Agenda

Introduction
Why Do Utilities Need Change Management?
What Can We Learn from the Latest Research on Change Management?
Building a Utility Change Management Discipline
Q&A
Agenda

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Why Do Utilities Need Change Management?
What Can We Learn from the Latest Research on Change Management?

Building a Utility Change Management Discipline

Q&A
Tim Creasey
Chief Innovation Officer
Prosci
Change Management for Utilities: The Why and How
Prosci and E Source

A Powerful Partnership to Help Utilities Succeed

- E Source and Prosci have joined forces, combining Prosci's globally recognized change management methodologies with E Source’s deep utility-specific expertise.

- Our goal is to drive adoption of change management in the utility industry to improve change outcomes and success rates.

- We will support utility change management practitioners with industry-specific best practices, research, tools, training, and community.

- We believe change management is critical for creating change-resilient utilities capable of adapting to the technical and human challenges we face.
Objectives

• How change management can deliver positive business outcomes
• How one Canadian utility benefited after setting up a change management team
• How to begin applying change management best practices to your own projects
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Catalyzing individual transitions to deliver organizational results
The achievements of an organization are the results of the combined effort of each individual.

Vince Lombardi
Organizational change

Current → Transition → Future

Made up of individual changes

Currently:

Transition:

Future:
instead of

= lower ROI
= less benefit realization
= unachieved improvement
= not what we expected/hoped for
Successful change requires both the technical and people sides

**Technical side**
- Current
- Transition
- Future

**People side**

Design
Develop
Deliver

Installation*

Results
Outcomes
Success

Embrace
Adopt
Use

Realization*

Results = Outcomes + Installation

* Daryl Conner
## Change Management Integration: Individual and Organizational

<table>
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<th>Individual:</th>
<th>Organizational:</th>
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<tr>
<td>How a single person makes a</td>
<td>What we can do on this initiative to drive adoption and</td>
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<td>successful change</td>
<td>usage</td>
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An email on Monday for training on Tuesday for launch on Wednesday is NOT the way to prepare and equip individuals to successfully change.
Prosci® ADKAR® Model

**Awareness**
Of the need for change

**Desire**
To participate and support the change

**Knowledge**
On how to change

**Ability**
To implement required skills and behaviors

**Reinforcement**
To sustain the change
Prosci® ADKAR® Model

**Awareness**
“I understand why...”

**Desire**
“I have decided to...”

**Knowledge**
“I know how to...”

**Ability**
“I am able to...”

**Reinforcement**
“I will continue to...”
Aspects of a person’s job your change can impact

- Location
- Processes
- Systems
- Tools
- Job roles
- Critical behaviors
- Mindset/attitudes/beliefs
- Reporting structure
- Performance reviews
- Compensation

Aspects of a person’s job you can impact

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# Aligning Project Deliverables to Individual Milestones

**Individual:**

- Awareness
- Desire
- Knowledge
- Ability
- Reinforcement

**Organizational:**

- Communication plan
- Sponsor roadmap
- Coaching plan
- Training plan
- Resistance mgmt plan
Those who trust to chance must abide by the results of chance.

Calvin Coolidge
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Employee adoption and usage of change has a direct and concrete impact on achieving expected results and outcomes.
Crossing the Chasm

Requirements → Results

Outputs → Outcomes

Specifications → Sustainment

Installation → Realization

Solutions → Benefits
Good work, but I think we might need just a little more detail right here.
Change management is how you capture people-dependent ROI

For your project, estimate the percent of overall results and outcomes that depend on people changing how they do their jobs (adoption and usage)

Gartner BPM Summit
Dec 12, 2014
Change management helps mitigate mission-critical risks.
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Change management correlates directly with **project success**

Increase in likelihood of meeting objectives with excellent change management

6x

Met or exceeded objectives
On schedule
On budget
McKinsey study shows that “effective change management pays”

Top performers: 143%

Percent of expected value of initiative eventually captured by company

Worst performers: 35%

From McKinsey “Helping Employees Embrace Change”
http://www.mckinsey.com/insights/organization/helping_employees_embrace_change
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Getting Started: Change Management Blueprint

**Why**
- are we changing?

**How much**
- depends on adoption and usage?

**Who**
- has to do their jobs differently?

**What**
- can we do to drive adoption and usage?
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Utilities Data from Prosci Research

Top industries represented:
1. Health Care
2. Government – State
3. Banking
4. Finance
5. Consulting
6. Oil and Gas
7. Government – Federal
8. Insurance
9. Education Services
10. Manufacturing
11. Utilities (46 respondents)

Organizational Maturity in CM

Estimate the percent of projects applying change management:

Utilities: 31%
All: 35%

Does your organization have change management job roles?

Utilities: 70%
All: 53%

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- Saskatchewan electrical utility
- 3,100 employees
- 511,000 customer accounts
- Established 1929
- $9 billion in assets
- 156,000 km of power lines

SaskPower
Powering the future
SERVICE DELIVERY RENEWAL PROGRAM


• Goal: Transform the service business into a performance-driven organization through people, process and technology

• 1200 employees

• 22 projects

• People, process and technology change
CHANGE MANAGEMENT

• Change management is an investment in benefits realization
• Adopted on all SDR projects since 2009
• Executives and leaders received training
• Change team:
  • Combination of consultants and internal resources
  • Experimented with change team structure
  • Require both change management expertise and knowledge of organizational culture
CEN TRAL I ZED
• Program change management & communication office
• Change resources assigned to multiple smaller projects
• Change resources assigned by channel of change
• Representative from each project acts as liaison to change team

PRO JECT I ZED – SINGLE TEAM
• Change resources part of project team
• Partner with vendor change resources
• Maintained connection to other change resources for program view, portfolio management and knowledge transfer
• Shared reporting for change management, communications and learning

PRO JECT I ZED – MULTIPLE TEAM
• Multiple change teams on large program within SDR
• Shared reporting for change management, communications and learning
• SDR Program change management lead

Many smaller projects
Small number of large projects
Large program within SDR program
LESSONS LEARNED

• Apply change management on all projects or initiatives where behaviour change is required
• Don’t underestimate the change effort
• Adopt portfolio planning to minimize change saturation
• Adopt a continuous improvement mindset
Concluding Thoughts

Did we meet objectives?

• How change management can deliver positive business outcomes
• How one Canadian utility benefited after setting up a change management team
• How to begin applying change management best practices to your own projects
Prosci Solution

Delivering organizational results by catalyzing individual transitions

http://www.prosci.com
solutions@prosci.com

Build individual change competencies
Apply change management on initiatives
Embed organizational change capability
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What’s Next?

- Register for the next Utility Change Management Leaders Group Call, March 17 at 2:00 p.m. ET
- Join us at one of three upcoming utility-centric Prosci change management certification programs
- Download the E Source and Prosci white paper Does the Energy Industry Really Need Change Management?
For More Information

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E SOURCE FORUM 2016
SEPTEMBER 13-16, 2016  DENVER, COLORADO

Tuesday, September 13, 2016:
LEADERSHIP MEETINGS

- Fall 2016 E Source Account Management Summit
- Fall 2016 E Source Customer Experience Executive Council
- Fall 2016 E Source DSM Executive Council
- Fall 2016 E Source Technology Leadership Council
- Fall 2016 E Source Utility Marketing Executive Council

The Sheraton Denver Downtown
550 Court Place
Denver, Colorado, USA, 80202