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Dan is a principal in Deloitte Consulting LLP with an emphasis on serving corporate and public sector clients in the financial services area. His primary focus is developing change management strategies to support significant shifts in strategy and operations. He has advised clients on CEO transitions, global strategy redesigns, system implementations, M&As, outsourcing, workforce transitions/reductions, process redesign, and organizational development projects.



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## Why change management is so critical, and so challenging, in service delivery

During service delivery transformation, program leaders often believe change management is only about one or two things. For instance, someone might think it's all about having a clear vision, another might believe it's about letting people know how it will impact their jobs, and yet someone else will think it boils down to training. The truth is that it's much more complicated than that. Effective change management requires all of those things and much more.

### Are there unique aspects to change management in a shared services or outsourcing initiative?

Process or technology obviously needs to be improved or else a company wouldn't consider moving it to a [shared services](#) center or an outsourcing vendor. Even though stakeholders usually agree that something is broken, a really interesting dynamic emerges when shared services or outsourcing is involved. All of the sudden, the stakeholders who were dissatisfied with the status quo, start defending it. The reason? They have a hard time believing that someone new in a remote location could possibly serve them as effectively as the people who do it today and who know them very well.

This cognitive dissonance occurs even though shared services and outsourcing arrangements have proven themselves to be both financially and operationally effective, especially considering the advanced software and analytics tools that service providers now have to support them. Although the confidence in shared services and outsourcing has increased greatly over the last few years, there is still an out-of-sight, out-of-mind component to these initiatives. People often become anxious about service providers in remote locations and whether they have the capability and knowledge to pull it off. Allaying their fears, whether rational or not, is one of the

unique aspects of change management in these types of initiatives.

### Who's responsible for what in a change management program?

There is far more to the change management equation than an e-mail about the vision and a training program. It takes a variety of messages over time, similar to a political campaign. Many pieces must come together in order to influence the swing voters who may go one way or another about the initiative. You have to provide them with a great deal of information in order to build credibility in your program so they see it as something that's worth backing and that's obviously good for the company and for them personally.

The change management group is ultimately accountable for making sure the impacted stakeholders do what they're supposed to do in the transformed organization. A common mistake, however, is viewing a handful of change management resources as the only messengers for a project. Change management personnel should be instrumental in creating the plan and the messages, but they shouldn't be the sole owners of the program. The real trick as a change management professional is to convince regional, functional, and business-line leaders to sign up for the challenge, and ultimately to engage

their people and reinforce certain behavioral expectations among them. If people in the field echo the program's main messages, then the chance of success becomes geometrically higher.

### Can you offer some advice for managing change more effectively during service delivery transformation?

The most common mistake in change management is beginning the journey with a strategy, followed by a plan, and then tactics, execution, and measurement. That's the traditional linear, waterfall approach, which has proven to be fairly ineffective for one key reason: the measurement conversation should never wait all the way until go live. It should actually come before strategy development. Two critical elements to discuss when designing a change management program are: what is success and how are we going to measure it—not just after go live, but at prescribed intervals as the project progresses.

Without clear alignment on what the metrics of success are for embedding change, the organization will find itself in an anecdotal, subjective debate about whether or not the

program is working from one month to the next. These debates are often triggered by someone sending a nasty email or a glowingly positive one. Program leaders often make extrapolations based on these missives, which aren't necessarily representative of true benchmarks for success in the field. Program effectiveness often hinges upon getting clear about how to measure success quantitatively and then developing a strategy for achieving those metrics. That's why the measurement conversation needs to be the first thing the change management group does, and not the last.

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