Change Management Case Study:
Managing Stakeholders’ Expectations in a Connected World
ABSTRACT

**Change Management**

**Managing Stakeholder’s Expectations In a Connected World**

Projects and Change are inextricably linked together like Siamese twins. While technologies like feature rich mobile phones and VC enabled the project stakeholders to be more closely connected and coordinated, change was managed almost solely based on information shared between the PM on site, designer in office and the finance/ legal heads, etc. But now, with high performance smart phones and high speed internet, there is almost instant sharing of detailed information regarding the project between all stakeholders.

A natural corollary of this real-time information availability is a drastic change in the level of expectations from all stakeholders regarding how the project is managed. Everyone’s got inputs to provide, and they expect it to be incorporated into the project management activities. While this does lead to better collaboration opportunities, the PM and his team are now like goldfish in a glass bowl, under intense scrutiny and constantly being judged. In such a high pressure environment, managing stakeholder expectations on changes in the project assumes great significance. Innovation and courage of conviction to manage change are crucial more than ever before.

This paper presents a case study of a construction project in India, where stakeholder expectations were managed in a highly interactive manner by the project team. The case study showcases the innovative thinking by the project team and stakeholders’ bold backing of the entire journey to manage change successfully.

INTRODUCTION

In any regular mid-size project in India, the words “Change Management” typically brings up an image of largely technical changes to buildings, facilities, utilities, equipment, etc. based on market / process requirements. The “People-side” of managing change is commonly assumed as “people have to adjust and meet the new requirements”. Similarly, stake-holder definition in a project is commonly taken as clients / investors and the rest are classified as Service Providers of various hues, who are expected to adjust to the changing scenarios.

It is comparatively uncommon that a project’s “Change Management” situation comes up with unique challenges on the people side of managing the project, which compels us to innovate and come up with unique solutions that work not only for the project in technical terms, but also for all stakeholders in people terms.

For any project, change is inevitable, and more often than not in modern projects, change is rapid and can be disruptive. The Project Management team’s responses to change and managing its implementation defines their
competence, effectiveness and durability as project managers. In today’s world of instant communication, instant analysis and desire for instant results, the ability of project managers to understand and respond quickly & positively to the people-side requirements of change management is of paramount importance.

This paper is the story of one such project where “Change Management” not only had a strong technical side to it, but also a significant people side to it, which challenged the entire team, and the team’s positive response to the situation changed what looked like a tough situation into a success story.

DETAILS OF THE PAPER

Preamble :

The definition of a project (a temporary endeavor, undertaken to create a unique product, service, or result - PMI, 2008, p. 37) itself indicates that the intention of starting a project is to bring about change. However, many projects struggle to achieve success due to individual, cultural and organizational factors that are appear to be inadequately understood or worse, ignored. Understanding and managing these people-side factors and the complex relationships between them requires the project team to achieve a balance of analytical approach, strong interpersonal skills and discipline in implementation.

The 2008 IBM Global Services’ study titled “Making Change Work” indicated that only 41% of projects were successful in achieving project objectives within the planned time, cost and quality parameters (IBM Global Services, 2008, pp. 11–12). The study also indicated that the greatest challenges to making change work were people-related. Changing mindsets and attitudes (58%), Corporate Culture (49%), and Underestimating Project Complexity (35%) were more challenging than technical factors like resource shortages, business systems and processes or technology barriers. According to the study, the top 20% high performing organizations, called “Change Masters”, had an 80% success rate, while the bottom 20% low performing organizations had only an 8% success rate. The high impact factors enabling successful projects (IBM Global Services, 2008, p. 13) had a high level of “people-side” factors such as Top Management Sponsorship (92%), Employee Involvement (72%), Honest and Timely Communication (70%), Corporate Culture that Motivates and Promotes Change (65%), Change Agents (pioneers of change) (55%), and Change Supported by Culture (48%).

Other well-known studies too indicate that 70% of all change initiatives fail due to failure to address human component of change. (HBR by Michael Beer & Nitin Nohria)

In other words, project success is highly dependent on success in managing the people-side aspects of change.
Change Management as a Discipline:

Change management is meant to ensure that changes are introduced in a controlled manner, get implemented smoothly and to ensure that the benefits of the change are long lasting. It includes preparing and supporting individuals and teams to understand, accept and implement the changes. It also includes techniques to suitably amend or redefine the utilisation of resources, systems and processes, budgets, etc.

Given the complexity of Change Management requirements and the high level of adaptability required to be exercised, change management systems contain elements from a wide variety of disciplines, ranging from psychology and behavioural science, social sciences, to engineering, IT, and business solutions. The underlying principle is that change does not happen in isolation – it impacts the whole project and its organisation.

Each change initiative will have its own special objectives and activities thereof, which must be well coordinated. The change could range from a simple procedural change to major changes in policy. It is also vital to take into account the personal impact on those affected by the change, and change in their behaviour to enable the change. Therefore, while the formal change management processes provide the documentation and management framework to succeed, the change management approaches may vary widely depending on the project and on the specific situation in which change is being initiated.

We now move on to a quick summary of the 4 important stages of Change Management, along with their basic questions & approach, as a context for the case studies to follow:

**Stages of Managing Change successfully:**

*Understand the Problem / Change requirement* – What are the objectives, What’s the effect on project outcomes and the people in the project, Who are the stakeholders and what are their expectations, Time and cost impact vs. value addition.

*Working through the Change* – Initiate, Plan, Evaluate / Analyse, Communicate new vision, Get Buy-in, Set Goals, process changes & benchmarks.

*Achieve the Change* – Communicate, Motivate and Re-assure, Execute the change as per set goals, processes and benchmarks, Monitor, Measure and Control, Provide regular feedback.

*Sustain & Embed the Change in the team’s work methods and systems* – Engage and Motivate, Communicate, Modify performance expectations, Train / upskill, Integrate into project systems and processes, Celebrate and Reward modified behavior and performance. Repeat this cycle non-stop.
The Most Important Entity in Change Management Success: Stakeholders

When it comes to managing change in projects, the single most important entity is the stakeholders, especially on the people-side aspects. The Project Managers/Change Managers need to pay maximum attention to aligning the expectations of all stakeholders with the changes envisaged. Lack of buy-in or conviction or outright resistance from them invariably leads to failure of the change initiative.

Typically, the stakeholders on any project can be described as below:

**Level 1 –**

- Local Client management - They are the ones to be convinced first in terms of buy-in as they will be the ambassadors of change within their organization.
- Remote Client Management - They are the ones who will agree to spend and to change the project constraints/expectations, thereby enabling change to happen.
- Main contractor on site - He will be the main driving force on the ground, will generate positive intent in his own work teams, and will be the example for all smaller agencies to see and emulate/follow.
- Project Management Team - They are the fulcrum around which the entire exercise of change management is operating. They are spending time both in the trenches as well as in the war room.

**Level 2 –**

- Site workers – Their change in mindset and willingness to adopt modified behavior is critical and this aspect is at the front-line of managing the people side of change on the project.
- Equipment Suppliers and Remaining Contractors – They need to reschedule, rework, carry out resource modifications.
- Various Client departments like Legal, Procurement, Accounts, etc. All the paperwork will go through them and their buy-in for amended processes is key.

**Level 3 -**

There are other stakeholders who could have a bearing on the success of the change management process, but to a comparatively limited extent. Examples are those who are joining the project as Operations teams, HR teams, Local interest groups / lobbies, etc. depending on the nature of change being brought in.
This paper restricts itself to illustrating only those elements of Change Management that were prominently used in the case study descriptions below. The Case Studies in this paper also primarily focus on the situations with significant People-Side change management aspects.

With the above context, we shall now examine the case studies which showcase the success of Change Management approaches outlined above.

**Case Study – 1A**

**Project Description**

This was a large, Greenfield industrial project in the dairy value-added nutraceutical products sector, located in Western India. The project comprised all major work disciplines of architectural, civil, structural, PEB, mechanical, electrical, plumbing, utilities (HVAC, Boilers, DGs, Refrigeration, Water Storages and Treatment, etc.), fire alarms and fire-fighting, effluent treatment, land development, etc.

The project timeline was over 2 years, starting from concept design to hand-over. The project had over 60 suppliers and contractors, a production building over 40m tall, and spread over approx. 40 acres.

The project had a standard configuration of raw material warehouse, production block, finished goods warehouse, utility block, office block, effluent treatment plant. However, the layouts, finishes and equipment in these buildings were highly specialized and geared towards manufacturing high-end products. Fundamentally, the production systems comprised wet processes, drying, blending and packing.

**Key Challenges – Change Management Scenario**

1. Severe local mafia interference in all aspects of the project – material purchase, labour deployment, movement of goods, hiring of machinery, etc. – and having high level political backing.
2. Project delay of several weeks due to unseasonal rains / floods and other local factors.
3. Delays in project end date would entail high penalties on all project stakeholders and the current risk of this delay default was high.
4. Violent attack on labour and engineers at site and at labour camp by local political outfits, leading to loss of morale and fear factor in the minds of site teams.
5. Labour deserting the project.
**Situation Analysis:**

Quite clearly, the project was faced with a unique situation where both technical and people-side aspects of change would have to be initiated and managed in order to bring the project back on track. The delays were such that simply throwing more resources at the job would not solve the problem. In a parallel situation, the key resources – labour – were not willing to stay back due to violent incidents on site and at the labour camp.

Emotions were running high and thanks to the connectivity available across India through instant-access social media platforms like WhatsApp, it had become difficult to anticipate what rumour / half-truth could be circulated next and by whom, leading to workmen staying away from site. In this scenario of instant connectivity, every labour gang working on the project had become a stakeholder for any change that was proposed and had the potential to derail it. The additional challenge was that due to this situation, all the key but remotely located project monitoring Client team representatives as well as the Executive Management team were now keenly following developments on a real-time basis.

**An important decision** was taken at this stage by the Project Management team, that the communication plan would not follow a traditional / hierarchial approach of sharing information on “need-to-know” basis, but (barring confidential information), updates on the change solution discussions and implementation would be shared in a transparent manner, using templates / mechanisms as agreed with the stakeholders. Reporting mechanisms were developed specially for different stakeholders to ensure real-time awareness and tracking of the change management scenarios. Information was removed from the reporting mechanisms only if stakeholders said that it was not required. Similarly, with contractors and workmen on site, relevant updates, setbacks in follow up with authorities, delays in implementation, action plans, etc. were shared upfront to dispel anxieties, rumours, etc.

The open communication policy for these change solutions was adopted with some hesitation, but the approach received surprisingly positive feedback from all stakeholders in terms of trust & motivation levels and intensity of efforts put in. For the Change Management team, this policy meant a lot of hard work to ensure precise, clear and up-to-date communication to stakeholders without compromising on any confidential information. It also meant absorbing a lot of pressure to consistently take inputs from all stakeholders and answer queries from several quarters. It called for maturity and patience of a high degree, and the team delivered successfully.

The situation was analysed separately for the technical change solutions and the people-side change solutions.

**Technical Change Solution:**

The traditional approaches to a time delay, viz., expediting works with additional contractor resources, increasing parallel activities wherever possible, increasing work productivity through better material (shutting) movement and scheduling, and simply putting more pressure on the contractors, etc., had already been exhausted without
being able to give satisfactory results in terms of recovery of delays and a very high labour attrition level due to mafia activities continued to add to delays. This scenario called for re-visiting and challenging the project constraints and assumptions at a more fundamental level.

One of the project constraints set in the initial planning phase was that for hygiene control and related process requirements, the dryer would be installed as a single piece of equipment from the top of the building after the entire 35m high dryer building was constructed. This constraint had brought this activity to the critical path and the entire sequencing of activities in the master schedule for that building (and therefore for the manufacturing buildings of the project) was arranged around this factor. If this constraint could be challenged and converted to permit stage-wise installation of the dryer, the change in sequence had the potential to save us 3 clear months on the overall building end date. However, such a proposal would not only mean a change in mind-set of the primary stakeholder (Customer), it would also mean significant changes to the work methods and sequencing for both the main civil contractor and the process equipment supplier – both key stakeholders.

A change management team was formed, comprising members from the Customer and PMC project teams, spearheaded by the senior managers responsible for delivering the project from both sides. The team analyzed the stakeholder requirements separately (customer, civil contractor, process equipment contractor and finally all other interfacing contractors) with the following approach:

**Customer Team:**

- What are the assumptions underlying the imposition of the constraint of dryer installation sequence?
- Can we put up alternative ways to address these assumptions in the present scenario?
- What are the potential benefits to the Stakeholder? What would be the time and cost impact?
- Will there be contractual implications for the customer due to the re-sequencing of works? Are there mitigation measures possible? Are contractual provisions available to proceed smoothly?
- Who are the most likely to resist this change proposal and what is the nature and level of resistance likely? Are mitigation measures possible?
- Who are the potential change agents / champions within the customer management system?
- If approved, do the project based team members have the capacity to manage this change proposal?

**Contractor Teams (Civil, Process Equipment, Other associated agencies):**

- What are the potential benefits to the Stakeholder? How much and at what cost?
- Will they face contractual difficulties with their sub-contractors / suppliers? Are there mitigation measures possible?
- What would be the areas of difficulty for the contractor teams to proceed with this change proposal? Are mitigation measures possible?
Where is the resistance most likely to come from and what mitigation measures are possible?

A series of meetings were held by the change management team to arrive at the action plan to address each stakeholder’s concerns as well as a communication plan for each stakeholder. Subsequently, each contractor was taken into confidence in a planned manner to understand their viewpoint on the change proposal and address their concerns as per the action plan. Based on these meetings, agreement was obtained that the proposal was feasible and that the time savings were clear and substantial.

In parallel, separate presentations were put together for the customer senior management team, clearly illustrating the time schedule benefits and contractor agreement to proceed (incorporating the contractor management feedback from meetings), and to explain the revised sequence of works to expedite works. The presentations also listed specific safeguards in procedures at site to address the core concerns of hygiene and quality of dryer installation while the building civil construction continued to come up around it.

The project team’s analysis of stakeholder requirements and targeted communication plan helped expedite approval from all stakeholders for the change proposal, and move to the second and equally important stage of communicating the modified requirements to the multitude of work teams on site. The morale on site was not high and there was a feeling that this was yet another project that would go the normal “delayed” pattern common to projects in India. It was also felt that the delay was too much to recover from - this had to be addressed on priority.

The change management team was expanded to include key site managers of the contractor teams for discussions on detailed implementation plans as well as for communicating the action plans to the worker teams and supervisors. Detailed site meetings with engineers and supervisors were taken up by the change management team to explain the need for the change and the time recovery that could be achieved. The mood on the ground changed to a “Can Do” mind-set. Achievable milestones were set and critical milestones flagged for focus and attention from all teams. Review mechanisms were strictly implemented with high visibility to all stakeholders. With the whole-hearted cooperation provided by all the contractors, the modified work sequences were successfully and smoothly carried out. The project pulled back 12 weeks of potential delays on the critical path.

The achievement of each critical milestone was celebrated by the team, which helped the site team motivation and gave a sense of successfully moving forward.

**Critical Success Factors**

1. Targeted analysis of stakeholder requirements vis-à-vis the change proposal.
2. Targeted communication plan for each stakeholder, and repeated communication
3. Transparency in communication, creating a sense of everyone being on the same team.
4. Teamwork – taking all stakeholders on board early and maintaining a high level of communication.
5. Celebrating achievements and motivational rewards, create a sense of being on a mission.
6. Visible and collaborative leadership at site made a big difference to the success of the change proposal.

**Case Study – 1B**

**Key Challenges : People-side Change Management Aspects**

The site was a remote one and the climate not easy to work in. Heavy rains, floods and associated delays had already taken their toll on morale. In this atmosphere, the overt interference of local mafia on every aspect of the project work and indeed, of labour camp life, created additional stress. While several projects in India do suffer due to similar issues, this site had an additional problem, viz., physical violence against site workers / engineers at the slightest pretext. The labour camp was burgled repeatedly, and the labour was harassed severely enough for them to start leaving the project and not returning despite financial incentives. New teams started getting warned off even before they reached the site, thanks to instant communication between them. The project team somehow struggled on through this with high labour attrition rates, till one day the mafia recklessly attacked the site and beat up labour and engineers. Not only this, the mafia also booked false cases against the project managers and engineers under stringent legal Acts. This was the last straw and work came to a virtual standstill as work teams simply left the project overnight.

This was a crisis of the highest level and needed immediate resolution through a change in way of working and safeguards against recurrence of such incidents.

**Change Management Approach followed:**

This crisis clearly needed change solutions that could convince people that we were willing to do what was needed to reverse the situation. The change solution was analyzed and worked out as below:

A crisis management team was formed comprising all key stakeholders, i.e., not only the Client and PMC project teams, but also included the Client’s legal and admin representatives along with the main contractors’ senior and local management teams. Within this, a core change management team of the Client and PMC team’s senior managers was formed to review inputs from the crisis management team and formulate the details of the various change solutions suggested and arrive at the final appropriate solution for implementation.

It was evident that the change solutions were required at several levels simultaneously, viz., local authorities, local political leadership, contractor project management teams and worker teams on the ground. Action plans were debated and finalized for interacting with:

- Local authorities and Police for visible local support.
• State-level political establishment for bringing pressure to bear on the local leadership.
• Contractor management team for working out solutions to ensure that worker teams return to site and remain there to complete the project.

The Client team strongly implemented their deliverables by way of meeting police authorities and bringing state-level political pressure to bear on the local outfits. Police presence was made available at site with inspector level visits on regular basis. These steps had a significant restraining impact on the mafia activities in the project area.

The Change Management team then focused on bringing back and retaining the worker teams at site till project completion. To address this challenge, a massive and unique mobilization program was drawn up, which had two parts, i.e., one for the work site and one for the labour camp.

**Mobilisation program for site:** Financial incentives with payment schedules were rolled out to achieve the following:

• Increase workmen tenure at site.
• Achieve specific targets w.r.t. time, safety.
• Bring in additional workmen to the site.

**Mobilisation program for labour camp:**

• Additional amenities to improve comfort levels in the camp.
• Additional security and fencing layers for the labour camp
• Dedicated closed transport between labour camp and site
• Entertainment for labour camp inmates like screening of weekly movies, etc.

Most of these measures quite obviously had a cost attached, but the key factor making this cost acceptable was that without such measures, the expenditures on repeated mobilization of labour due to high attrition had already been soaring and contractual penalties would add to the financial strain if the situation was not reversed. The Client too pitched in to support this endeavour by picking up some of the costs associated with such a program.

This mobilization program was implemented with the help of a series of talks at site with the workmen on a repeated basis. Communication and adhering to assurances / promises by all the stakeholders, especially the contractors were key factors influencing the workmen’s decision to stay back / return to site to work.

The Client team and PMC team also ensured strong message of solidarity with the workmen through highly visible presence of senior management representatives temporarily posted at site for quick decision making. This presence during a crisis clearly communicated that the entire site team was together in facing up to the situation.
A clear measuring and monitoring system for the program was set up to ensure that any free-loaders were quickly identified and corrected / removed. Incentives were disbursed at site on a periodic basis to send out a clear message that achieving desired results would be rewarded quickly.

The result of these measures was a manpower strength at site shot up within a very short time and a major increase in productivity at site as the workmen felt more secure and motivated to perform their tasks.

**Critical Success Factors**

- Innovation in applying change ideas can solve tough challenges.
- Working with transparency and positive intent changes mind-sets in the positive direction.
- Communication to the stakeholders directly is often the best way to get the message across.
- Actions should be in line with spoken words to ensure believability.
- Visible leadership by the key people play a major role in the rest of the team believing that change is possible.

**CONCLUSION**

1. Change Management has both technical and people-side aspects to it, and both are equally important.
2. The people-side of change management has the bigger role in ensuring success of the change solutions.
3. Transparency, Positive Intent and Leadership are critical for teams to believe in the solutions and be part of the solutions.
4. Unambiguous and simple communication methods are critical to each stage of Change Management.
5. Stakeholder analysis and addressing their concerns is the best foot forward to start on the Change Management journey.
6. The support of the Client as primary stakeholder is the single biggest factor influencing all outcomes in Change Management.

**REFERENCES**