

Viewpoint: Making Space for Change

It goes without saying that large-scale change is complex and demanding, and requires a major part of an organisation's capacity. However, few organisations carry anywhere near the level of 'free' capacity to undertake major change alongside their other commitments.

Buying in extra capacity is expensive and can be disruptive, and often only addresses part of the problem. But freeing up all that extra capacity internally – even if you have it in your organisation – is always hard: everyone is doing something 'important' which they can't just stop.

So what do you do? We'll examine 3 key aspects:

- **How do you identify what's truly important?** Capacity is always limited, and demand probably exceeds it even before large-scale transformational change is considered. We'll argue that in most organisations it is urgency, rather than strategic importance, that really drives capacity allocation, and this inevitably leads to large-scale change initiatives struggling for their share through traditional routes.
- **How do you reshape your existing commitments to make space for change?** Minor adjustments to your existing agenda almost certainly won't be enough, but there is a different way of tackling it which can produce dramatic results – the Rocks, Stones, Sand approach. We've found this to be a simple, powerful idea, and although it takes determination to follow through it can be a game-changing lever.
- **What does 'capacity' really mean?** We'll argue that it is far more than having enough people on the programme team, vital as that it. It also includes capacity in leadership, stakeholders, funding, non-people resources, roadmap and planning. Equally importantly, it means addressing the perspective of absorbing the change ('pull') as well as delivering the enabling components ('push').

Identifying the real priorities

Of course, no organisation deliberately has people working on tasks which aren't important to someone.

The desktop software upgrade that's absorbing 20% of IT's capacity this quarter – we need the extra functionality.

Restructuring the financial reporting to provide extra information – especially now, we need the best possible data.

Reorganising the call centre floor layout – it will make more efficient use of space and improve staff morale.

We would argue that key question isn't 'is this task important?' but **'is this task vital to the organisation?'**

'Important' or just 'Urgent'?

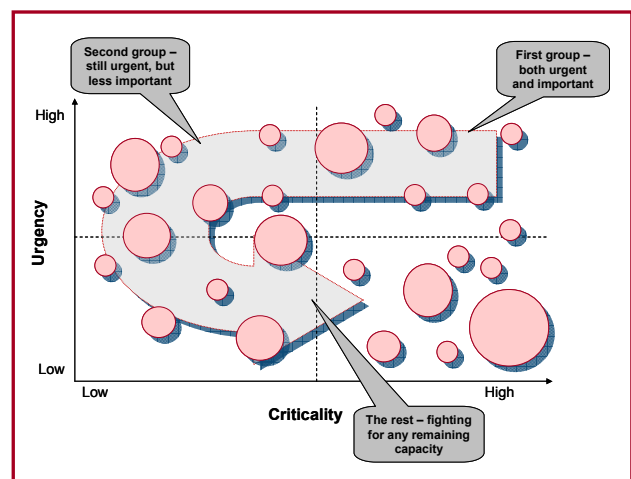
In many clients, we've found that in reality prioritisation is often driven not by strategic importance to the organisation, but by urgency – or perceived urgency. What typically seems to happen is something like:

Step 1: The Urgent and Critical go in first – "we simply must get this done"

Step 2: The Urgent, but less Critical, often get in next, because it is vital to a vocal advocate somewhere in the organisation – "I simply must get this done"

Step 3: Any remaining capacity is fought over by the less urgent items, and because capacity is limited only small items usually make the cut – "we can just fit this in, it's only small".

But large-scale, strategically vital change will never be a small item... so it never makes it in!



The IT Director of a Financial Services organisation was under pressure from his business customers because they felt IT didn't deliver enough major, 'revenue-enhancing' initiatives.

We were asked to investigate, and we found that:

*Total business demand required more than twice the IT workdays that the business was willing to fund
Over 40% of existing capacity was used on compliance-driven change. Another 25% was used on 'mandatory' change. A further 10% went on 'essential' fixes to existing systems
Only the remaining c.25% was available to serve the remaining 'revenue-enhancing' demand, and almost all of that was going on small initiatives which the business was prioritising first.*

In other words, the larger revenue-enhancing initiatives never got close to inclusion.

When capacity is limited, people who sincerely believe that something is important and should get done become - quite naturally - rather good at using the system to achieve their aims. Some danger signals:

1. ***"It's a regulatory requirement"***. This is, of course, powerful. But is it all truly necessary, or is there 'gold-plating'? Must it be done now? The answers may be 'Yes', but the question needs asking.
2. ***"While we've got the bonnet (or hood!) up..."***. It's often argued that it is more efficient to do some extra work while the piece of software/departmental organisation/whatever is already being changed. Strictly that may be true, but is it important enough to displace some other, more vital change?
3. ***"It's a stand-alone change"***. It's often argued that something can be done 'for free' because it isn't tied to any other piece of work. But it isn't free: it still involves management attention, costs money and takes time and attention of both the people delivering the change and those receiving it.

In the end, though, in most organisations there is very little chance that traditional 'Portfolio Management' approaches will free up a significant internal capacity for change. A more radical approach is needed...

Reshaping the agenda: Rocks, Stones and Sand

We've found this is a really effective approach. It's very simple – almost absurdly so – but it works.

Your 'capacity' is represented by the bucket. For this exercise it's of fixed capacity (but see later). The aim is to fill the bucket as completely as possible – i.e. to utilise your capacity fully – but not to exceed it.

You have three types of object to get into the bucket:

- ***'Rocks'***, i.e. the strategically critical, but typically large, change initiatives which are often the most important items on your organisation's agenda.
- ***'Stones'***, i.e. usually smaller but still significant pieces of work which are necessary but not game-changing like the rocks. These typically include genuinely mandatory/regulatory change.
- ***'Sand'***, i.e. the other initiatives which are on you organisation's agenda but are neither genuinely mandatory nor game-changing.

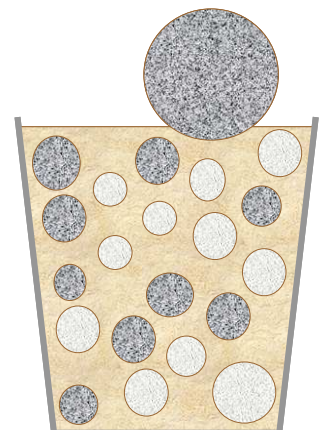
Round 1: What's in the bucket today?

The aim here is to look at what you're currently doing from the Rocks-Stones-Sand perspective.

Very simply, group all the initiatives your organisation is implementing doing under one of the three definitions: Rocks, Stones, or Sand.

First, put the activities that are currently being executed into the bucket, and leave the ones which are identified but not yet actually happening to one side.

Typically, the piles of stones and sand will be large – quite likely, larger than the bucket.



If, by any chance, you have spare capacity, put the most highest-priority of the ones which are not yet being executed into the bucket.

Often, the rocks – the large-scale, game-changing initiatives – will not yet be in play, so at best they will only partly fit in the bucket, with much of the initiative uncovered.

This is obviously an over-simplification and doesn't deal with all the complexity of the situation, but hopefully it highlights a couple of points:

1. The bucket probably isn't big enough for everything you're doing and need to be doing – no surprise
2. Everything is there for a reason, and if you took it out someone would object strongly
3. The bucket is already overflowing with stones and sand, and it's difficult or impossible to force the rocks in. **The game-changing will have to wait.**

Instead, we argue that a different way of thinking is needed, based rigorously on importance....

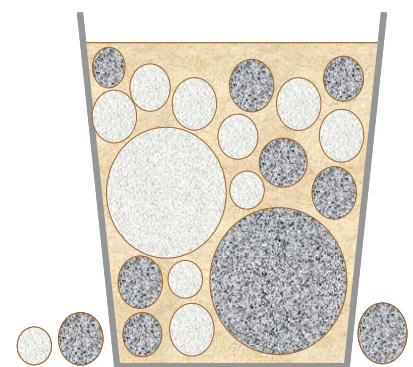
Round 2: Empty the bucket, then refill it properly

You're starting in a different place now – a clean sheet – and can focus on what really should be in. Again this oversimplifies, but bear with it.

Empty the bucket, then put the essential rocks in first. They are the most important, and even if they take up most room they should go in first.

Fit the most important stones in around the rocks. They probably won't all go in, and there will be some hard fights about which do. (And remember the danger signals above – are they really what they seem?)

Finally, sand can go in the remaining gaps. You might be surprised how much will fit, but don't fill in the bucket to the brim – new activities will appear, and some of the existing ones will turn out bigger than you expect, so you need that flexibility.



The obvious approach is to measure by 'visible' capacity, i.e. cost or people, but it's also very valuable to think of the bucket in a number of ways, using the different definitions of 'capacity' discussed below.

Of course life isn't this simple, and we're not suggesting for a moment that you simply stop everything and start again. But we are arguing that unless you take a different approach, and start from where you need to be rather than where you are, you'll find it almost impossible to create capacity for large-scale change.

What is 'capacity'?

This may seem a really obvious question: it's about people, surely, and budget? Well, yes, certainly, but that has many aspects, and also we would argue that it isn't the only factor.

Understanding what 'capacity' means in a specific situation is fundamental to success – and taking the obvious definition ('do we have enough bodies working on the initiative?') meets only part of the challenge.

The 10 Critical Success Factors for successful change give a valuable perspective on what 'capacity' means.

To take a few key ones:

- **Leadership:** Does business leadership have the time, belief, authority and personal commitment to make change successful?
- **Stakeholder:** Do all the stakeholders have the time, information, motivation and conviction to engage effectively with change?

- **Purpose** which responds to a **compelling need for change** and **defines clear outcomes**
- **Leadership** which is **visible, active** and **accountable**
- **Stakeholders** who are **actively engaged** through **effective communication**
- **Blueprint & Roadmap** which are **value-driven, credible** and **complete**
- **Business Case & Funding** which is **robust** and **realistic**
- **Delivery Process** which is **established, appropriate** and **understood**
- **Plan** which is **well-defined** and **integrated**
- **Resources** who are **sufficient, well-managed** and **skilled**
- **Governance** which is **focused on outcomes**, not just process
- **Performance Management** which is **open, fact-based** and **focused on benefits delivery**

- **Business Case and Funding:** Does the organisation have the financial resources, with the right priority, to obtain the enablers of change?
- **Delivery Process:** Does the organisation have, or can it acquire, the processes and support to deliver – and equally vitally, to absorb – the change?
- **Resources:** Does the organisation have the required people, with sufficient time and skills, in all the areas needed both to deliver and to absorb the change? Are those people culturally ready and enabled to make the change? Do they have all the information, communication, support and incentive to embrace the change? Are there sufficient non-people resources – facilities, technology?
- **Blueprint and Roadmap:** Do they lay out a goal, and a series of steps to reach that goal, which adequately reflect and respond to the capacity of the organisation to deliver and absorb change?
- **Plan:** Does it contain – with enough effort – all the tasks required not just to build the elements of the target environment but to put them in place and enable the organisation to operate them successfully?

In our experience in most situations it's almost certain that at least one – and possibly all – of these aspects of capacity falls short of what's required. There is, of course, no single answer which fits every organisation. But we argue that understanding the constraining factors in your specific situation is a vital step to achieving an overall approach which can deliver successful change.

One other point.... These factors can also help you think about the strengths and limitations of one obvious solution to this whole issue: 'get a bigger bucket'. This may involve hiring in the extra capacity, e.g. from an integrator or outsourcer. That can certainly give you elements of the solution, but it's costly and risks loss of influence over the results. More importantly, often it doesn't address some of the factors above: Leadership; Stakeholders; Roadmapping and Planning; and above all, creating the capacity for your people to absorb and embrace the change. The alternative, expanding your internal capacity to address all these factors, takes time and also involves significant costs.

Concluding Thoughts

The Rocks, Stones and Sand approach can work very well, provided you use it with the right focus. It is, of course, a simplification, and to be useful the initial exercise has to be kept at a high level. In particular, everyone has to focus on the overall priorities of the organisation, and not just defend their own activities or departmental priorities.

Often an external facilitator, independent of the content and history of the issues under discussion, can be very helpful. We have led and facilitated this process many times, and can provide a strong, effective lead.

Finally, the hard work continues when you leave the meeting room. You have to be prepared for strong resistance from those people with a particular interest in the current activities. Reshaping the on-the-ground change agenda to reflect the new priorities is hard work – but the prize is huge.

Used well, though, this approach can step people back from day-to-day detail, consider all the different aspects of the challenge, and come at the problem from a new angle. In short, it can be a powerful contribution to making space for large-scale change in your organisation.

For more information about creating space for change in your organisation or about Houghley Ltd: visit us at www.houghley.co.uk; contact us at enquiries@houghley.co.uk; or phone us on +44 (0) 845 604 2335.