

10 Practical Issues in Setting up a Change Management Office (CMO)





Introduction

If you are setting up a CMO (Change Management Office), we expect you are knowledgeable about the tools and practices of change management. But knowing lots about change management isn't quite the same as knowing lots about a CMO.

You may be setting out to set up a CMO with all sorts of clever ideas about change management, how you can add value to your organisation and improve change outcomes. But before you can add that value the CMO needs to be set up, and as you will find, there are some practical business issues that need to be sorted out. These have little or nothing to do with the practice of change management itself.

It's these practical issues we are going to focus on in this paper. We aren't going to talk much about change management.

At first glance it may be surprising that a whitepaper about CMOs isn't about change management. This whitepaper very deliberately isn't about change management itself, as there is a wide selection of material on CM. However, the insights on setting up and running a CMO are less widespread. This document concerns practical issues that can get in the way of you having that great CMO in the first place.

The issues in this whitepaper don't have one size fits all answers. They need to be thought about and answered in the right way for your specific context. But to find the right answers, the best place to start is by asking the right questions. This paper sets out to identify some of the critical questions you may not have considered if you are looking at a CMO simply through the lens of an experienced change manager.



10 practical issues in setting up a CMO

Working with many CMOs, we have identified 10 common challenges that these CMOs face, which sit outside the normal concerns of change management. The challenges are:

1. What is the justification or rationale for the CMO?
2. What service lines are provided by the CMO
3. What is the character and strategy of the CMO?
4. How is the CMO paid for?
5. How should the CMO be organised?
6. How should the CMO be built?
7. Which projects should the CMO be involved in? How is work found and business developed?
8. How should the CMO develop appropriate knowledge and capabilities?
9. How should the CMO be managed?
10. What administration and support does the CMO require?

Let's briefly look at each of these and the underlying issues under each challenge.

1. THE JUSTIFICATION FOR THE CMO

The starting point for any CMO must be to be clear about the reason it has been set up in the first place. Without this justification gaining support and budgets for the CMO will be difficult. Typical reasons to set up a CMO are one or more of the following:

- To enhance the organization's change capability
- To improve reliability in achieving business cases and business outcomes
- To increase the pace or capacity to deliver change
- To reduce change management costs when compared with relying on external providers, contractors or consultants
- To set the standards for the change management in an organization.

Often the justification for the setting up of such as CMO is a combination of such factors, depending on the vision of the leader of the CMO, as well as the views of key sponsors and stakeholders.



Questions to ask yourself:

- Is there a clear rationale for the CMO's existence?
- Is it within your capability to achieve this rationale?
- If the CMO has a combination of objectives, are they consistent?
- If they are not consistent how will you balance the tension between them?
- How dependent with the CMO be on factors outside of its control to achieve its goals?
- How well can CMO members influence the behaviour of others involved in change activities?

2. SERVICE LINES

A CMO is at heart a service function, or centre of excellence, for the rest of the organization. Typical services that may be offered tend to be aligned to various professional skills, such as:

- Acting as a resource pool to provide change managers to projects
- Acting as a centre of best practice in change management
- Training and coaching change agents, managers and leaders in change management
- Providing visibility of the overall change portfolio across the business
- Tracking and reporting on change initiatives across the business

Questions to ask yourself:

- Does the range of services the CMO has match the role the CMO is meant to perform?
- Are change managers directly engaged in projects or advisors to client projects (e.g. providing methodology support)?
- Are the change managers to be used on projects as resources or do they have full responsibility for change outcomes?
- Are the change managers resources to do as told by client organizations, or are they business partners who have a full voice in determining what is done and how it is done?
- Can CMO members say "no" to clients, or must they do as requested?



3. THE CHARACTER AND STRATEGY OF THE CMO

CMOs can have widely different characters and strategies for achieving their goals. The ideal situation is one in which the capabilities and aspiration of the CMO, the expectation of the CMO's clients, and the needs of the organization are aligned. Things are rarely so neat!

In practice, there may be a tension between the views of different stakeholders. For example, a senior stakeholder who needs a project delivered may view the CMO as a provider of resource who will do as he/she asks. Another stakeholder, especially those who have an interest in wider organizational issues such as corporate strategy, may see the CMO holding a governance role, acting as agents for achieving wider company goals and ensuring all initiatives contribute towards the strategy. The tension between being a "policeman" enforcing corporate policy versus being a servicing function for client needs can be significant.

Another point of tension can revolve around the need for company standards for change management. Do an analysis of most large businesses and you will find lots of people who believe they have a role in change. Usually they will be doing different roles, using all sorts of different approaches. Often it is seen as the role of the CMO to specify and own the company standards for change management. Rolling out and ensuring compliance to such standards can be both a point of tension and a significant resource drain.

We find it is helpful to think in terms of four questions in defining the role of a CMO. In asking these questions we also seek to understand the difference between how the CMO currently operates and how it aspires to operate. The CMO's strategy is then developed around closing this gap. The questions are:

- Are you a trusted advisor or a doer?
- Can you ever say no to your clients?
- Do you use standards, or do you set the standards?
- Do you just do or are you accountable for change outcomes (who bears delivery risk?)

Questions to ask yourself:

- Is the CMO positioned as a resource pool, as consultants, as a valued business partner, or as group bearing risk and delivery accountability?



- Is the CMO the only authorised body in the organization to perform the function of change management? If not, what is the relationship with other delivery specialists embedded within other functions?
- Is the CMO's remit fixed or evolving? If it is evolving what is your CMO strategy and vision for the future? (For example, a common desire is to move from being a resource pool to being a value adding trusted advisor. How will you achieve this?).
- Is your view of the CMO's role and that of your clients the same? (You may see yourself as business advisors whilst they may be expecting resources to do as told. How do you square this circle?)
- Regarding the wider organizational change challenge – how can you help in resolving this? What can you change, what can you influence, and what do you just have to live with and adapt your working style to live with?

4. BUDGETS, RESOURCING AND PAYING THE BILLS

Central to every CMO in every organization is the issue of who pays the CMOs bills: how is budget assessed and allocated? The challenge for the CMO is that the workload, and hence budget requirement, is usually not accurately predictable. In the simple terms, this results in one of two outcomes:

- Either, the CMO has a fixed headcount, which gives the challenge of which initiatives are the change managers allocated to? (Usually there is more demand than staff to fulfil); or
- The headcount is allowed to flex to demand, in which case the challenge arises in who pays for additional headcount and how does the budgetary allocation work in practice?

Between these two extremes lie a range of compromises. The topic of budget and resource allocation naturally links into the portfolio management and prioritisation activities of an organization. It also links closely to what recharges are made between departments in the organization.

Questions to ask yourself

- Do you have a fixed headcount, in which case who decides which initiatives you work on; or flexible, in which case who pays for anything above current headcount?



- Does the organizational culture want budget certainty or flexibility to change?
- Do you recharge, and if so, how do you justify those recharges and what is the actual mechanism for recharging?
- How do you link into the annual budget setting round – both for your CMO headcount, but also visibility of initiatives upcoming?
- How are you involved in or able to influence portfolio management and prioritisation?
- Does the organization have effective and transparent mechanisms for portfolio management and prioritisation?
- Does the CMO only hold a headcount budget, or is some proportion of the wider project budget also held by the CMO?

5. CMO ORGANIZATION

For a small CMO, organizational structure is seldom an issue. There are simply a few change managers who report to a CMO leader. However, CMOs can be large and split across many business units. I have worked with organizations which have dozens of change managers in a central CMO and further change managers distributed CMOs in divisional business units. In such a case organizational structure becomes an issue that needs full consideration.

Organizational structures relate to roles and responsibilities. The first thought in determining CMO organization may be how the people who do whatever client work the CMO is required to do are organized. Organization can be structured along the service lines the CMO provides.

There are other factors to be considered in determining CMO structure. Central are issues like having resource to develop and maintain change management methodologies and tools, resources to manage relationships with the CMO's key clients (see "*Business Development and Finding Work*" below), and resource to quality assure and control the work of the CMO.

Questions to ask yourself

- How should you structure the CMO? (E.g. by service line, by clients, by geography etc)
- Do you have a hierarchy with differing seniority of change managers?



- Who manages the workflow and relationships with key clients? If this is a matrix responsibility on top of delivery work, do you reduce utilisation targets to enable this to occur?
- Who owns your service lines and the associated knowledge?
- Do you just do the work, or do you have a QA/QC responsibility? If you have a QA/QC responsibility - who performs this role?
- Who does any PR and communications about the CMO?
- Where does the CMO sit in the larger organization (e.g. IT, HR, transformation etc.), and how does this impact remit and how the CMO is perceived in the organization?
- What is the scope of the CMO's role: does it provide services to the whole organization or some subset?

6. BUILDING THE CMO

On paper, setting up a central CMO made up of various change experts may sound straightforward, but finding the right people is harder than is often assumed. There are lots of people with the job title “change manager” or something similar, but do they have the skills and behaviours that will make your specific CMO a success?

Building a CMO to full capacity usually takes several months, if not years, depending on how effective your recruitment mechanisms are and in what geographies you operate. Global demand for delivery staff fluctuates in line with the wider economic situation. Sometimes there are many capable candidates for every role. On other occasions, especially when the economy is booming, demand exceeds supply and salary / package expectations can rise significantly. This can become an issue in recruiting the best candidates.

Decisions associated with selecting CMO members relate to the service lines to be offered, budgets and the required knowledge and capabilities of the CMO. But a CMO is not simply about service lines. The perceived success or failure of such a CMO is rarely about the details of change management practice. Normally it relates to softer skills – communications, expectations management, stakeholder management and political sensitivity. Identifying the right mix of specialist expertise and ability to operate successfully in your specific culture is a major challenge.



If a CMO is being built from scratch, the initial process of recruiting CMO members can be a large recruitment challenge. But recruitment is not a problem that goes away once a CMO is built. If the CMO is successful and perceived to be good at what it does, other departments will soon try to poach the staff. People who are seen to be good at getting things done are always in demand. At one level this is a nice problem to have as it shows the success of the CMO, but it does mean there will be a continuous recruitment overhead. Additionally, with success comes increasing demand for the CMO and a subsequent need to recruit more members.

Questions to ask yourself

- What are the success factors for CMO members, and therefore what is the right profile of capabilities for each recruit?
- When you first set up do you pull people in from across the organization or do you recruit from scratch?
- When the CMO is started do you need to be fully competent, up and running or do you have the time to develop and grow staff?
- What relationships with third parties and contractors are required to enable scaling flexibly to demand?
- Which competency and behavioural models do you use in selecting staff?
- How do you deal with the issue of internal poaching of your best staff?

7. BUSINESS DEVELOPMENT AND FINDING WORK

Although a CMO is an internal function that does not mean it needs no business development role. Even if the CMO runs at full capacity, there are relationships to manage –at the very least you should be concerned if you are working on the most important initiatives or not and how satisfied clients are with the services provided.

In reality, the challenge is rarely finding enough work to keep the CMO busy but balancing competing stakeholder needs is a continuous challenge. This may be both in terms of the priorities of different projects relative to resource allocation. It can also be more subtle issues with relate to the culture and concerns of differing stakeholders.

For example, consider the situation of a change which impacts a business's Customer Service departments, has as its primary client New Product Development, requires delivery from an IT department, and is under the gaze of the Finance department. A fairly typical business project with differing stakeholder needs.



Questions to ask yourself

- Who manages which relationships with which clients?
- How do you consolidate various client priorities into a clear and agreed set of priorities for the CMO?
- How is the work being done by the CMO aligned with client expectations?
- How do you ensure you have enough visibility of long-term client plans, so the CMO can do its own long-term resource planning?
- How do you ensure you understand and can respond to client attitudes towards the CMO?
- How can you influence your client base to work in a way that is compatible with effective operations of the CMO?
- Are client expectations of the CMO aligned with CMO aspirations – and if there is a gap how is it closed?
- Who bears the budget risk if you are not fully busy? Who pays for extra resource? Where do they go if you have none?

8. KNOWLEDGE AND CAPABILITIES

The knowledge and capabilities of the CMO obviously must align to the services lines provided by the CMO. But clients do not always want generic change managers. They want change managers with experience and understanding of their specific context and situation. An operations manager requires a change manager who understand operations, and with a track record of implementing change into an operational environment. In some sectors, for example financial services, clients often expect change managers to have significant experience in quite specific business niches that individual changes relate to.

Knowledge development can become a sore point for such CMOs as there is usually limited budget within the CMO budget to invest in service line development. Additionally, resource pressures mean as soon as one project is complete staff are often allocated to the next with limited time for reflection, knowledge capture or training.

There is sometimes a tension between the use of change management standards and the development of an organization's own. There are many change management



processes, practices and approaches. Selecting the most appropriate method or process for your organization can be an onerous and surprisingly political process.

There are often issues of maintaining an up to date understanding of the latest thinking in change management. For example, on several occasions we have seen a central CMO set up only to support waterfall style projects, whilst the organization more widely is using more flexible Agile approaches. We have seen CMOs initiating a change program by doing a root cause analysis of problems when the client wants appreciative enquiry, which the CMO does not have the skills in.

Finally, the full range of skills that are required to make the CMO successful must be considered. Rarely are issues with such CMOs related purely to change management expertise such as completing a change impact assessment. Issues relate to skills such as influencing people to perform change work who a change manager has no authority over. They also critically relate to communications, expectations management, stakeholder management, political sensitivity, and an ability to operate successfully in your specific culture with its specific strengths, weaknesses and foibles! I have seen highly skilled change managers with exceptional track records, struggle when recruited into a new organization for lack of ability to adapt their style to the new context and culture.

As a result of these factors I advise clients to think in terms of four key areas of skills for staff in such a CMO. Staff should be selected for, and capabilities and knowledge developed in:

1. Practices and processes: change management processes, tools, techniques and practices
2. Content knowledge: appropriate levels of specialist knowledge in the domain of the client changes
3. Context knowledge: relating to the ability to operate in the specific culture of the organization
4. Soft skills: covering aspects like political sensitivity, communications and stakeholder management

Typical issues

- How do you develop service line knowledge (e.g. change management)?
- How do you develop context business specific knowledge (e.g. understanding of your specific client's business and issues)?



- Are you an add-on resource or a centre of excellence? If the latter how do you maintain and enhance your knowledge? How do you share it with the rest of the business?
- Do you have a responsibility for raising delivery capability outside of the direct CMO?
- How do you capture knowledge from initiatives you are involved in?
- How do you develop knowledge, and how do you pay for this?
- What do you take off the shelf and what do you create for your specific environment? Can you use a standard approach, or does it need to be developed for you? (If it does – why does it)? Can you have a one size fits all – or if not, how do you enable flexible approaches?
- How do you keep up to date with advances in change management thinking?
- How do you develop the CMO's soft skills in areas like stakeholder and expectations management?

9. MANAGEMENT

A CMO faces all the normal line management challenges of any CMO in a complex organization. However, line management challenges can be exacerbated by the difficulty of managing staff who do not easily fit within normal job families and performance management metrics. Also, many of the staff are allocated to projects, effectively working remotely for another function, outside of the day-to-day visibility of the CMO's line managers.

Questions to ask yourself

- How do you manage people who are mostly on someone else's project? (How do you stop them going "native", especially if you are meant to be an independent voice?)
- What KPIs should be used, and how are they assessed and by whom?
- What aspects of the work should be considered in performance management: e.g. delivery, knowledge, relationships?
- What structures are required to support management, e.g. job families, role definitions, career ladders etc?
- How your needs fit within the wider set of HR policies and performance management?



- Are you only line managing CMO members or do you also have an oversight responsibility for the work they do? (This relates to whether the CMO is primarily a resourcing pool or if it is held accountable for delivery).
- How do you prioritise and allocate resources between client work and other activities such as knowledge development or relationship management?

10. ADMINISTRATION, SUPPORT AND TOOLS

Finally, there are a series of administrative and support issues, associated with the smooth running of the CMO. Many of these are straightforward, but some can cause major issues if not resolved (e.g. time tracking).

Questions to ask yourself

- Physical location and facilities
- Demand management and tracking tools (planning and timesheets)
- Portfolio management tools
- Functional systems and tools – e.g. change management tools
- Document libraries
- Methodology support
- Communications tools – especially if a distributed CMO, how will you keep in touch.
- Travel and expenses management



We would love to talk more

If you have found the issues raised in this document interesting and would like to talk more to us about how you can approach answering these questions, please get in touch.

About Issoria

We specialise in helping organisations build their change capabilities – including setting up and running CMOs. Most of our clients are CMO leaders and we are constantly interacting CMO leaders globally and researching the needs of a successful CMO.

If you want to explore the issues in this document more, find answers to the ones that are most important for you, then come and talk to us.

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