

# **How to Enable Organizational Change Management in a Digital Business**

PMO Research Team

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# How to Enable Organizational Change Management in a Digital Business

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Initiatives: Program and Portfolio Management Leaders

Digital business acceleration and the pandemic have increased the volume and complexity of organizational change. To manage change successfully, PMO leaders must build change management capabilities among three key stakeholder segments — portfolio decision makers, BU leaders and impacted employees.

## Additional Perspectives

- Summary Translation: How to Enable Organizational Change Management in a Digital Business (24 March 2022)

## Overview

### Key Findings

- In the 2021 Gartner View from the Board of Directors Survey, 69% of organizations report that their organizations have accelerated their digital business initiatives, thereby increasing the volume, frequency and complexity of change.
- Traditional change management practices will no longer be sufficient in the postpandemic era, undermining the success of digital initiatives and increasing employee change fatigue.
- Three stakeholder segments have the potential to increase organizational change absorption capacity: portfolio decision makers, business unit/local leaders and the employees who are directly affected by the change.

## Recommendations

PMO leaders responsible for driving enterprise transformation and leading organizational change management must:

- Enable portfolio decision makers to curtail the introduction of too many ad hoc changes by identifying holistic changes that cut across multiple initiatives (for example, the cultural shifts needed to shift to a remote working environment).
- Build business unit/local leaders' change management maturity by providing targeted, need-based change support and coaching to build their change leadership skills.
- Empower the broader workforce to better absorb change by including employee perspectives early in the decision-making process, and by identifying and using early adopters as peer advocates.

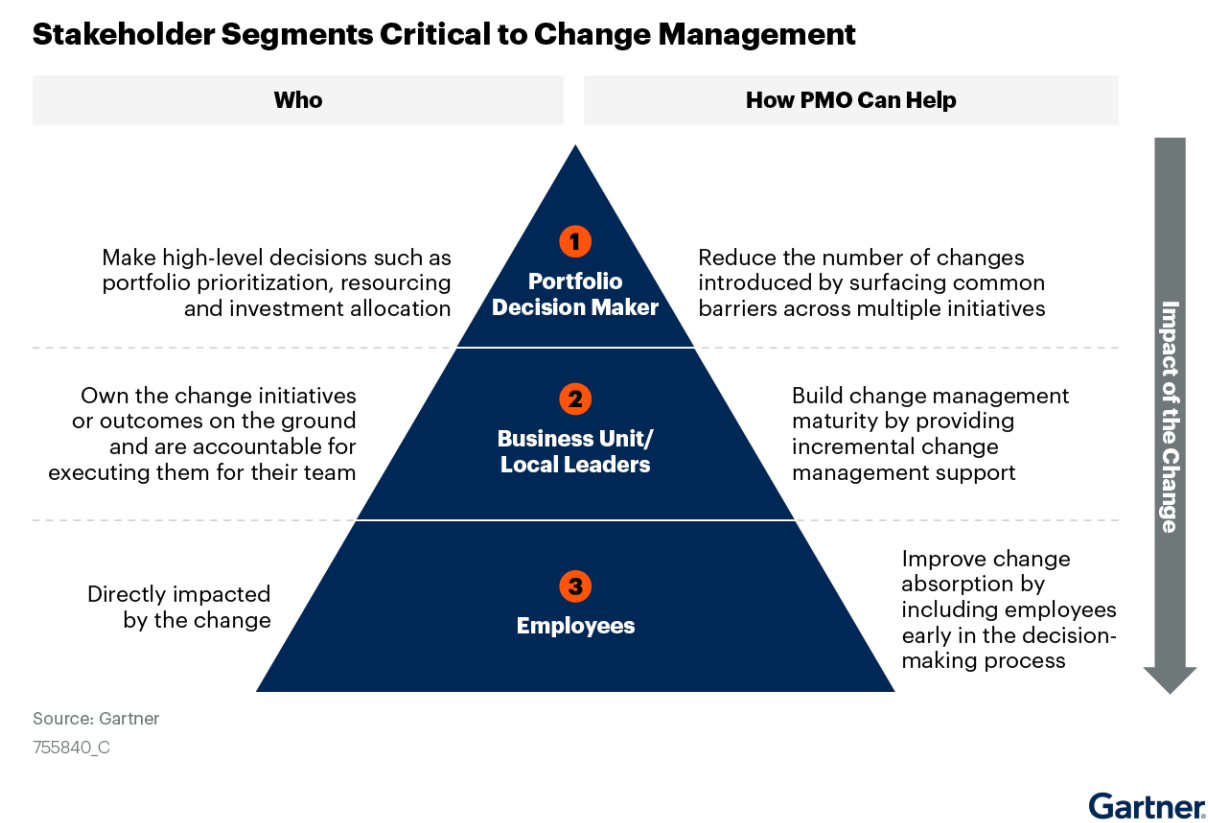
## Introduction

The pace of digital transformation and the volatility of the business environment have increased the frequency of changes affecting enterprise priorities. <sup>1</sup> As a result, it is becoming increasingly insufficient to just house change management expertise in one or few of the central groups — such as HR, IT, the enterprise PMO (EPMO) or a dedicated change management function.

PMOs and change management leaders at progressive organizations are instead enabling different stakeholder segments to manage change better on their own, thereby enabling the organization to absorb more change faster and better. PMO leaders responsible for driving enterprise transformation and leading organizational change management must focus on three stakeholder segments (see Figure 1) that are critical to successful change management outcomes:

- Portfolio decision makers
- Business unit (BU)/local leaders
- Employees directly affected by change

Figure 1. Stakeholder Segments Critical to Change Management



Analysis

Enable Portfolio Decision Makers to Reduce the Number of Sporadic Changes Introduced

Portfolio leaders often introduce quick fixes in silos to address specific delivery barriers, such as hiring contractors to fill a skills gap or introducing new metrics to change a team’s siloed mindset. However, these fixes often ignore the deeper underlying issues and cause multiple teams to work on solving similar challenges.

When introducing change initiatives individually, it is hard to keep track of progress and assess the cumulative impact of all the changes. These multiple small changes add to already-significant employee fatigue. In 2019, the average employee experienced 12 organizational changes a year, ranging from major transformations (such as restructures and executive leadership transitions) to day-to-day changes (such as moving to a new team or manager). <sup>2</sup> With the arrival of COVID-19 in early 2020, that number increased dramatically for many employees. Unfortunately, this period of unprecedented change coincides with a 50% reduction in employee change capacity — meaning employees can absorb less change before they become fatigued. <sup>3</sup> Additionally, the siloed approach makes it difficult for portfolio decision makers to see the bigger picture and to preempt obstacles that could derail portfolio-level success.

The PMO must support portfolio decision makers in managing change by providing a holistic view that includes the common barriers to delivery faced by multiple teams, as demonstrated by RareMap (pseudonym organization) below. Armed with this insight, portfolio decision makers can introduce fewer, more-sustainable efforts that align with an enterprise's strategy. This enables leaders to move away from many short-term incremental fixes toward fewer, longer-term solutions to reduce change fatigue.

#### Case in Point: RareMap\*






##### **RARE | MAP\***

The PMO at RareMap (pseudonym), a U.S.-based financial services company, realized that its traditional change management approach of applying quick fixes for each initiative wasn't working well. RareMap shifted its approach to identify common barriers across multiple units of work. The PMO used a set of five guiding principles to identify the changes that should be introduced (see Figure 2). The PMO then worked with portfolio decision makers to overcome the common barriers to delivery, with fewer, broader solutions, such as bringing a cultural shift toward increased innovation or changing the organizational funding model.

\* Pseudonym

Figure 2. Guiding Principles to Identify Changes

**Guiding Principles to Identify Changes**

- 
**Promote Enterprise Strategy**  
 Prioritize efforts that align to the broader enterprise strategy.
- 
**Incorporate Lessons Learned**  
 Focus on preempting key challenges or pain points that hindered success in the previous year.
- 
**Identify Common Denominators**  
 Design around the common barriers of many initiatives or the critical barriers of a few.
- 
**Don't Exceed PMO's Capacity**  
 Account for the PMO's capacity and ability to change.
- 
**Align With PMO Value**  
 Promote the PMO's shifting value proposition in the enterprise.

Source: Adapted From RareMap\*

\* Pseudonym

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**Incrementally Build Business Units' or Local Leaders' Change Management Maturity**

Business leaders have a key role to play in helping organizations absorb change effectively. Heads of business units, vice presidents, product line managers and other senior leaders ultimately have the most day-to-day involvement and visibility into what is changing for their teams, and how well the team members are absorbing change. More importantly, these leaders have accountability and a vested interest in the success of change initiatives.

Yet, business leaders are often not as closely involved in change management as many lack — or believe they lack — the skills and capabilities needed to manage the changes affecting their teams. They often underestimate how important change management is and do not understand why it's worth their time.

PMOs have the opportunity to address this situation by helping the enterprise shift toward a more-consistent, business-led approach to change management. Instead of relying on a central function, when business leaders closest to each change initiative lead change management themselves, they are able to make the change management approach more flexible, dynamic and attuned to the needs of employees.

PMOs supporting the organizational change management capability must engage with business leaders as coaches rather than “doers.” To build their change leadership capabilities, business leaders need to understand what “good” looks like and how to get there. The PMO can support this by conducting an upfront assessment of the participating business leaders’ abilities and by charting their position on a personalized maturity roadmap. This roadmap must then be tied to the business leaders’ individual development goals to tap into the business leader’s own self-interest, as demonstrated by BrightCadence (pseudonym) below.

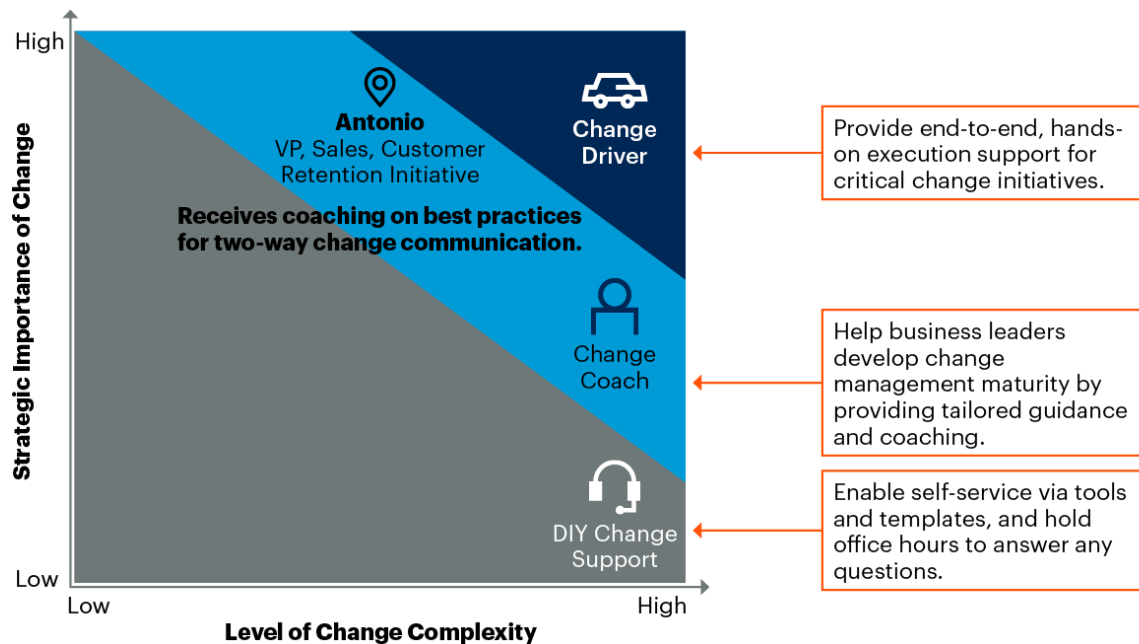
#### Case in Point: BrightCadence\*

**BrightCadence\*** At BrightCadence (pseudonym), a U.S.-based financial services company, the EPMO plays a vital role in developing change management as a core competency for business. Part of this solution involves helping business leaders assess their current change-leadership maturity and developing long-term goals in collaboration with the EPMO. The EPMO provides three different degrees of support for change management efforts, flexing between the roles of change driver, change coach and do it yourself (DIY) change support, based on business needs (see Figure 3).

\* Pseudonym

Figure 3. Three Degrees of EPMO Change Support

## Three Degrees of EPMO Change Support



Source: Adapted from BrightCadence\*

\*Pseudonym  
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## Involve Employees in Change Decisions Early On to Increase Change Absorption

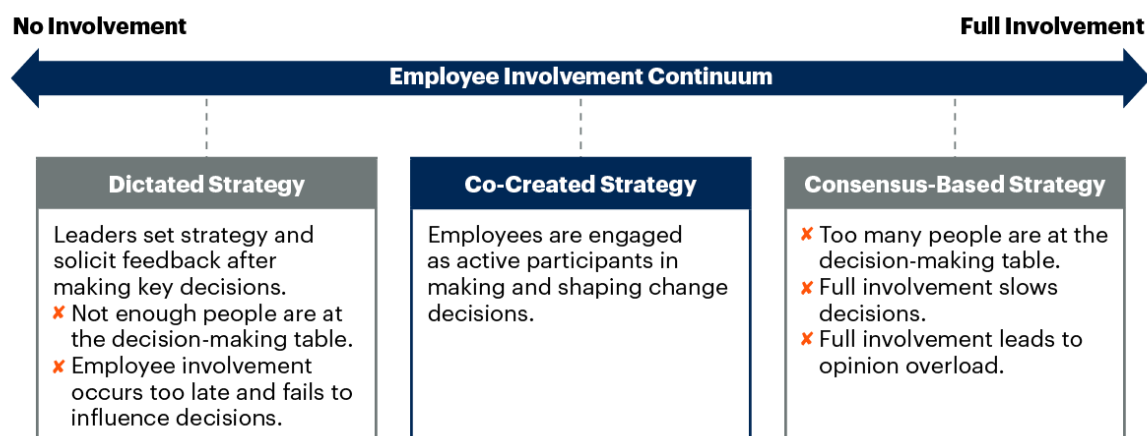
Many organizations view the traditional top-down approach to change management as consistent, efficient and fast. However, this approach ignores employee-centric views of the change and fails to involve employees in the decision-making process. This leaves little room for employees to influence the change and sends a message that the change is happening to them.

Change leaders know they cannot succeed if they are the sole owners of the initiative. Employees must be engaged in the change journey from the start. Change leaders can do this in two ways:

- **Identify relevant employees as peer advocates, and include them in making change decisions.** The PMO must help develop an open, inclusive approach to strategy setting by including employees early in the decision-making process and identifying and using the early adopters as peer advocates. Too often, leaders don't involve employees at all and dictate the strategy, or they try to involve everyone and aim to reach consensus. Both approaches are flawed (see Figure 4). A co-created strategy sits between these two extremes. It involves co-creating change strategy with diverse segments of employees within the organization in order to bring in new information and ideas.
- **Enable early identification of employees that are struggling with the change.** Too often, employees give up on adopting a change after struggling with it in a silo. PMOs should surface and resolve employee struggles with change early on. Create a change agent network designed to embed change management experts in the different teams, as demonstrated by Adobe below. Change agents should be close enough to the implementation of the change to be able to observe whether individuals on product teams are struggling.

**Figure 4. Employee Involvement to Co-Create Change Decisions**

## Employee Involvement to Co-Create Change Decisions



Source: Gartner  
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### Case in Point: Adobe



Adobe's IT PMO created a change agent network to detect employees struggling with change by spotting observable behaviors such as perpetual delayed delivery, signs of frustration and lack of motivation to participate in new initiatives. They then offered targeted support to help their peers overcome change-related challenges. These change agents are everyday employees nominated by their managers, based on their communication effectiveness, functional expertise and ability to offer change coaching, among other qualities.

*Note: The organizations profiled in this research are provided for illustrative purposes only and do not constitute an exhaustive list of examples in this field nor an endorsement by Gartner of the organization or its offerings.*

## Evidence

**2021 Gartner View From the Board of Directors Survey.** This survey was conducted to find out how boards of directors (BoDs) view digital-business-driven business model evolution and the impacts of that on their enterprises. It also helps understand the BoDs' expectations of executive leaders and how BoDs translate their board focus to actual executive actions and overall corporate performance. The survey was conducted online from May through June 2020, among 265 respondents from the U.S., EMEA and Asia/Pacific. Companies were screened to be midsize, large or global enterprises. Respondents were required to be a board director or a member of a corporate BoD. If respondents serve on multiple boards, they answered for the largest company, defined by its annual revenue, for which they are a board member. The survey was developed collaboratively by Gartner analysts and the Research Data, Analytics and Tools team.

Disclaimer: The results of this survey do not represent global findings or the market as a whole, but do reflect the sentiments of the respondents and companies surveyed.

<sup>1</sup> Gartner View From the Board of Directors, 2021

<sup>2</sup> 2019 Gartner Change Fatigue Survey

<sup>3</sup> In our 2019 Change Fatigue Survey, we asked all respondents whether they were concerned about experiencing a serious illness or having to leave their job against their wishes in the coming six months. We used the portion of respondents who reported either of these worries (8%) as a proxy for the average employee in the midst of the COVID-19 pandemic. We confirmed this assumption by asking these two questions in the July 2020 Gartner Reimagine HR Employee Survey, noting that the portion of respondents reporting those same worries had increased to 47%. When we compared the capacity of that original 8% to take on change before becoming change-fatigued, it was exactly half that of the full sample (i.e., the average employee). So, comparing these two groups, the risk of change fatigue doubled for the average employee during the COVID-19 pandemic.

## Document Revision History

How to Enable Organizational Change Management in a Digital Business - 21 September 2021

PMO as a Change Enabler in Digital Business: How PMOs Can Help Portfolio Decision Makers, Business Leaders and Employees With Successful Change - 5 December 2019

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Case Study: Scaled Change Management Support (Adobe)

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