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Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

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As the Services prepare to replace the Standard Procurement System (SPS) with newer technology, there is much to gain from revisiting the past—not only by learning from the early and critical challenges faced by SPS, but also from other organizations that have implemented enterprise software in the past 20 years.

Many of these lessons converge on the need to adopt an organizational change management strategy as early as possible. Early investments in best-practice change management activities are proven to reduce implementation challenges, lower the risks inherent in large-system implementations, accelerate adoption by end users and avoid the negative publicity associated with legacy systems.

An early investment in change management will reduce implementation challenges, lower the risk inherent in such a large initiative, speed adoption by end users and avoid negative publicity experienced by the legacy system.

Background

Although it has successfully served the Department of Defense (DoD) for close to two decades, SPS faced significant challenges during its initial DoD-wide deployment. The most significant challenges can be traced to two key factors:

- Lack of attention to organizational change management
- Lack of communication to stakeholders

The SPS initiative began in 1994 with the goal of standardizing approximately 70 DoD legacy systems used for procurement. The initiative was groundbreaking in that it was one of the first DoD commercial off-the-shelf (COTS) software purchases, as well as one of the first standard business systems for the DoD.

Currently deployed to nearly 27,000 users across all Services and Defense Agencies, SPS has successfully processed DoD contracts worth hundreds of billions of dollars. It has also played a vital role in supporting the unique contingency contracting requirements and needs of service members in Iraq, Afghanistan and around the world.

Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

Those are spectacular outcomes by any measure, and the DoD and its partners should take great pride in those achievements. However, the deployment of SPS was unquestionably challenging for all stakeholders. User discontent with the early system surfaced soon after initial deployments. There were numerous Inspector General, US Government Accountability Office and Congressional inquiries through the early years of the program, and a stop-development order was issued in 2002. Lifting the stop-work order required overcoming extensive programmatic challenges, and these subsequent improvements to the system are well documented.

SPS has steadily served the DoD procurement community over the past decade, but as the Services prepare to replace SPS with newer technology, it is worth revisiting how the early challenges for SPS could have been avoided by an effective change management strategy.

Lack of Change Management Funding Cited in Testimony to Congress

“The evolving nature of the program and the focus on the technical and software resulted in less than clear communication to the end users regarding the goals of the program and its impacts on the procurement workforce, which in turn led to unmanaged and often unrealistic expectations for both the SPS program and the implementation process.”

Col. Jacob Haynes

In his February 2002 testimony to Congress, then SPS Program Manager, Col. Jacob Haynes, emphasized a lack of change management funding and activities. He remarked, *“The current program budget includes extremely limited funds for change management activities, which include training, business process reengineering and dedicated communications activities directed at end users.”*¹

Col. Haynes also underscored the impact of the program’s sole focus on technology, which resulted in a lack of attention to critical non-technical factors required for successful implementations: *“The evolving nature of the program and the focus on the technical and software resulted in less than clear communication to the end users regarding the goals*

^{1,2} Col. J. N. Haynes, U.S. Army, Testimony Before the U.S. House of Representatives Committee on Government Reform, February 7, 2002.

Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

of the program and its impacts on the procurement workforce, which in turn led to unmanaged and often unrealistic expectations for both the SPS program and the implementation process.”²

Enterprise Resource Planning (ERP) systems implementation is often compared to open-heart surgery for an organization: almost every aspect of the way work is performed usually changes in some way, along with organizational structures and job descriptions. And all this must happen while keeping the business and its mission alive and operating at full capacity.

Though trailblazing in many regards, the early SPS program greatly underestimated the impact of change on the organizations and individuals who were slated to adopt and use the new system. End users were unclear about what would be expected of them, or what they could expect from the system. Resoundingly, users felt that their concerns were ignored because the initiative largely focused on software and technology, dedicating too few resources to stakeholder communications and engagement. Organizational change management was overlooked until the program arrived at the stop-work point. Although no assessment of the costs incurred due to this program gap is available, it is not difficult to estimate that adoption of the system was delayed by years and that the cost of this delay was substantial. Impact to the morale and productivity of the contracting workforce is even more difficult to measure but should not be discounted.

Common Pitfalls for Large-Scale Software Implementation

SPS was not unique. Large technology initiatives are challenging, and rarely are they completed on time or within budget. However, because enterprise level software is pervasive and costly, there is plenty of research on its success and failures:

- A 2012 study by McKinsey and the University of Oxford suggested that half of all large IT projects, defined as those exceeding \$15 million, overrun their budgets by 45 percent and take 7 percent longer than expected.³

³ M. Block, S. Blumberg and J. Laartz, “Delivering Large-Scale IT Projects on Time, on Budget, and on Value,” (McKinsey & Company, October 2012).

Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

- A 2013 report from the Program Management Institute (PMI) cited that two out of five projects fail to meet their original goals, and of those projects that fail, 50% fail due to ineffective communications.⁴
- A 2012 global survey by PricewaterhouseCoopers on project management reveals that effective communication is associated with a 17% increase in program success.⁵
- A 2012 global survey by PricewaterhouseCoopers on project management reveals that effective communication is associated with a 17% increase in program success.⁶
- A 2011 Gartner report cites “*Inadequate Change Management and Training*” as one of the six main reasons that 25 to 20% of ERP implementations fail.⁷

Enterprise Software Systems:

- ***Two out of five projects fail***
- ***50% of failed projects fail due to ineffective communications***

Although the quality of the technology and technical skills of the development and implementation teams are critical, many large IT programs fail because of lack of attention to organizational change management. This fact is reflected in the 2012 McKinsey/Oxford study where recommendations for improving large IT program performance have little to do with technology but instead focus on managing stakeholders, securing the right talent, building strong teams and developing core program-management competencies. Similarly, a Deloitte CIO Survey states that five of the ten major stumbling blocks for ERP implementations can be attributed to lack of a structured change management program.

⁴ “The High Cost of Low Performance: The Essential Role of Communications,” Program Management Institute, May 2013.

⁵ “Insights and Trends: Current Portfolio, Programme, and Project Management Practices: The Third Global Survey on the Current State of Project Management,” PricewaterhouseCoopers, August 2012.

⁶ “Insights and Trends: Current Portfolio, Programme, and Project Management Practices: The Third Global Survey on the Current State of Project Management,” PricewaterhouseCoopers, August 2012.

⁷ D. Ganly, “Address Six Key Factors for Successful ERP Implementations,” Gartner, March 2011.

Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

The lessons learned from these studies are clear: success is highly dependent upon implementing an effective change management strategy, effectively communicating with stakeholders, and managing their expectations from the start of the program.

The Imperative: Use Change Management to Maximize the Probability of Success and Expedite Adoption

As the Services begin the process of replacing SPS, they are uniquely positioned to learn from the original challenges that were encountered and a decade of global research on large-scale IT program success. To maximize the probability of success and most effectively manage program costs and deadlines, Services must incorporate a structured organizational change management program *now*.

Change management prepares an organization for the changes related to technology and clearly supports the transition through change adoption. It is a discipline based in fundamental organization development values: collaboration, respect, inclusion and empowerment. Successful change management programs address the following key elements:

- **Change Readiness Assessment:** Assess the readiness of the organization for implementing the change. Assessment factors include success with previous change initiatives, amount of change experienced, levels of change fatigue, skills required to implement the change (including sophisticated program management skills required to implement at the Command level), and budget and talent required to implement the change while sustaining regular operations.
- **Change Leadership:** Create a change structure to engage “change agents” and “change leaders” throughout the organization. Support those leaders to demonstrate organizational commitment to the change and to the vision. Encourage employees to participate in the change, allocate appropriate resources to the initiative, remove hurdles, resolve issues and inspire new ways of working.
- **Stakeholder Engagement:** Understand the various stakeholder groups and the unique needs and challenges they may have. Engage stakeholders in defining problems with the current state and in creating the new solution.
- **Communications Program:** Build consensus on the goals of the program and expectations regarding the change. Create a structured communications plan that

Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

is tailored for each stakeholder group, including key messages and a variety of delivery mechanisms. Create two-way communication vehicles to support broad stakeholder engagement.

- **Progress and Performance Measurement:** Define checkpoints to measure progress in adopting the change. Lead and lag metrics may be defined to reinforce change adoption as well as indicate adjustments necessary to the change management activities, which serve to continually reinforce change adoption.
- **Transition Planning:** Define a multi-level Transition Plan detailing the activities necessary to “turn on” the new system and processes across the Service, at the Command level and for each installation where the new system will be used. This plan would include the sequence of steps required to cut over from the current system and processes to the new. These activities would include not only technical activities but non-technical as well, such as training on how to use the system and processes. This effort includes having documented, ready responses to customers’ Frequently Asked Questions and a high-impact “Day 1” Communications Plan.

Recommendation: Start Now

While change management activities occur throughout the project and transition phase, it is especially critical to begin change management activities from the very start of the project. Change management is not a promotional campaign to “sell” a change immediately prior to a system’s implementation; it requires an early change-readiness assessment to create appropriate change strategies; communication to stakeholders about the intent of the change and the specific aspects of the project; and engagement with stakeholder groups to define functional system requirements and new or modified business processes. If change management activities are begun now, they will have a beneficial effect not only on all aspects of the project, but they will pay enormous dividends in terms of lowering risks, reducing problems and accelerating end-user adoption. The return on investment in effective change management will permeate not only throughout the project but will continue for many years after the system’s initial implementation.

Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

Multiple commands and their subordinate installations will implement the SPS replacement, and, where needed, it is important to tailor the overarching change management strategy for each Command. Change experiences can be unique for many organizations, and different Commands will likely have different change-readiness assessment results and stakeholder analyses. As a result, individual Commands may require a unique approach to communications and messaging. However, while each Command may develop its own change program, it is critical to ensure consistency and integration across multiple Commands at the Service level.

Each Service should serve as its own “change integrator,” overseeing changes at the highest levels and ensuring that all Commands adopt the change at acceptable levels. To achieve these goals, each Service should develop a macro change management program: develop and drive key messages about the intent of the replacement initiative, identify key stakeholders and change agents, and institute communications and change leadership at the highest levels. Additionally, the Services should ensure consistency by issuing standard templates and practices to be used by each Command in developing unique change management programs. Figure 1 illustrates such a macro/micro change structure, showing an overarching, macro change management program at the Service level and a micro level program for each Command affected by the change.

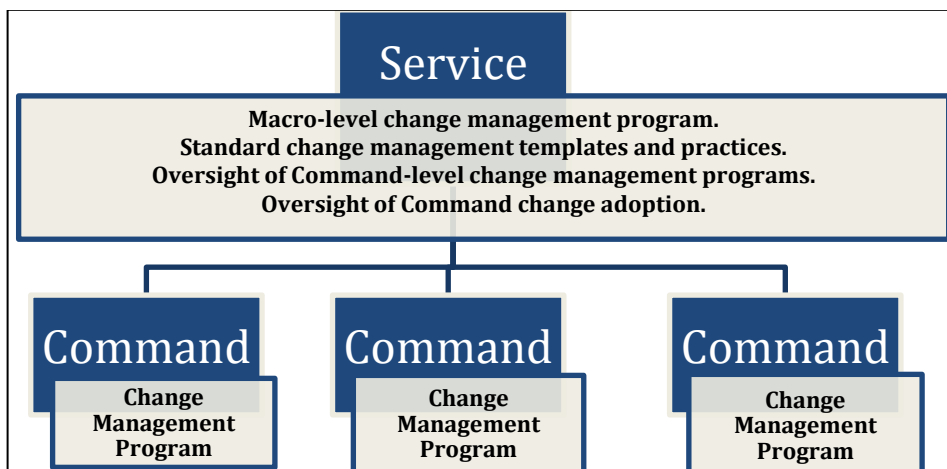


Figure 1. Successful Change Management Programs Cover Macro and Micro Levels of the Organization

Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

When implemented early Change Management programs can address or eliminate many of the risks associated with large scale IT investments before they negatively affect the initiative. The following table highlights key change management activities for completion by each Command during the initial six months of large-scale projects.

Change Management Program Element	Activities to Complete During Initial Six Months
Change Readiness Assessment	<ul style="list-style-type: none">- Conduct assessment- Develop change strategy
Change Leadership	<ul style="list-style-type: none">- Create initial change structure, identifying key change agents and leaders- Prepare change agents and leaders with key messages during requirements development phase of work
Stakeholder Engagement	<ul style="list-style-type: none">- Conduct initial stakeholder analysis, identifying key stakeholders, current levels of acceptance and resistance to the change- Engage stakeholders appropriately in requirements development
Communications Program	<ul style="list-style-type: none">- Gain agreement from key stakeholders regarding project goals- Frame key messages regarding change- Develop initial communication during requirements development phase of work
Measuring Progress and Performance	<ul style="list-style-type: none">- Gain agreement from key stakeholders on high-level performance metrics- Incorporate metrics into key messages in communication program
Transition Planning	<ul style="list-style-type: none">- Conduct an initial skills gap assessment in critical areas, including program management and new procurement competencies

Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

Conclusion

As the Services prepare to replace SPS with newer technology, they are encouraged to revisit lessons learned during the initial SPS deployment and adopt an organizational change management strategy as early as possible, particularly to include stakeholders in the requirements definition process itself. An early investment in change management will reduce implementation challenges, lower the risks inherent in this large-system implementation, speed adoption by end users, and avoid the negative publicity associated with legacy system performance.

Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

About the Authors

Melissa Peery, PMP, is president and founder of the Wayfarer Consulting Group, a veteran-owned small business (VOSB) that specializes in delivering change management, strategy and program management services designed to maximize clients' return on investment in technology. Ms. Peery brings more than 20 years of experience in systems integration and management consulting to the public and private sectors and she is a veteran of numerous enterprise-level software implementations. She has held leadership roles in multiple procurement and financial management system implementations throughout the Federal Government, including SPS and PRISM, where commercial-off-the-shelf solutions were adapted for Government use. Additionally, she has implemented several enterprise resource planning systems for US public utilities and other enterprise level solutions.

Ms. Peery was Director of Strategic Communications for SPS. After the 2002 Congressional hearings on SPS, she designed and launched an expanded SPS User Outreach program, which later won awards for Outstanding Program Communications.

Ms. Peery has helped numerous organizations define and manage requirements for new software. She has helped private sector clients create RFPs for enterprise resource planning systems, as well as create methodologies and processes for evaluating vendor offerings. She has helped US utilities and the US Department of State create shared-services delivery organizations, and she has established program management offices for commercial organizations.

More recently, she designed and managed the Army Contracting Command's first online recruiting program, including its award-winning website and social media program. The effort included extensive governance work to establish roles, responsibilities and general operating procedures for the Command's foray into online recruiting and social media. She currently manages WICTechnologyPartners.com, part of a digital strategy designed to increase the visibility of—and competitive bids for—solicitations for the State and Local Government Agencies administering the USDA's Women and Infant Children (WIC) Program.

Ms. Peery holds an MS from Georgetown University, a BA from the University of Maryland along with a Pocket MBA for CIOs, and a Business Strategist certification from Boston University. Additionally, she is certified in Disruptive Change Management, Shared Services and Lean Six Sigma. Ms. Peery is a veteran of the US Army, where she served as a Russian SIGINT operator and analyst for five years before joining the private sector.

Building on the Lessons of SPS:

Incorporate Organizational Change Management From the Beginning

Marisa Sanchez, PhD, brings over 20 years of experience in strategic management and organization development consulting to both the public and private sectors. Dr. Sanchez has facilitated organizational change in many federal civilian agencies and defense departments, including the Army Contracting Command, Federal Aviation Administration, Department of Health and Human Services, Department of Housing and Urban Development, Immigration and Customs Enforcement, and Department of Transportation. She worked at American Management Systems, Inc., consulting globally to financial institutions and telecommunications firms, including AT&T, Australia New Zealand Bank, IBM and Security First Network Bank (now a subsidiary of Royal Bank of Canada).

Dr. Sanchez specializes in helping organizations adopt new systems and technology frameworks such as SEI-CMMI, ITIL, ERP, PMI PMBOK, KM/SharePoint. For the Army Contracting Command, she supported the implementation of the CIO Strategic Plan and the institutionalization of project management and service development methodologies within a newly created Project Management Office (PMO). The PMO supported numerous enterprise-wide technology implementations, including the Standard Procurement System (SPS) Server Consolidation, Enterprise Lifecycle Management, and Information Assurance. At the Federal Aviation Administration, she facilitated the development and implementation of a consistent agency-wide system engineering methodology, and at the Department of Housing and Urban Development, she led the change management effort to implement a new Enterprise Resource Planning (ERP) Financial system across the Federal Housing Administration.

Marisa Sanchez earned a Doctor of Philosophy (PhD) in Human and Organization Systems from Fielding Graduate University, publishing her doctoral dissertation on collaboration and power entitled *Interorganizational Collaboration within a Hierarchical Configuration of Parent and Subsidiary Corporations*. Prior degrees include a Bachelor of Science (BS) in both Computer Science and Psychology from Duke University and Master in Business Administration (MBA) from Georgetown University.

Dr. Sanchez serves as Chair of the Board of Trustees of the Organization Development Network, an international professional association serving over 2,500 members. She is a featured speaker at numerous human resource and organization development conferences and has authored several articles in the OD Practitioner, Journal of the Organization Development Network. As a certified instructor at Management Concepts, Dr. Sanchez has taught courses on Leading and Managing Change and The Balanced Scorecard.