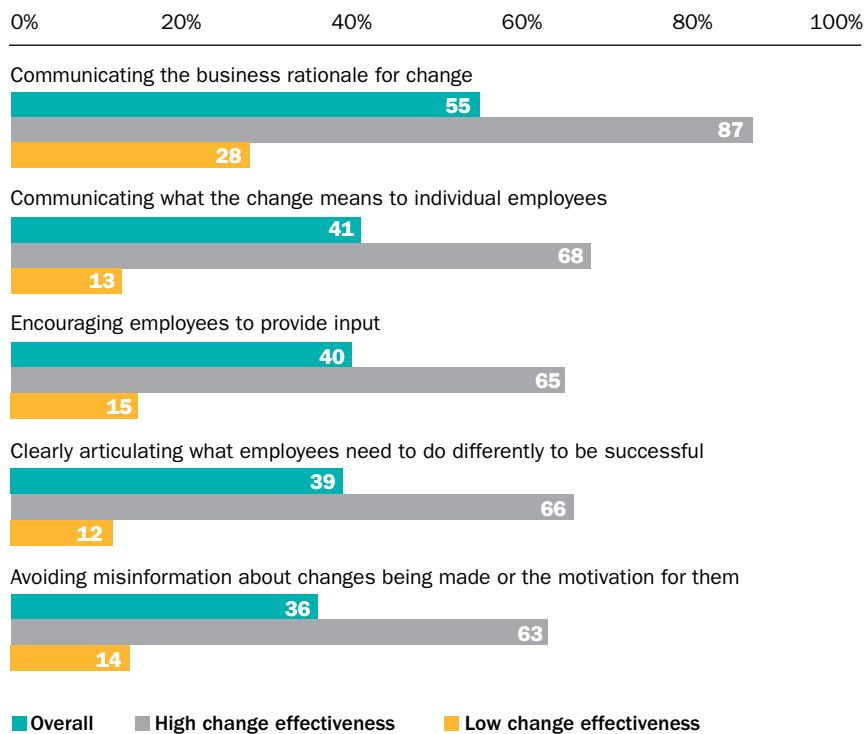Communication aligns the organization from the top down, and it guides and motivates employees. It may seem as though communicating about changes would be an obvious component of the process, but fewer than half of our study participants are doing this effectively. Again, we see big differences in what highly effective companies accomplish in this area compared to their less effective peers.

- The vast majority of companies that are highly effective at managing change are good at communicating their business rationale for change. Since businesses consist of both rational and emotional elements, effective change management practices must consider both sides.

- But even the highly effective organizations could do a better job of explaining what the changes mean for employees, what actions employees must take to be successful during the change and how they can be part of the process by providing helpful feedback.

"Communication aligns the organization from the top down, and it guides and motivates employees."

Figure 7. Effective companies align communication to guide and motivate employees

Communicating the business rationale for change
- Overall: 55
- High change effectiveness: 87
- Low change effectiveness: 28

Communicating what the change means to individual employees
- Overall: 41
- High change effectiveness: 68
- Low change effectiveness: 13

Encouraging employees to provide input
- Overall: 40
- High change effectiveness: 65
- Low change effectiveness: 15

Clearly articulating what employees need to do differently to be successful
- Overall: 39
- High change effectiveness: 66
- Low change effectiveness: 12

Avoiding misinformation about changes being made or the motivation for them
- Overall: 36
- High change effectiveness: 63
- Low change effectiveness: 14

■ Overall   ■ High change effectiveness   ■ Low change effectiveness

Lessons Learned While Changing a Benefit Program

Towers Watson recently helped a leading developer and supplier of plant genetics launch a successful change management campaign to drive benefit awareness, appreciation and workforce engagement. The company strives to help employees be healthy and build personal wealth, and it is committed to offering competitive and valuable employee programs that leaders believe are critical for attracting world-class talent. However, to ensure they could continue to meet these objectives, leaders had to make changes to company-sponsored medical and retirement plans.

Beyond the plan changes, long-term program success depended on employees being engaged in learning about their benefits and using them wisely. This required a new, hands-on approach:

- **Use focus groups to test benefit communication preferences.** Proposed medical and retirement plan changes needed to be communicated using several channels to reach diverse employee groups, as well as spouses, who often play a primary role in employee benefit decisions.
- **Introduce changes under a new theme.** The look and feel helped differentiate the campaign from other employee-facing communications.
- **Reach every employee, and strengthen the health-wealth connection.** In alignment with the company's core values, senior leadership made a commitment to inform every employee about the program changes. Additionally, the campaign reached out to

"Beyond the plan changes, long-term program success depended on employees being engaged in learning about their benefits and using them wisely."

the diverse workforce and spouses through home mailings, online modeling tools for retirement planning, face-to-face meetings (in English and Spanish, as needed) at all workplace locations, optional one-on-one follow-ups with meeting facilitators and — adding further variety — WebEx meetings. All communication emphasized the link between physical and financial health, while continuing to reinforce the company's core values toward a more united workforce.

- **Measure change effectiveness.** Throughout the change management campaign, Towers Watson helped the company assess employee understanding of company benefits before and after the campaign and launch of the online modeling tool. The results were impressive: 87% of employees agreed the change management tactics improved or confirmed their understanding of the benefit program changes.
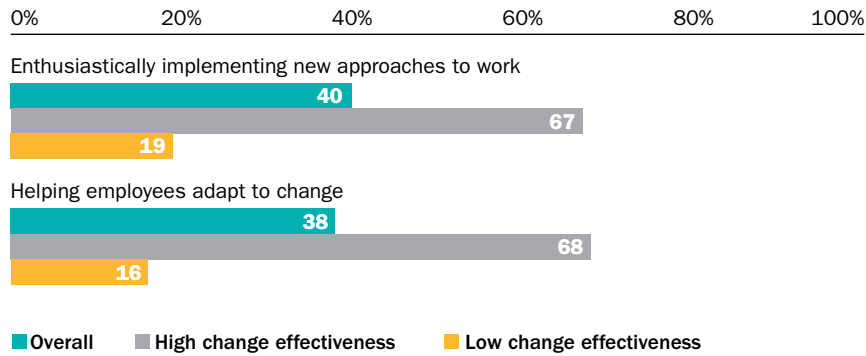
"Managers make change real for their people."

The crucial role of managers in communicating changes

Highly effective organizations are more likely to report that their managers are capable of implementing new approaches to work and helping employees adapt to change. Managers make change real for their people. That's why they need to be effective at translating what change means to the day-to-day reality of their teams as well as model the new behaviors and practices. To develop this key r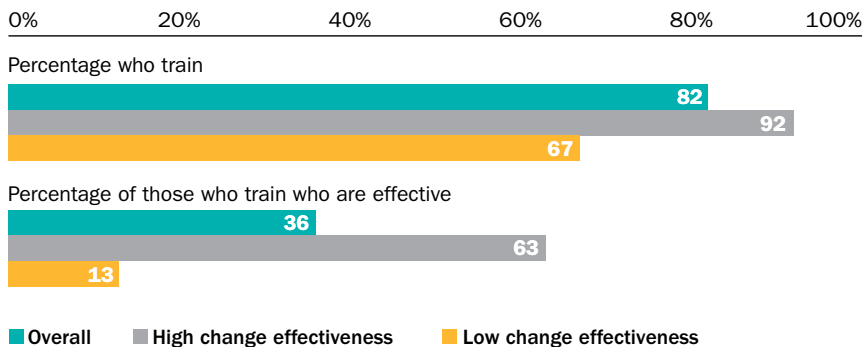esource, the best invest in managers, and design specific and effective training for them — and provide support and motivation to help them apply what they learn.

The majority of firms (82%) train their managers to help employees adapt to change, but only 36% find that training effective. Companies that close this gap are getting a better return on their investment in training.

Figure 8. Managers play a crucial role in translating change for employees

| 0% | 20% | 40% | 60% | 80% | 100% |

Enthusiastically implementing new approaches to work
- Overall: 40
- High change effectiveness: 67
- Low change effectiveness: 19

Helping employees adapt to change
- Overall: 38
- High change effectiveness: 68
- Low change effectiveness: 16

■ Overall   ■ High change effectiveness   ■ Low change effectiveness

Figure 9. Nearly all companies train managers, but is the training effective?

| 0% | 20% | 40% | 60% | 80% | 100% |

Percentage who train
- Overall: 82
- High change effectiveness: 92
- Low change effectiveness: 67

Percentage of those who train who are effective
- Overall: 36
- High change effectiveness: 63
- Low change effectiveness: 13

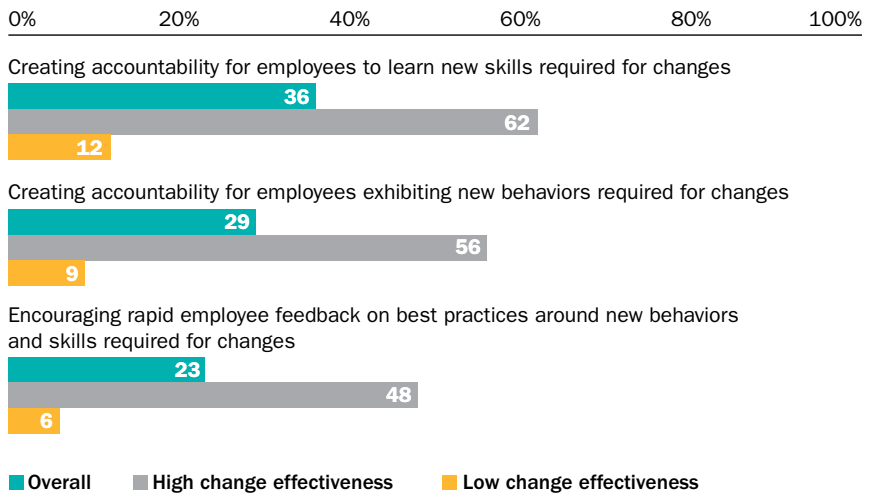■ Overall   ■ High change effectiveness   ■ Low change effectiveness

Learning

Learning activities can help push a change initiative along, and they're worth attention. Why? Because employees need to have the knowledge and skills necessary to adapt to change. Our data show that even among highly effective organizations there is room for improvement, especially in encouraging employee feedback on how to make change successful.

Change management is about educating employees, right?

Certainly employees need to understand changes ahead and learn how to navigate them successfully. But our research suggests that focusing on learning activities alone is a mistake.

Effective investments in learning rest on a foundation of leading, measuring and sustaining activities. (Read on to learn more about measuring and sustaining on the following pages.) Success in these areas differentiates the organizations that are most effective at change from those that struggle. While it's important to offer employees learning activities and strong communication related to a change, the other key drivers of success must be in place for learning and communication to really work.

Figure 10. How effective is your organization at the following?

Creating accountability for employees to learn new skills required for changes
- Overall: 36
- High change effectiveness: 62
- Low change effectiveness: 12

Creating accountability for employees exhibiting new behaviors required for changes
- Overall: 29
- High change effectiveness: 56
- Low change effectiveness: 9

Encouraging rapid employee feedback on best practices around new behaviors and skills required for changes
- Overall: 23
- High change effectiveness: 48
- Low change effectiveness: 6

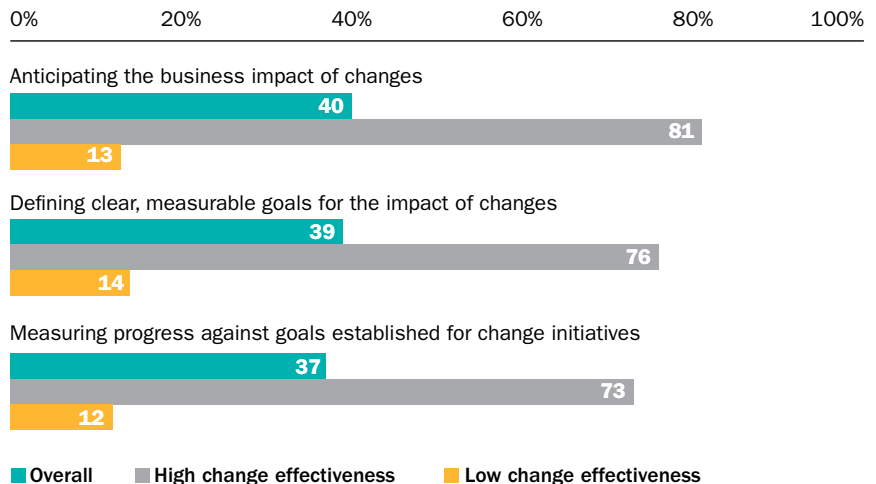■ Overall   ■ High change effectiveness   ■ Low change effectiveness

While many organizations provide learning opportunities to their employees, relatively few execute them well, and even fewer close the loop by creating accountability and encouraging feedback. It's important to approach employee learning with clarity around new processes and behaviors, with sustainable outcomes in mind.

Measuring

Measurement is among the biggest drivers of overall change success, and it cannot start midway through the initiative. Setting clear, measurable goals up front will help an organization head in the right direction, use resources efficiently, make corrections along the way and assess whether the organization achieved what it set out to do. In short, it's essential to keeping the change on target, on time and within budget.
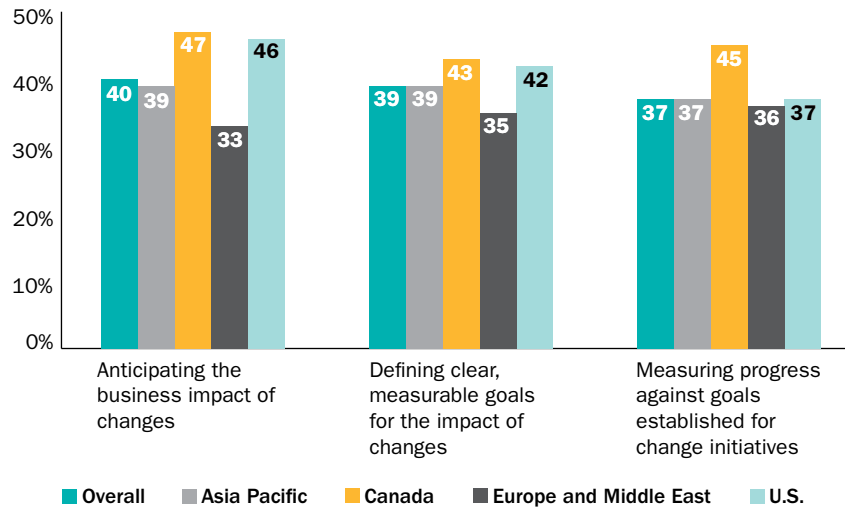
As the results show, organizations that are highly effective at change management are much better at measuring progress against goals than are low-effectiveness organizations.

Figure 11. Across the globe, there is room for improvement in effectively measuring change impacts

Anticipating the business impact of changes
- Overall: 40
- High change effectiveness: 81
- Low change effectiveness: 13

Defining clear, measurable goals for the impact of changes
- Overall: 39
- High change effectiveness: 76
- Low change effectiveness: 14

Measuring progress against goals established for change initiatives
- Overall: 37
- High change effectiveness: 73
- Low change effectiveness: 12

■ Overall   ■ High change effectiveness   ■ Low change effectiveness

"Measurement is among the biggest drivers of overall change success, and it cannot start midway through the initiative."

Figure 12. Effective companies identify change measures up front and continually reassess

Legend: Overall | Asia Pacific | Canada | Europe and Middle East | U.S.

Categories:
- Anticipating the business impact of changes: 40, 39, 47, 33, 46
- Defining clear, measurable goals for the impact of changes: 39, 39, 43, 35, 42
- Measuring progress against goals established for change initiatives: 37, 37, 45, 36, 37

Lessons learned at a large financial corporation

After recently working with Towers Watson on a broad change initiative, a large financial corporation's leaders offered the following advice for companies that need to prepare employees for significant change:
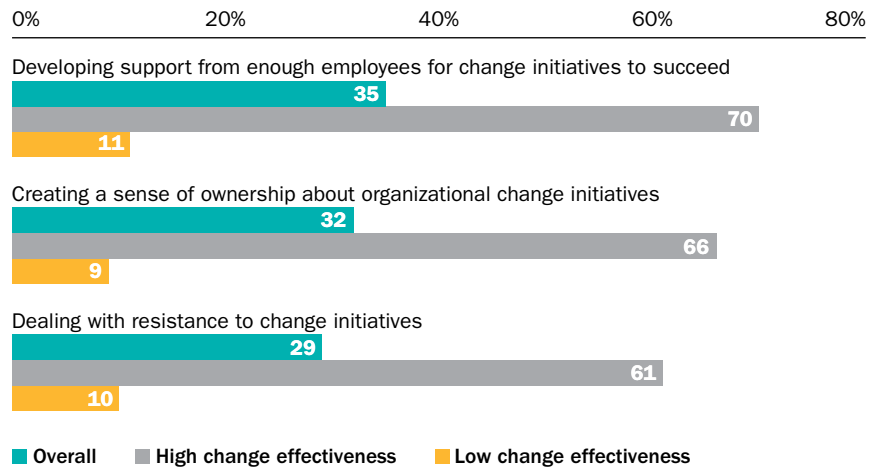
- **Use a data-driven approach that aligns with your desired business results.** Undertake an inventory of change requirements to better understand both the magnitude of impending change and the impact of individual changes on different employee groups and their businesses.
- **Avoid traditional "silo" thinking.** Major change often has a cross-functional, cumulative impact on employees across an entire organization. That impact needs to be managed from the start by involving key leaders who represent all affected employees within your company.

- **Listen for results and concerns.** Tell people what's going to happen and what it means for them. Then create a two-way dialogue by setting up ways for them to provide feedback. Be sure to respond to them quickly with real solutions, not inspirational platitudes.
- **Define and measure success.** Set target metrics for things like employee retention, engagement and customer satisfaction, and be honest about whether they're being met or course corrections are needed.
- **Help managers become change leaders.** Employees often look to managers for day-to-day leadership, so give them the knowledge and tools they need to lead the change.

Involving

Companies that involve their employees in the design and implementation of change are more likely to be effective at change management and less likely to face employee resistance to change. Here's what the data show:

- Companies that are effective at change management are over seven times as likely as low-change-effectiveness organizations to create a sense of co-ownership about organizational change initiatives — a corporate sense among employees and leaders that they are all "in it together."
- If leadership clearly explains the business case for change and can motivate employees to support that change, resistance melts away.
- The overall survey results suggest there is room for improvement in this area among all of our participating companies.

Figure 13. Effective companies involve employees in the change

Developing support from enough employees for change initiatives to succeed
- Overall: 35
- High change effectiveness: 70
- Low change effectiveness: 11

Creating a sense of ownership about organizational change initiatives
- Overall: 32
- High change effectiveness: 66
- Low change effectiveness: 9

Dealing with resistance to change initiatives
- Overall: 29
- High change effectiveness: 61
- Low change effectiveness: 10

■ Overall   ■ High change effectiveness   ■ Low change effectiveness
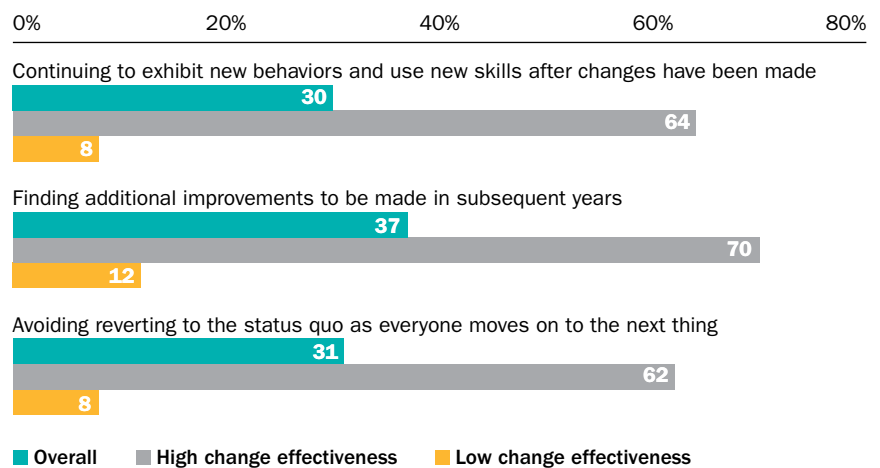
Sustaining

When it comes to change management, in some ways, organizations are never done. One of the top three drivers of successful change is developing a sustaining structure, programs and policies to reinforce behavior change. What may surprise many organizations is how few make this happen. Here's what we learned in this area:

- Companies with high change effectiveness are over seven times more likely to avoid reverting to the status quo than low-change-effectiveness organizations. They continue exhibiting new behaviors and using new skills that result from a change initiative.
- These companies are six times more likely than low-change-effectiveness organizations to continue finding ways to improve, and they extend the impact of their changes beyond "quick wins" and short-term benefits to achieve long-term results.

Effective change management requires planning and implementation, but it also requires ongoing structure, technology, processes and governance to support long-term traction.

Figure 14. Effective companies sustain the positive effects of change over time

Continuing to exhibit new behaviors and use new skills after changes have been made
- Overall: 30
- High change effectiveness: 64
- Low change effectiveness: 8

Finding additional improvements to be made in subsequent years
- Overall: 37
- High change effectiveness: 70
- Low change effectiveness: 12

Avoiding reverting to the status quo as everyone moves on to the next thing
- Overall: 31
- High change effectiveness: 62
- Low change effectiveness: 8

■ Overall   ■ High change effectiveness   ■ Low change effectiveness

Defining the Phases of Change

The saying "change doesn't happen overnight" is especially true when applied to the topic of effective change management. Organizational change is a complex process that happens over time, and it includes several essential, strategic phases:

- **Understand and Segment:** Understand the environment, including what's changing, the underlying business needs, impacts by audience and how key stakeholders define success.
- **Design and Build:** Develop tailored plans and recommendations — including tools, tactics, timing and owners — to build awareness and drive behavior change.
- **Implement and Improve:** Execute the change management plan, measure its effectiveness (both perceived and real), celebrate successes and make improvements along the way.
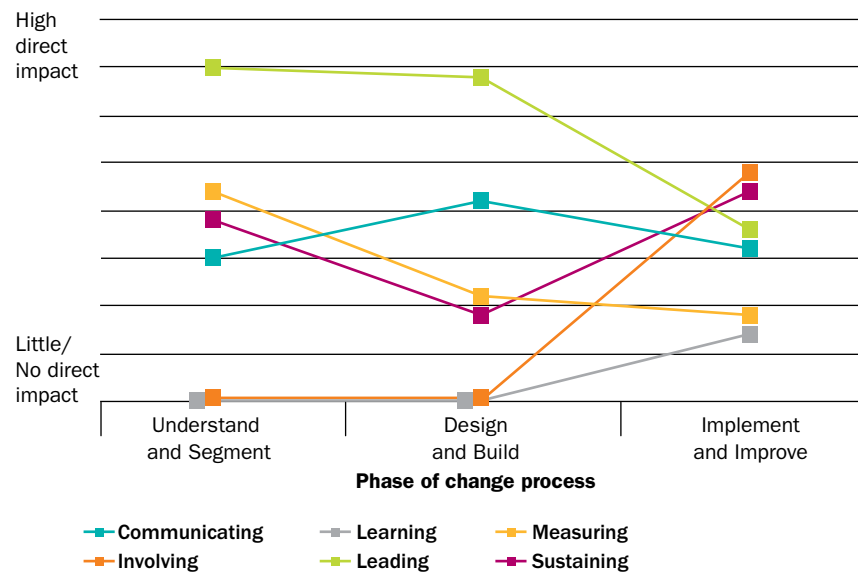
Each of these phases requires its own set of change activities to ensure a successful overall outcome. For example, as evidenced in *Figure 15,* leading activities are especially important in the Understand and Segment phase, but less critical later in the change process when involving and sustaining activities have more influence.

Needless to say, change can only be effective when given a chance to take root, and when supported and sustained over time. Unfortunately, organizations are weakest where it matters the most. By the time many companies reach the final change phase — Implement and Improve — they often fail to support change initiatives with sufficient funding or governance, and don't commit adequate resources to sustain those changes over time.

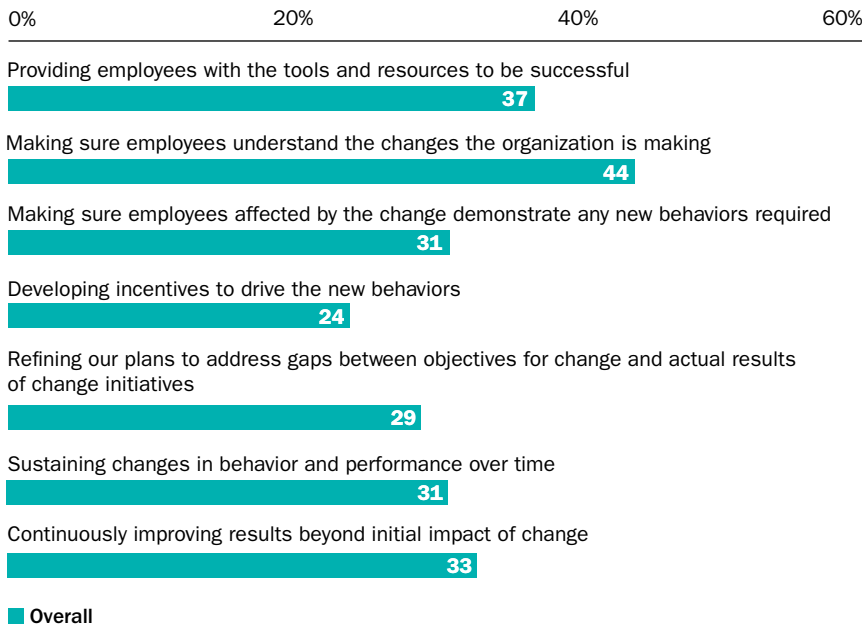> "Change can only be effective when given a chance to take root, and when supported and sustained over time."

Figure 16, page 15, indicates where some of the greatest opportunity for improvement lies. Depending on a company's needs, the solution could include managing change resources, auditing the implementation process, or strategically reviewing the results and what they imply.

Figure 15. Effective companies use the right activities at the right time

Legend:
- Communicating
- Involving
- Learning
- Leading
- Measuring
- Sustaining

Y-axis: High direct impact / Little/No direct impact
X-axis: Understand and Segment, Design and Build, Implement and Improve — **Phase of change process**

Figure 16. Companies have room for improvement throughout the phases of change management

0%   20%   40%   60%

Providing employees with the tools and resources to be successful
37

Making sure employees understand the changes the organization is making
44

Making sure employees affected by the change demonstrate any new behaviors required
31

Developing incentives to drive the new behaviors
24

Refining our plans to address gaps between objectives for change and actual results of change initiatives
29

Sustaining changes in behavior and performance over time
31

Continuously improving results beyond initial impact of change
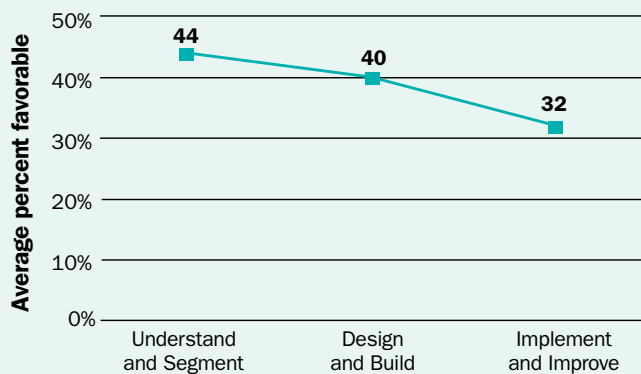**33**
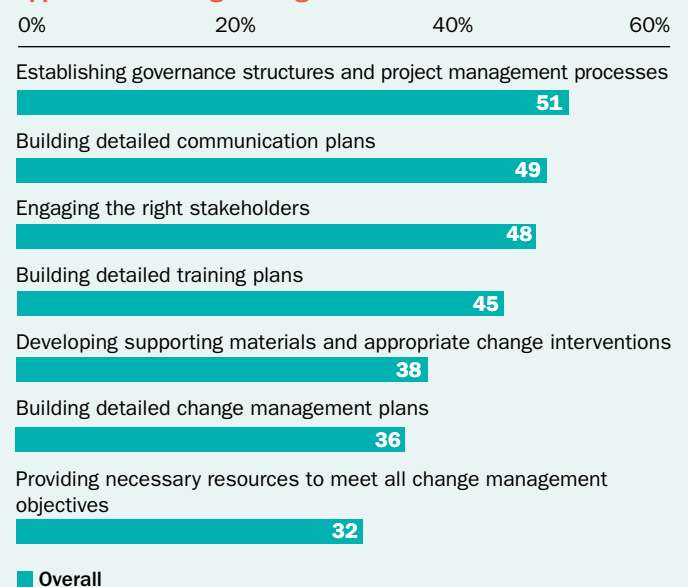
■ Overall

Resource Planning Is Key

Many of our participants start off strong. We find relatively high percentages of participants report they are doing the right things during the initial planning phase. These percentages drop by 12 percentage points during the Implement and Improve phase. This may be a symptom of the difficulty of allocating sufficient resources to cover the whole change process from beginning to end. For some companies, it could also imply a mid-change shift in priorities.

Despite different circumstances among companies, only one-third of participants say they invest enough resources to support their change management strategy. Organizations that don't allocate enough resources up front will probably spend more time later filling the gaps (and often at a higher cost), or their change management efforts will languish due to lack of resources.

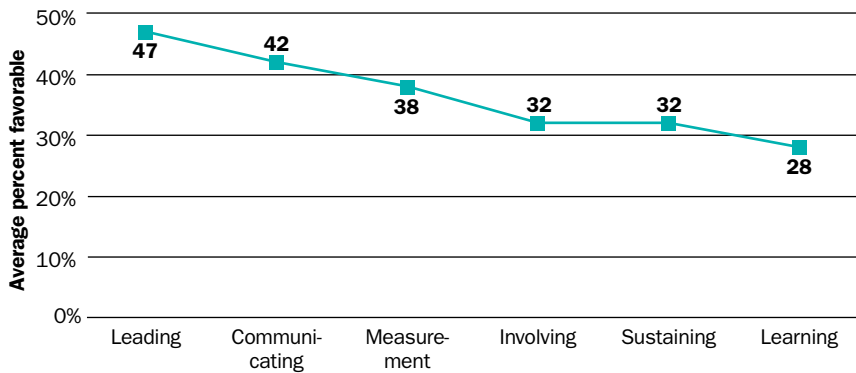## Figure 17. Percent of companies that report they do the right things in the various phases of change

Average percent favorable

50%
44
40%   **40**
        32
30%
20%
10%
0%
Understand   Design   Implement
and Segment   and Build   and Improve

Figure 18. Effective companies use a more disciplined approach to manage change

0%   20%   40%   60%

Establishing governance structures and project management processes
51

Building detailed communication plans
49

Engaging the right stakeholders
48

Building detailed training plans
45

Developing supporting materials and appropriate change interventions
38

Building detailed change management plans
36

Providing necessary resources to meet all change management objectives
32

■ Overall

Do organizations have the right approach to managing change?

When looking at how survey participants across regions ranked different change activities in order of how effectively they manage them, we find very minor differences. In almost all regions,

organizations were most likely to agree they were effective at leading change. Leading is one of the most important change activities, but the data suggest companies have an imbalanced focus. (Read more about the importance of governance below.)
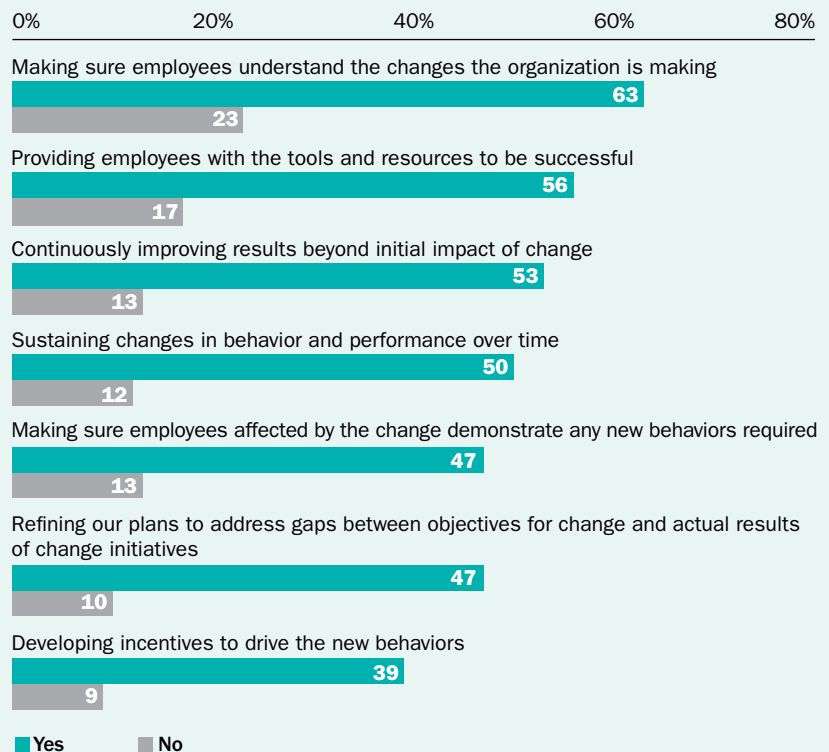
While companies are most likely to rate themselves as effective in the aspects of leading change, on average, fewer than 40% of organizations rate themselves as effective at the activities in the other essential areas such as measuring progress against goals and then putting systems or programs in place to sustain the benefits of change long term.

How does your company compare? Organizations would do well to understand how effective they are at implementing each of these levers, given their importance in a successful change program.

Figure 19. Percent of companies that rate themselves as effective at the six activities

The Importance of Governance

Regardless of the type of change, we can't overemphasize the importance of establishing good governance protocols right from the start. Change teams that clarify how decisions will be made, how conflict will be resolved, and how project management processes will be conducted and communicated have the basis for dealing with the inevitable challenges that come with managing change. Change is never linear nor always smooth, and companies with strong governance are much more likely to achieve and sustain successful change — and ultimately deliver stronger financial performance.

Figure 20. Outcomes for companies that establish governance structures and project management processes compared to those that do not

Making sure employees understand the changes the organization is making: 63 / 23

Providing employees with the tools and resources to be successful: 56 / 17

Continuously improving results beyond initial impact of change: 53 / 13

Sustaining changes in behavior and performance over time: 50 / 12

Making sure employees affected by the change demonstrate any new behaviors required: 47 / 13

Refining our plans to address gaps between objectives for change and actual results of change initiatives: 47 / 10

Developing incentives to drive the new behaviors: 39 / 9

■ Yes   ■ No

Conclusion

Continuous change is a global reality. We know that those who communicate effectively are more likely to outperform their peers. This finding has been consistent since Towers Watson started the Change and Communication ROI Study in 2003.

Our latest research shows that the link with financial performance is even stronger among study participants who implement effective communication and change management strategies. Regardless of the type of change organizations experience, the important change activities — and their respective role and place — remain constant. And the key elements of successful change are promoting effective leadership, and measuring activities and programs that sustain the benefits of change over time. Get these activities right, and you'll be well on your way to greater success.

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