

iProCon Insight

Change Management in
International IT projects

November 2009



About conquerors, missionaries and the forgotten half of change

"Change management" has recently become a compulsory element whenever managers of large scale IT initiatives present their project to the board. It gets even more attention when the project happens in an international / intercultural context.

As it is commonly accepted that a lack of good change management is one of the major sources of project failure, this seems like good news. However there are two problems with this:

- Quite often any reference to change management remains mere lip service. Once project teams including project managers get entangled into the day-to-day technical problems, they lose sight of the "soft" elements of their work and quite often they are quite happy to forget about the change element, because they don't have the confidence and capabilities to deal with it anyway.
- When solutions already implemented at the corporate centre are to be rolled out to subsidiaries in other countries, the prevailing notion is that these subsidiaries are facing major change and need some help from corporate IT or the business functions affected by the new IT systems. However, in most cases there is a considerable transformation required at the corporate functions involved in order to manage the international rollout successfully and operate efficiently in a the more diverse context afterwards.

In this article we look primarily at this transformation required at the corporate centre based on the experience of iProCon consultants in a variety of projects.

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Every age, every culture, every custom and tradition has its own character, its own weakness, and its own strength.

*(Hermann Hesse,
German Novelist
1877 – 1962)*

A cooperative approach for change

When an IT system used in the mother country is to be rolled out to a subsidiary, there are two common approaches corporate teams take:

- They work on the assumption that they know better and that the subsidiary will put up resistance that has to be overcome by force, usually relying on support from the executive board or other powerful sponsors. We call this "The Conqueror's Approach", because they look at the subsidiary as some kind of castle that needs to be conquered. In most cases the support from powerful sponsors doesn't take them as far as they hope, if they lack cooperation at a local level. Without local knowledge, the conquerors often get caught in an exhausting siege.
- The second approach also starts with the assumption of superiority, but is based on a charity mindset. The corporate team believes they are bringing valuable new technologies and processes to the subsidiary and therefore think the local management and employees should gratefully embrace the changes they are suggesting. We call this "The Missionaries Approach", as it reminds us of 18th century missionaries, who felt they liberated locals from an inferior way of life and thought that everything they brought them was an improvement. While this approach looks nicer than the conqueror's approach at first sight, it leads to a similar outcome. Local management and workforce consider the corporate team as arrogant and blind with respect to the differences between countries. Eventually it will also cause strong resistance, though probably manifesting in a more subtle way.

While few people would consider themselves to be using one of those approaches, you can identify strong elements of one or even both of them in most international rollout projects, most notably in ERP rollouts, where the implementation of the system is likely to change the way an organisation works to a considerable extent.

So the attitude "They have to change and we'll tell them how" leads to various problems and missed opportunities:

- Many local employees will resist any change and may try to sabotage the project
- Knowledge and relationships required in the local environment will not be used in the project and may even get lost to the business for good.
- Processes made up thousands of miles away and forced upon the subsidiary often don't work at all.
- Best practise and unique valuable skills of the local subsidiary, which could be leveraged for the benefit of the whole organisation, are ignored.

It is obvious that a more cooperative approach is required. But why is it that so many projects fail to achieve this and therefore don't bring about the full benefit for the organisation?

The answer is simple: change is always considered to be something for the others, in our case, for the local subsidiary. However, an international rollout brings about as much need for change for the corporate functions involved as it does for the subsidiaries. Our experience shows that it is the transformation in the mother country that makes the whole organisation fit for a global rollout and also makes it much easier to achieve the necessary change on the local level.

The forgotten half of change

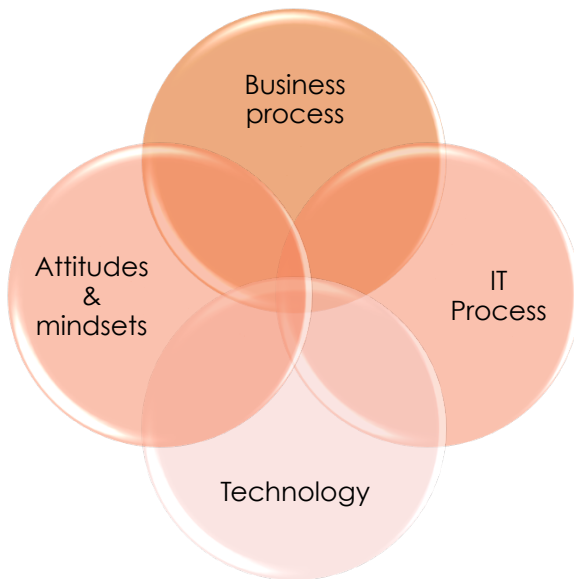
The change required from the corporate centre can be divided into four different categories:



“We know that the way objectives are set, and appraisals done is strongly influenced by national culture and that appraisal results are not comparable, if the same scales are used globally.

However, we do need global reporting on appraisal results and we cannot allow for local sensitivities to get into the way of our standardized processes and KPIs. “

(A corporate HR manager. Knowing and acting accordingly can be miles apart)



It is not difficult to guess that having the right attitudes and mindsets in the corporate team is the most important element. However, the best way to change them and even to demonstrate a need for change in the first place is to start with the other three elements as the need for change is much easier to see there. We will illustrate this with a few examples.

Change requirements in corporate IT processes and technology

If an ERP team has so far been responsible for running an ERP system in the mother country only, then there are quite a few obvious changes they need to make to their processes, once the system is rolled out globally, such as:

- Different time zones may require a 24/7 support, where 10/6 has been sufficient so far.
- Different languages require a multi-lingual user

hotline.

- Changes to the system need to be discussed with many parties and therefore take more time to be approved.
- Patches have to be implemented more often as they have to cater for legislation and other requirements from various countries.
- Change drivers in technology can be as basic as differences in client hardware and software across subsidiaries starting with special characters available of local keyboards

These are only a few examples and often they affect day to day in IT operations far more than generally expected. You should of course try to standardize processes and seek synergies. However, this does quite often require changes in the mother country to get to a process that can be used globally.

Change requirements in corporate business processes

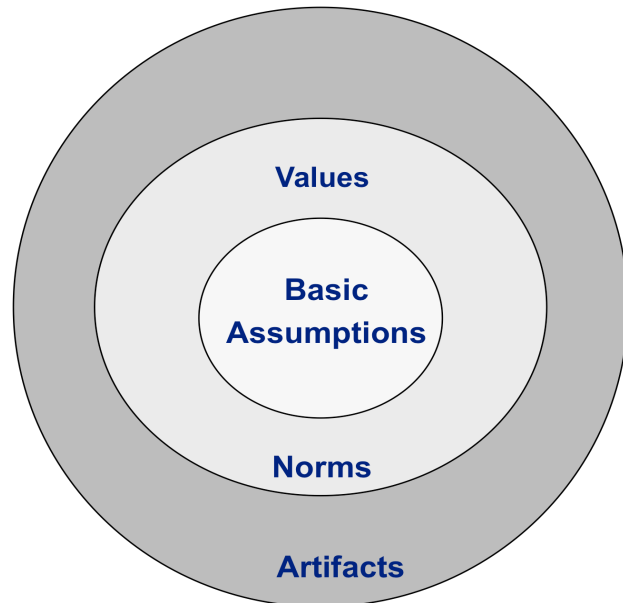
Again, achieving a certain degree of standardisation across business processes can help to reduce cost, and also increase the quality of global processes. However, legislation, markets, geography, and various other factors set a limit to the degree of standardisation that can be achieved in any business process, be it manufacturing or HR.

The degree of localization required from a global IT system is usually underestimated by the corporate team at least as much as the possibility of standardization is underestimated by local teams.

Attitudes, mindsets and culture

Many problems that seem to originate from technology or process are actually due to attitudes and mindsets on local as well as corporate teams. The biggest problem here is the common attitude in corporate teams that it's the local subsidiaries that have to change to accommodate the blessings of corporate standardized processes and technology. It is this attitude that leads to the conqueror's or missionary's approach mentioned above and causes much of the resistance observed from the local teams.

Therefore, working on the attitudes of the corporate rollout team is the best starting point to minimize resistance and maximize benefits of the project. This is not as simple as it sounds because the mix of national and corporate culture that needs to be addressed goes right down to the basic assumptions Edgar Schein illustrates as the core of culture:



However, it is worth the effort. Aim at creating an open mindset that appreciates that some things that work in one country may not work in others and that best practice from local subsidiaries can also be used to improve processes on a corporate level. You also need to make it clear that some processes are likely to become more complicated, if they are to accommodate a variety of countries. Just demonstrate the benefits to show the changes are worth the effort.

In the long run, you are likely to find opportunities to develop centres of expertise in subsidiaries to take over some corporate tasks. However, this is nothing to address in the first step, as it is likely to cause even more fear and resistance on the corporate level.

Some best practises to get the corporate team on board:

- The fact that you've done many rollout projects already does not mean that it can't be done in a more efficient and effective way, once the right attitudes and capabilities are in place.
- Demonstrate the need for change and it's benefits using simple examples (like the IT processes mentioned above).
- Don't condemn the "old ways", but show how to build onto them.
- Make it fun and a positive challenge to explore cultural differences between various countries and discuss their implications.
- Allow for the learning curve by having some training before the start of the project and starting the rollout with "easy" countries.

There are many interesting approaches in literature showing the impact of corporate and national culture on the way people act in the workplace. Schein and Hofstede are two authors worth reading in this context.

To make the rollout project work on a day-to-day basis here are some best practises to observe:

- Have face-to-face meetings between corporate and local teams as early as possible.
- Follow up with regular web meetings, e.g. once a week, while the teams are not at the same site.
- Provide a chat room and wiki for online communication
- Define slots for ad hoc communication suiting corporate as well as local time zones.
- If the language at the corporate headquarter is not the project language (usually English), make sure that the corporate team is using the project language for communication and documentation.
- Having someone with local language skills on the corporate team can make a big contribution to gaining local buy-in.

These are just a few small points only scratching on the surface of a huge topic. However, if you get an idea how not only the subsidiaries, but also the corporate centre need to change, this is an excellent starting point to get away from the typical single minded change approaches, and open your organisation up to exploit the opportunities hiding in an international rollout project. The road ahead is definitely worth exploring.



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First published in the iProCon Insight Newsletter Dec 2009

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