

Chapter 4

The Power of Three: A Blended Approach of Project–, Change Management, and Design Thinking

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ABSTRACT

The idea behind this chapter paper is that transformation projects can support can be better supported in terms of organizational change, process changes and IT system landscape changes with the application of a blended methodology of project management, organizational change management and Design Thinking. In other words: the proposal is that organizational change management and Design Thinking shall be an integral part of project management.

INTRODUCTION

Undertaking change in an organizational environment such as companies is always difficult. A well-known fact is that 70% of all change initiatives fail (Washington & Hacker, 2005). The reasons for this are (exemplarily): lack of buy-in or ownership, lack of fit between change state and change methodologies, lack of communication and more. Especially in large transformation projects this is a critical issue as you need to handle the employees' resistance that is a central effect in such transition phases as effective as possible to avoid a failure of the entire project. According to Expectancy theory, resistance is often due to uncertainty between performance and outcome from changed behavior or the value of the outcome to the individual (Lines, 2004).

In terms of helping to overcome some of the various sorts of resistances and to enable a more effective and sustainable change, Design Thinking offers a number of useful methodological design principles, techniques and processes that, when applied to the “organization in transit”, improve the rate for a successful transformation dramatically. Design Thinking is often purely seen as an innovation process. However, since innovation means transformation this chapter tries to answer the question how Design Thinking can support large transformation projects beyond traditional project management and even beyond organizational change management? What can be an important and beneficiary asset that design Thinking may add to the non-debatable value of organizational change management?

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The Power of Three

As organizational development is a rather old concept from the 1950s aiming at modernizing organizations through participatory method, Design Thinking is a rather new concept for increasing innovation capabilities in organizations. Since organizations struggle with a change to become more innovative this chapter is about the analysis how organizational changes can be even better supported with aspects of Design Thinking. The chapter will further outline what the limitations of traditional project management are, what additional benefit Organizational Change Management can add to traditional project management and what surplus Design Thinking can deliver.

The assumption is that Design Thinking helps to shift all activities related to the transformation of an organization from problem solving to opportunity identifying related efforts. This helps to focus on activities further up the value stream for the company as you begin to identify the root cause and unexpressed need in the organization. By applying this observational aspect of Design Thinking you then spend more time at the beginning identifying true need and opportunities but gain more substance in addressing the correct systematic issues at their foundation rather than to provide solutions to the resulting symptoms of an issue.

In general, design is argued to be moving into new territories, changing its focus towards the ideas that organizes a system or environment (Buchanan, 2001). The transformation then requires leadership. (Howell, & Bowen, 1990), (Einstein, & Humphreys, 2005). At the same time there are clear resemblances to new organizational development not the least regarding participatory methods (Eneberg, 2012). This chapter aims to bring a new element into the management of transformation projects as Design Thinking is not only a methodology to support an innovation process but an approach that can be implemented into the corporate culture to continuously allow the transformation of a company and being adaptive to the dynamics of the business environment.

The idea behind this chapter paper is that transformation projects can support can be better supported in terms of organizational change, process changes and IT system landscape changes with the application of a blended methodology of project management, organizational change management and Design Thinking. In other words: the proposal is that organizational change management and Design Thinking shall be an integral part of project management.

MOTIVATION

Transformation projects aim to enhance organizational performance through integrating all departments and functions across a company. This is even more relevant once the transformation goes beyond one company but does affect the entire business landscape including the business partners. Indeed, the possible consequences of organizational changes are enormous and the transformation succeeds only when any resistance is understood and resolved successfully.

Resistance is a pervasive phenomenon that affects the organizational change, often associated with failure, delaying, or slowing down the acceptance of the technology. Strebel focused on three factors (Strebel, 1996), basic tasks and performance requirement, expectations of reciprocal and mutual trust and dependence, and a performance gap in the management's commitment and behavior. Understanding the various forms of resistance should therefore be given serious consideration. (Kegan & Lahey, 2001) The significance of understanding resistance becomes clear if we take a look at the estimation that half of these kinds of transformation projects fail to achieve expected benefits because companies "significantly underestimate the efforts involved in change management" (Kabat., 1994).

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