

Help us to find the ROI for Change Management

We quite often get asked the question: "What is the ROI on change management?" Understandably, people want hard data which demonstrates that an investment in change management actually pays off. So, in an effort to answer this question we thought we would review what research is currently available and to use this as a basis to kick-off a pulse survey. We will be using the results, and what we know already to build a position paper – on ROI and change management – which will be authoritative and free to anyone who wants to access the information.

There are only 8 questions and it will take no more than 5 minutes of your time. All answers are collected anonymously.

[Enter the survey](#)

Let me briefly summarise what we think the state of play is.

Starting Point

Many people, in organisations, seem to accept that more than 50% of changes fail, either entirely or they significantly under-perform. For example, a Boston Consulting Group study suggested that only 37% of projects had a tangible financial impact. These numbers seem to resonate with line managers when we talk to them. They seem to make sense within people's experience of organisational change. Similarly there are a number of reports from academics that show there is a lot of waste about. For example Professor Chris Clegg of the University of Sheffield discovered that as much as £58 billion is wasted in IT related change in the UK every year. And, executives reinforce this by reporting in the 2008 IBM Global CEO Study that there was a significant gap between the amount of change they have to deliver and their organisation's capabilities to deliver it. Because of this data people often say that change management is important and is required. This is supported by all their instincts, experience and intuition. If you read, enjoyed and believed Malcolm Gladwell's book *'Blink'* this may be enough for you. And, you may be right. Change Management is an enabling tool and it can be very hard to directly connect change management and the results from the change. But let's continue anyway.

Our view

We, at Changefirst, talk about the gap between Installation and Implementation. The former is where the technical components of the change are in place but people have not really committed to the new way of working. Implementation is where the change is installed but by using change management you enable people to become committed to the change and they adapt their behaviour and skills successfully. We would argue that this leads to benefits such as greater business case achievement, more sustainability, less employee disruption and faster change. We can support this through numerous case studies including one printed in the [UK's Sunday Times](#) where a bank said that our methodology had helped them rescue a change and created £17 million pounds in additional value that would otherwise have been lost.

What else is known?

Frankly there is not a lot of direct data out there. A McKinsey report from about 2002 is the most quoted in the various papers out there. McKinsey determined that organisations got incredibly positive results if they had strong internal change management capabilities at all levels of their organisations. The value derived could be up to four times in those organisations with strong change capabilities versus those with weak or no capabilities. But other than this the data is pretty scant. Both Gartner Group and Bain and Company both published very concerning reports showing that CRM systems could easily fail because of poor change management. In fact Gartner said in a large number of cases the organisations would have been better off simply giving their investment in CRM systems back to the shareholders. But in such an important field you would think there would be more to be found. If anyone has any other third party studies please send them to me at david.miller@changefirst.com. We will happily publish a summary of any studies sent in the next newsletter.

What next?

We want to build on the data that is known. But we also want to get under the skin of some of the issues. We know for example that a very common number, that is quoted, is that organisations spend about 10-15% of their implementation budget on change management. Well if that is correct - what results is this giving you? We would like to understand what you experience in terms of obtaining a return on your investment in change management. We would like to explore a number of issues with you (remember it will be confidential!). These issues include:

- What are key change drivers at the moment?
- What are your results from change?
- How do you invest in change?
- What contribution can change management make to results?

We believe that this topic is greatly underserved, much less understood, and we would greatly appreciate your input. We will be posting the results via our [LinkedIn group](#), so please join us there if you would like to see the results and find out more about the paper and a free webinar to accompany it.

[Enter the survey](#)