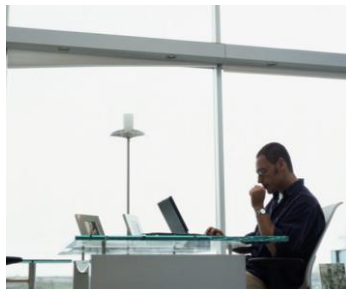


Business Case for Change

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Change Management
A Highlands Group White Paper Series



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Business Case for Change

A common problem in large-scale change efforts is for middle management and change agents to spend an enormous amount of energy trying to determine exactly what senior leaders want and how committed they are to change. Too often priorities are unclear. We hear managers say, “It seems like everything is a priority, and we are not doing any of them well.” If left unchecked, two common barriers emerge that can derail change implementation:

- **Loss of focus and momentum:** Leadership and management can be easily distracted by daily business and external demands. As perceived priorities shift and leaders’ time and attention focus elsewhere, the change project can lose momentum and focus.
- **Resistance to change:** Change will always be met with resistance. Some resistance is obvious; much of it is passive. Either way, if not managed, resistance to change in any form can quietly drain the energy from a change project.

How then can leaders and change agents maintain energy and focus during a change initiative? By creating a clear and dynamic business case for change that establishes a strong sense of urgency and generates enthusiasm and willingness to change among employees. As leaders communicate with stakeholders throughout the life of the change effort, they should leverage the case for change repeatedly to sustain momentum and focus. A well-leveraged case for change can prevent barriers from appearing and can remind everyone during the process why the change was started in the first place. It has been said, “He who has a *why* to live for can bear almost any *how*.” A case for change helps leaders establish the “why” and enables employees to later determine the “how.”

Characteristics of an Effective Business Case for Change

An effective business case for change includes five characteristics:

- **Describes why the current situation is unacceptable in a clear and meaningful way:** It includes historical information, internal statistics, and marketplace data.
- **Describes the projected cost of not changing:** These costs are defined both qualitatively and quantitatively.
- **Paints a compelling picture of the desired future state:** It includes concrete quantitative and qualitative goals.



- **Provides a general strategic path to attain the desired future state:** It informs employees of the general path the change will take.
- **Produces a felt need for change within employees:** The ultimate test of a business case for change is whether it creates a “burning platform” that compels people to accept change.

A business case for change can take many forms. Some business cases for change are written as memos or presentations; others are more visual. The key is to leverage the business case for change in all communication and presentations.

Creating the business case for change provides an important opportunity for leaders to include others in the change process. Employees often have compelling data that management might not have that can increase the leverage and effectiveness of the case for change.

Creating and implementing a strong, dynamic business case for change includes three steps:

1. Gather business case for change data.
2. Craft a business case for change story.
3. Leverage the business case for change.

1. Gather Business Case for Change Data

One of our colleagues often says, “Facts are our friends.” It is through good facts and compelling data about the need for change that change agents can build a sense of urgency so leaders and employees can embrace change. The case for change is a compelling summary of the need for the organization to make a major change. If the organization cannot produce sufficient impetus for change, it will not happen. Beckhard and Harris described a simple Change Formula to determine whether sufficient energy exists in the organization to warrant a change:

$$C = f(A,B,D) > X$$

C = the change to be accomplished

A = a dissatisfaction with the status quo

B = a clear vision of the desired future state

D = some practical first steps

X = the cost of making the change

Change will not occur unless there is a sufficient gap and enough pain between the desired future of the organization and its current situation. The formula also calculates whether or not there are some clear, practical first steps for moving forward. Change can occur when the multiple of ABD is greater than X—the cost in terms of energy, money, time, people, and other resources to make it happen.

The case for change provides the rationale for engaging in action and justifying the effort. The case for change should include:



- Reasons for change
- A description of current and future industry trends and demands
- Threats (marketplace, internal to the company, internal to the line of business)
- Requirements of the business today
- Current performance gaps, shortfalls, or challenges given the future demands
- What the change will look like
- The cost of not changing
- A brief summary

Key Questions

To gather the data for the business case for change, consider the following questions:

- What has business performance been like for the past 6 to 12 months?
- Who is pushing for change?
- What is the current attitude in the organization?
- How well is the organization competing in the industry?
- How productive and profitable is the organization?
- How healthy are the current customer relationships?
- What improvement efforts has the organization used in the past, and how successfully were they implemented?
- Is the organization ready to engage in an improvement effort?
- To what extent are the customers' needs and the competitive environment understood?



2. Craft a Business Case for Change Story

You can create the business case for change as a slide presentation or as a document. Determine which format will better convey the message of change to your organization. The template below provides a way to organize the business case for change.

Business Case for Change Story
Reasons for change:
Description of current and future industry trends and demands:
Threats (marketplace, internal to the company, internal to the line of business):
Requirements of the business today:
Current performance gaps, shortfalls, or challenges given the future demands:
What the change will look like:
The cost of not changing:
Brief summary:



3. Leverage the Business Case for Change

The business case for change is useless until its contents are built into formal and informal communication. This step ensures that the business case for change is leveraged in everyday decisions and communications. Leaders have many opportunities to communicate, from formal presentations to quick conversations in the hall and elevator. The 3-30-3-30 communication method helps you quickly capture the essence of the message in four different time frames:

- 3-second message
- 30-second message
- 3-minute message
- 30-minute message

This method enables leaders to create consistent messages that can be delivered in formal and informal settings of different lengths of time. It also ensures that the presenter of the information “keeps the main thing the main thing.”

Tasks

Complete the following tasks to build the business case for change content into all change communication:

- Create a 3-second message by sifting through the business case for change data and selecting the three to five words that best summarize the message.
- Create a 30-second message by writing a one-sentence description for each of the three to five most important words to summarize the business case for change.
- Create a 3-minute message by writing a one-paragraph description for each of the three to five most important words to summarize the business case for change.
- Create a 30-minute presentation that captures all the data, rationale, and charts of the business case for change.
- Distribute the 3-30-3-30 messages to leaders and change agents to use in their communication.



Conclusion

A Roman statesman, Seneca the Younger, said, “Our plans miscarry because they have no aim. When a man does not know what harbor he is making for, no wind is the right wind.” At times, large-scale change initiatives can feel like the harbor or destination is unknown and the prevailing winds are gusting all around. If this is the case, the organization will experience a perceived loss of focus and momentum and strong resistance to change. A clear, dynamic business case for change will help avoid these obstacles, establish a strong sense of urgency, and create enthusiasm and a willingness to change among employees. When the business case for change is clear and engaging, leaders and employees will understand the “why” to change and start engaging in the “how.”

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