Organizational Impact Statement

Just as the introduction of new technology into an eco-system requires an Environmental Impact Study, so should the introduction of new information technology systems or business processes receive a professional organizational impact study. Likewise, just as an Environmental Impact Statement in itself does nothing to protect or re-establish a new eco-system balance, rather merely informs the needed changes required to regain or improve the former equilibrium, so should the Organizational Impact Statement provide guidelines for enabling the changes required to improve organizational effectiveness. The generic formula. below with sample impacts and corresponding change strategies are provided to serve as examples of the forces set in motion as a result of any business process and/or information technology and the required strategies that enable the energy forces to be channeled for positive organizational transformation.

A key assumption in entering any change effort is that the process or technology change has been adequately informed by a driving business or institutional purpose or goal. If that link to the overall strategic intent has not been clearly established and articulated, task #1 in the management of the organizational impact is to add value and energy to the change effort by positioning a compelling vision as the context of the change. Without this key driver for positive evolution many programs start and end with a hollow ring and muster no support at any organizational level.

The degree to which a positive outcome is achieved from any planned change has been frequently represented by the following *conceptual* * formula:

$$C = \frac{A \ X \ B \ X \ D}{E}$$

Where C is the degree to which the clearly articulated change is actually achieved
is a function of
A the perceived power, clarity and desirability of the new vision/goal
multiplied by
B the current dissatisfaction with the status quo & "pain" in the system
multiplied by
D the availability of practical steps and needed resources to achieve A
all divided by
E the amount of effort, energy, pain, investment, cost to bring about the   necessary changes in behavior required for achieving C

This analysis needs to be conducted not only from an organizational aggregate perspective, but also, at the workgroup and, most important, at the individual level in order to understand the dynamics at work in enabling change. Strategy development must reflect the total reality in order to truly address the needs of those who ultimately will adopt or reject any new system or process.

*WARNING: this is not a mathematically correct or scientific formula- merely conceptually illustrative- don't try to prove the numbers.

Another analogy that is particularly relevant in understanding the organizational dynamics involved in altering systems and processes for improved overall effectiveness is that of an Energy Audit. Careful attention to how energy is generated, flows, is blocked, leaks or is dissipated gives important clues to how best to design the change effort for effective energy creation and usage with a minimum of waste. Through an understanding of the sources of organizational, team and individual energy and the common energy drains as they are played out in the context of the Change Formula explained above, we can utilize the combined analysis to evaluate strategies that will either enable of inhibit the power available to bring about and sustain the changes that new. technology and processes promise. The Chart below outlines these generic forces:

A-- "Desirability of the new Vision"

Energy Sources	Energy Drains
-powerful multilevel vision	-the lack of energy sources
-market & customer "pull"	-perceived irrelevance at 1 or 2 levels
-effective/inspirational leadership	-too complex/ multidimensional
-closely aligned with values/beliefs	-only technically sound no "touch"
-effective communication architecture	-too far afield from current reality
-involvement in creating the vision	-disagreement with the direction

B-- "Dissatisfaction with the Status Quo"

Energy Sources	Energy Drains
-pain level felt/understood at all levels	-no real incentive to change
-no choice but to change	-current or recent success
-merger,acquisition,takeover,turnaround	-dissonance/expectancy-
-financial losses	-environmental insensitivity
-customer revolt/defections	-lack of knowledge/skill
	-no sense of direction

D--"Availability of Practical Steps"

Energy Sources

-training& development provided
-clearlyarticulatedimplementationplan
-tools, budget, resources,etc. in place
-mature, tested technology-based
-team structure in place & supported
-goal achievement methodology available
-customer driven involvement

Energy Drains

-lack of energy sources
-poor preparation/communication
-distance from current reality
-lacking champion/role models
-rationale poorly communicated
-no transition plan
- no enabling technology support

E-- "Cost of Making the Change"

Energy Sources

-clear and significant **ROI**
  I= $, time, effort, un/re learning etc
  R=$, growth, accomplishment, recognition
-little or no real effort required
-new incentives in place
-it's fun or easier than before
-there's no choice but to change

Energy Drains

-the lack of energy sources
-fear of job loss
-value or belief shift required
-alters the core business
-results difficult to measure
-reward structure rewards old
  behavior

Centrality, Complexity and Congruence
can play either role depending on their values

Dynamics of the Formula Values

Since the factors at the top of the equation are in fact multiplicative, if any of their energy values equal zero the total is zero. This often gets played out in the following ways:

if	then
A=0	aimless rambling, "grasping at straws", vulnerable to quick fixes, buy a "package", solutions in search of problems
B=0	false starts, spotty commitment, loyalty politics, tree hugging
D=0	frustration, wasted time, deadlines, groping, endless meetings
$E<AxBxD$	fractional change, acquiescing behavior, unsustained change

Expendable Energy Sources- individual incentives, job descriptions, company scheduled training, functional org. structures, new processes, new systems, management, etc.

Renewable Energy Sources - team accomplishment, customer contact, life-long learning infrastructure, self actualization, leadership, market success etc.

Recognizing these dynamics and realizing that there are both renewable and non-renewable sources of energy at work in organizations, as there are in nature, helps in plotting strategies that take into account the reality of achieving change in the direction you intended and in support of any programmatic effort, whether it's a systems integration project, an outsourcing contract, an imaging product sale, a business process re-engineering engagement etc. All actions result in change and all need to be attended to if they are expected to result in the intended outcome.

Tailoring this generic approach to specific situations, solution sets, business contexts and organizational cultures allows us to help our clients have greater success in achieving the changes inherently implied in achieving program goals. All projects, regardless of how technical, have change implications. How well we anticipate them and enable the change process with our clients significantly differentiates PricewaterhouseCoopers in an increasingly sophisticated ERP and systems strategy market place.