Three essentials for an award-winning change management program
How Sobeys Quebec, a successful food retailer, managed change during its ERP implementation project
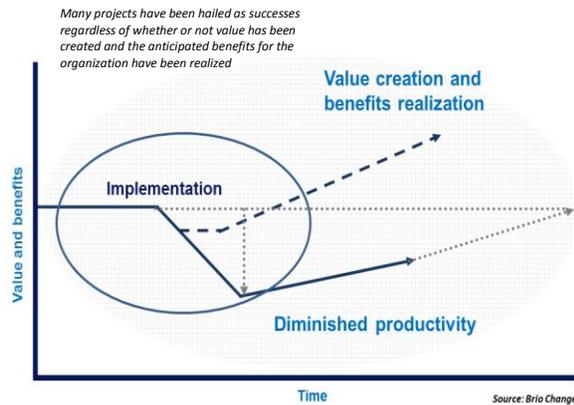
by

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Introduction

The goal: Protecting performance and customer satisfaction during an ERP implementation

Implementing an ERP system can cause turbulence and diminished productivity during the transition period and following the go-live.

Many projects have been hailed as successes regardless of whether or not value has been created and the anticipated benefits for the organization have been realized

During 2011 and 2012, Sobeys Quebec rolled out SAP in its corporate offices across Finance, Purchasing, Merchandising and Logistics, as well as in Store operations.

As one of the only two national grocery retailers in Canada, Sobeys Inc. serves the food shopping needs of Canadians with more than 1,500 stores and 96,000 employees in 10 provinces, with retail banners that include Sobeys, IGA, Foodland, FreshCo, Price Chopper and Thrifty Foods. The company also operates Lawtons Drugs in Atlantic Canada.

The TANGO project, as it was called, required the implementation of more than 80 new business processes, and 55 SAP functions to support these processes and would impact more than 700 employees within the Sobeys Quebec division.

The imperative: Managing organizational risk

At the time of the Tango project launch, business was going well and Quebec was enjoying its status as a very successful division of Sobeys Inc. The legacy system fit Quebec operations like a glove and, when changes were required, the IT department had a team of experts capable of adapting the system as needed.

Sobeys had previously implemented SAP in its Atlantic, West and Ontario divisions. They experienced substantial turbulence following the implementations, as do many other companies when implementing SAP.

Therefore, in 2009, in the eyes of Quebec employees, the need to change to SAP was not strong. The history of difficulties in past implementations had not created enthusiasm, but rather contributed to a prevailing sentiment of reticence and prudence. Advantages of the new SAP system over the existing legacy system were unclear. The main argument justifying the switch was that the legacy system was reaching its full potential and could no longer grow with the business.

Consequently, Sobeys launched the project by analyzing what the benefits of implementing SAP would be for the Quebec division and were able to build a business case to legitimize the change and to mobilize stakeholders around it.

Sobeys Quebec operates in the ever-increasingly competitive food retail industry, which was seeing new competitors such as Walmart and Target planning to enter the fresh foods sector.

Because of this, Sobeys Quebec expected its change management program to minimize the anticipated productivity dip and ensure its store operations were not negatively impacted by the SAP implementation.

Sobeys Quebec's executive team clearly did not want either business to be negatively affected or the profitability of its division. Consequently, they invested in a change management program to help:

a) sustain the growth of sales and profitability;
b) maximize the efficiency of the organization post go-live;
c) ensure a seamless transition for merchants and customers.

and to manage the shift towards business process improvement and operations based more on analytics than transaction processing.

Sobeys three change management must-haves

So how does a project come to earn a change management award? What is it about Sobeys' program that stood out as a best practice?

With the luxury of hindsight we conclude that three essential ingredients of Sobeys' change management program contributed the most to achieving its objectives :

a) Having a well-established change management governance;
b) You can't fix what you can't measure! Evaluating learning, before the go-live;
c) Using a change management index to monitor business readiness.

Hopefully, these same ingredients could serve to inspire your organization's change management programs.

Essential 1: Well-established and shared change management governance

A best practice, yet sometimes neglected, is to take the time at the beginning of the project to define and communicate change management governance to the project team and other key stakeholders. Sobeys invested a lot of time, through meetings, to ensure that the governance was understood and supported by all lines of business affected by the implementation. Throughout the project, many stakeholders relied and used this governance to justify decisions when priorities had to be weighed. In essence, many business managers themselves ended up acting as the guardian of change management governance.

It is important to note that the change management governance that is described in this paper lived within a project already providing solid project management governance. We continue to be convinced that this was a pre-requisite to its success.

Sobeys' change management governance was clearly defined and supported by the executive team from the onset and gave the change management team its legitimacy and power of influence throughout the project.

The governance encompassed the management structure, the guiding principles, the processes and the decision rights for the change management responsibility within Sobeys' TANGO project.

Two elements of Sobeys change management governance that contributed to its success were the:

1. Change management team organizational structure;
2. Change management guiding principles.

Organizational structure
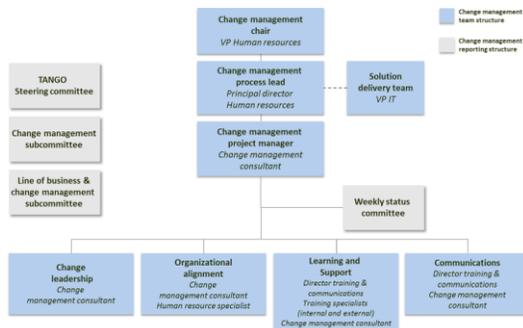
Reporting structure:

a) The change Management chair reported directly (solid line) to the project steering committee and not to the Solution delivery team (headed by IT). This provided the business side of the organization with an important counter weight to the delivery teams when trade-offs were required between delivery team priorities vs. business readiness priorities. The change management process lead also reported directly to the change management chair and reported dotted line to the solution delivery team. Although this structure fostered creative tension between the change management and solution delivery teams, it also ensured their collaboration.

b) The steering committee served to provide status reports and obtain initial approval of change management strategy.

c) The subcommittees provided status reports and obtained decisions on change management issues within the approved change management strategy.

Change management team:

a) The team was organized into four disciplines each working on distinct objectives—change leadership, organizational alignment, learning and support and communications— in order to facilitate issue management and reporting on advancement.

b) Each team had its set of approved guiding principles to be applied consistently; this provided the change management team with clear decision rights and legitimacy throughout the project.

Planning, methodology and tools:

a) The change management team worked with a detailed change management plan that was integrated into the overall project plan. Interdependencies between change management deliverables and solution delivery team's deliverables were managed closely.

b) Because of the close relationship between business processes, roles and responsibilities and organizational alignment, the change management governance covered:
    − process-design methodology;
    − detailed impact analysis methodology;
    − transition management methodology; and
    − development of related tools.

Guiding principles

In addition to the team's organizational and reporting structures, the change management governance clearly established guiding principles that would serve as its framework throughout the implementation.

Sobeys' change management guiding principles
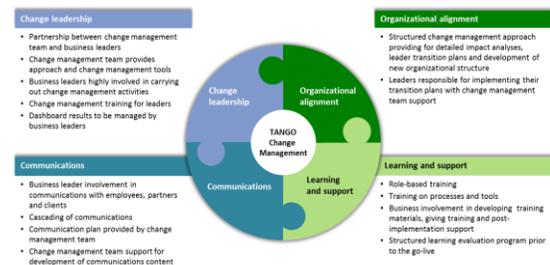
The guiding principles were approved by the project co-owner and steering committee at the outset as part of the overall change management strategy.

Christine Denny, CPA, CA, Executive Consultant, Brio Change, December 14, 2012
Richard Leblanc, CRIA, Vice President Human Resources, Sobeys Quebec, December 14, 2012
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These guiding principles were key in clarifying the different roles and responsibilities of the change management team vs. the business leaders with respect to change management. In essence, the principles helped manage the business expectations regarding change management. Much effort was put into communicating these guiding principles to stakeholders at the beginning and throughout the project.

Essential 2: Change management index

A tool for business leaders

Having a way to concretely identify change readiness is a valuable tool for any business leader. Why? Because it gives leaders a better chance to address the issues prior to the go-live.

Sobeys developed a change management index called the "Tangometer" to track eight change management areas deemed critical for ensuring business buy-in and business readiness:

| Tangometer dimension	Objective to measure
Leadership	The change is viewed as favorable due to visible and active leadership
Alignment with business needs	The solution meets Sobeys' needs
Written communications	The quality of written communications relating to the change
In person communications	The quality of in person communications relating to the change
Understanding of impacts	Employees understand the impacts of the change

Tangometer dimension	Objective to measure
Transition management	Managers are managing the transition well
Effectiveness of learning program	The quality of the learning program
Effectiveness of performance support	The quality of the support program

The Tangometer calculates a change management index (CMI) for each area on a scale from -100 to 100. Scores below 0 indicate that there are urgent change management issues to deal with, whereas scores over 0 show the building of momentum for the change. The higher the score, the better, as less change management issues or concerns are present.

Given the number of people impacted by the change in the ERP project, and in order to be most effective, the information is collected by means of an anonymous web questionnaire. Each question is linked to one of the eight change management areas of the dashboard. The results are then compiled and an index is calculated question by question thus providing the result of an overall index for the area. Assessments were done approximately every six months over a two-year period.

The Tangometer results, in addition to the weekly change management dashboard used to track project progress and issues provided a more complete picture of the effectiveness of the change management program and readiness of the business.

Tangometer
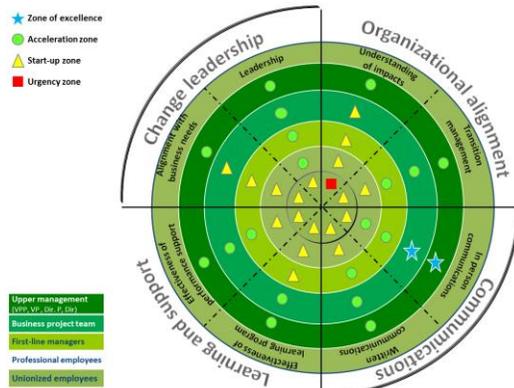
The seven stages of concern model - change management process for individuals

In addition to the change management index (CMI), the Tangometer presents results according to Céline Bareil's seven stages of concern model[1]. The questionnaire that was used incorporated Céline Bareil's assessment tool.

This means that the concerns of employees' and managers', at the time of the assessment, were plotted on the concerns model and upper management could see whether the change management activities are having the desired result of moving people forward through their change process.
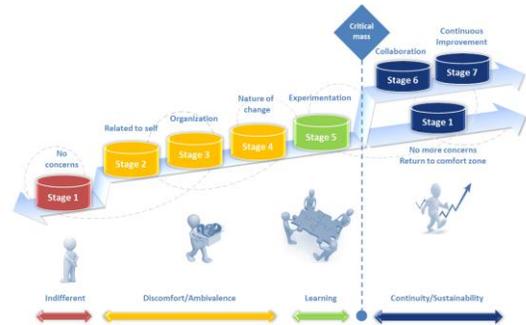
The seven stages of concern model

Table: Description of the seven stages of concern

Stage 1   No concerns: Individuals don't feel the change concerns them.

Concerns are related to:

Stage 2   Self: Concerns about the impacts that the change will have on the individual.

Stage 3   Organization: Concerns are related to the will and capacity of the organization to manage, implement and support the change.

Stage 4   Nature of change: interests in the change itself (i.e. what it all means) and how it will be implemented.

Stage 5   Experimentation: concerns about personal productivity and efficiency.

Stage 6   Collaboration: Concerns regarding the possibility to collaborate and share experiences with colleagues.

Stage 7   Continuous improvement: Questions regarding ways to improve the new solution that has been implemented.

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[1]   Céline Bareil, Ph.D. (Industrial/Organizational Psychologist), Associate Professor HEC Montréal. As presented in her book: Gérer le volet humain du changement (Managing the human side of change)

Example of the results based on the seven stages of concern model

In this example, the dominant stage of concerns at the second assessment has progressed from concerns centered on the "organization" and its decision to change and its capacity to bring about the change to concerns based on the "nature of change".

Tangometer contribution

The Tangometer's first most valuable contribution was its capacity to report on areas that needed to be addressed from the perspective of those experiencing the change.

The results were systematically presented to each line of business, provoking in depth discussions with senior management.

Sometimes, following these assessments, specific elements of the solution or overall project plan were adjusted, as the "Tangometer" brought forth the needed justification to do so.

Its second most valuable contribution was that the results shed light on what information is not being cascaded properly or not adapted to the specific needs of employees and managers to move forward throughout the change process.

Essential 3: You can't fix what you can't measure! Evaluate learning before the go-live

Business leaders realized early on that Sobeys' continued success relied on one result: that its employees still be able to do their jobs effectively, as of day 1 following go-live.

Knowing that you can't fix what you can't measure, Sobeys created a learning evaluation program. This program provided data on business readiness and helped leaders know which employees needed help.

Sobeys' learning evaluation process
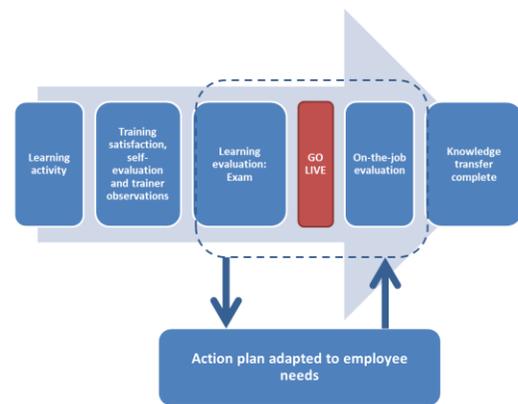
The learning evaluation process consisted of five steps. All employees and managers required to use SAP had to complete this process for each learning activity that they participated in.

Employees who know they will eventually be tested on what they learn in class are more attentive and take more notes. It actually changed the dynamic of the learning process by empowering employees.

Sobeys' learning evaluation approach

Learning activity:

In-class training, e-learning activity or coaching.

Training satisfaction, self-evaluation & trainer observations:

a) After each learning activity, participants fill out a training evaluation form (smile sheet) and self-assess their comfort level with each task to be performed in SAP. They can also identify whether they have additional training needs.

b) After each learning activity, the trainer documents observations relating to each participant's capacity to perform the required tasks. The trainer can also suggest additional training for specific participants.

Learning evaluation (exam):

Prior to the on-line exam, participants have access to an SAP sandbox to practice what they have learned. The exams are a mix of multiple choice and practical exercises.

On-the-job evaluation:

Post go-live, managers follow up with employees to identify issues and additional training needs.

Action plan adapted to employee needs:

In cases where additional training is required following On-the-job-evaluations, or following exam results, the manager develops a training/coaching action plan for the employee.

Although exams did not have a pass/fail grading system, any areas deemed critical and for which difficulties were encountered could result in an action plan for an employee.

For example, action plans could require employees to retake an exam, be coached or attend group work sessions on a specific subject area.

Where there's a will, there's a way

Although the evaluation process made some employees and managers uneasy at first, it was eventually widely accepted. It was understood that the evaluation process aimed to help them throughout their transition process.

This type of process requires commitment from senior management since the window for developing and taking the exams was very short (between training and the go-live).

Training has to be provided at least 3-4 weeks prior to the go-live. Their support was critical in freeing up the required man/hours required for learning evaluation activities.
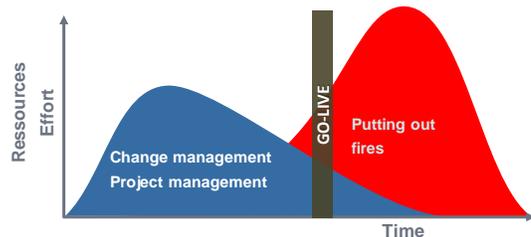
TANGO PROJECT
(Learning program statistics)

Persons trained	641*
Training courses developed	95
Amount of trainers	36
Exams developed	91

* On average, employees attended five courses each

This type of learning evaluation process puts tremendous pressure on the project team or the subject-matter experts (SMEs) and training specialists to deliver training materials and exams, as well as solution sheets, while SMEs also are required to take part in solution testing.

However, the effort invested prior to go-live was well worth it. It diminished much of the "putting out fires" effort that Sobeys would have to invest post go-live:

« We must take change by the hand or rest assuredly; change will take us by the throat. »
 Winston Churchill, Former British prime minister

Go-live: The outcome

By October 2012, Sobeys had successfully implemented the TANGO project and had met the executive team's objectives. Over 700 employees were affected by the implementation, either directly or indirectly. Any major productivity dip could have easily reduced the revenues of Sobeys Quebec, but did not.

Even after their two most complex go-lives (for their fresh and grocery products):

- Sobeys' maintained excellent financial results;

- Efficiency KPIs continue to be attained: service level to the store (ordering and shipping), invoicing and payables;
- Post-implementation feedback received from merchants confirmed that they had experienced minimal turbulence in their operations.

This is quite an accomplishment; therefore it is not surprising that Sobeys Quebec received two awards for the TANGO project:

1. The ESSEC[2] Award for Change (Trophée ESSEC du Changement) which rewards organizations having fostered innovation and successfully delivered large-scale change management projects.
2. The SAP Gold Medal "Implement Better" award, recognizing retailers for the exceptional execution of their SAP implementation from start to finish.

Essentials that have proven their value

Studies show that dollars spent on change management can result in a substantial financial return for organizations. However, isolating which change management activities contribute most to their change management ROI is not always clear and simple.

For Sobeys ERP system implementation, it was definitely the well-established change management governance, the evaluation of learning prior to the go-live and guiding executives with a detailed change management dashboard that made the biggest difference.

Food for thought: Has your organization examined which activities or tools should be part of your particular change management programs to ensure you get the best business outcome possible?

About the authors

Ms. Christine Denny, CA, CPA, Change Executive consultant, Brio Change

A chartered accountant by trade, Ms. Denny has accompanied many organizations in the banking, trust, food retail, manufacturing, telecommunication and public health sectors during their transformations and as they implement ERP and other large-scale business systems. With more than 15 years of experience as a change management practitioner, she has demonstrated proficiency in leading teams, facilitating groups and in developing and implementing change management strategies and programs according to her client's context. She spent the first seven years of her career in financial accounting and administration.

Mr. Richard Leblanc, CRIA, Vice President Human Resources, Sobeys Quebec

Mr. Leblanc has worked over 25 years of in Human Resources and is Vice President Human Resources for Sobeys Quebec. Over the years, he held various management roles in Organizational Development, Talent Management and Employee relations.

Under Mr. Leblanc's guidance, Sobeys Québec has recently been awarded the ESSEC Award for Change (Trophée ESSEC du Changement) which recognizes organizations having fostered innovation and successfully delivered large-scale change management projects.

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[2] The mission of ESSEC Change Chair is to understand the phenomena and mechanisms of change in different social and economic environments. Other companies that were recognized at the 2012 edition were: EDF, ERDF, La Poste, le Groupe Caisse de dépôt, Sanofi and Société Générale.