PROJECT MANAGEMENT
SPECIALIST GROUP

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THE BRITISH COMPUTER SOCIETY

MANAGING THE PEOPLE ASPECTS OF CHANGE WITHIN MAJOR PROJECTS AND PROGRAMMES

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INNERMOST

"There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain of success than to lead in the introduction of a new order of things, because the innovation has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well in the new."

Machiavelli, The Prince, 1532

The talk is designed for breadth rather than depth, but I'd be happy to pursue any of the points in more detail at the end of the presentation or after tonight if we run out of time.

OO + NT = EOO

"Old organisation plus new technology equals expensive old organisation" illustrates a commonly experienced problem when it comes to systems-driven projects. The question has often been asked, "why bother managing change?" It's seen as a luxury that can be dispensed with in the interests of delivering systems on time and within budget. Why bother investing time and effort in making people happy? This is a real misconception of change management. As I will stress at several points this evening, the primary objectives of change management are:

1. To minimise the performance dip that occurs with the introduction of a new way of doing things, and

2. To accelerate the realisation of the business benefits associated with the new system.

OASIG, a DTI-sponsored research group which looks into technology and organisational change, found that organisational and human dimensions of systems projects were often neglected to the detriment of the business case for the system.

Many employees embrace new ways of doing business

Others resist the implementation of the new system

More decision-making authority to front-line employees may be perceived as a threat by those in control in the current power structure .

Employee empowerment might be perceived by employees as an unjustified increase in workload.

Guiding principles of managing people through change

- Use all the levers of change
- Understand how people will respond to change
- Summon a strong mandate and build a powerful case for change
- Know your stakeholders
- Communicate
- Involve people
- Lead
- Build skills

In the time available, I think these headings broadly cover the areas you simply have to have covered when thinking about the people dimension of change projects.

The areas are:

1. Use all the levers of change. Technology is only one lever of organisational change. I will talk about the other five levers and how they are all pretty much interdependent.

2. Understand how people respond to change. I will talk about how individuals respond to change, based on research carried out into bereavement counselling, now there's one to look forward to. Just knowing how people might react is a significant step in managing that reaction more effectively.

3. Summon a strong mandate and build the case for change. I will talk about the importance of drive and focus, and of actually selling the need for change to those who will be affected by it.

4. Stakeholder management. I will talk about who they might be, and present a model for tracking and managing them throughout the lifecycle of the project.

5. Communicate. Speaks for itself but we will look at the appropriateness of some of the methods in more detail.

6. Involvement. The holy grail of change managers.

7. Leadership. Without this, I think you'll agree, projects are sunk.

8. Skills. A run through of the importance of skilling people up, not just technically, but behaviourally too.

I will cover them one at a time and for each will run through a couple of concepts or tools that I hope you can apply as part of your day jobs, and I'll share client experiences where appropriate.

The six levers of change

- Markets & customers
- Products & services
- Organisation
- Processes
- People & culture
- Technology

So, to the six organisational dimensions.

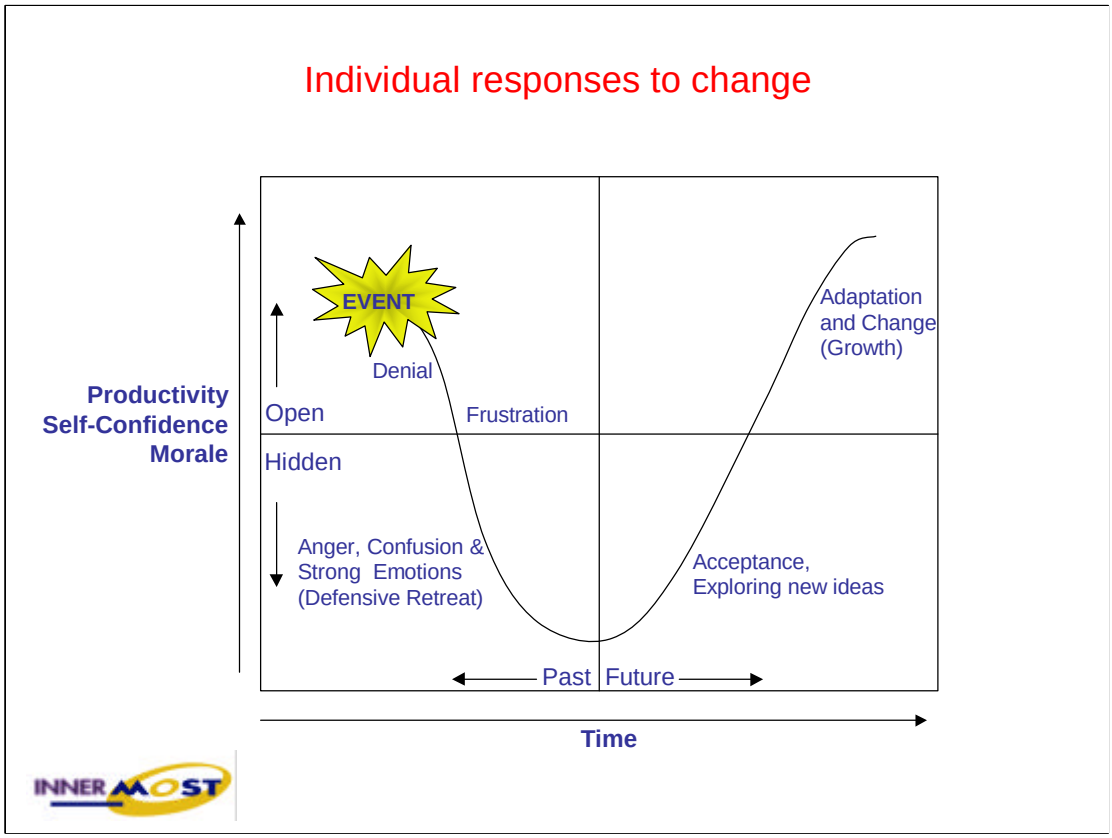
Broadly, there are six dimensions to any organisation

- Products and services
- Markets & Customers
- Organisation
- People and culture
- Processes
- Technology / systems

So far so simple but, what is often overlooked is that change in one dimension will usually lead to change in one or more of the other dimensions.

In an IT implementation, technology, as a lever of change, must interact with all others in order to achieve sustainable performance improvements over the long term.

A system implementation will come up against a company's culture. A technology project on the scale of a company-wide Oracle or SAP implementation is not just a technical event, it is a cultural event.



Let's look at how individuals respond to change. As I said, this curve originated as a result of research carried out by an association of bereavement counsellors. I've used it for years, and road tested it with clients, and I think it's bang on.

Le me talk you through it.

The Y axis shows degree of productivity, self-confidence and morale, and the X axis indicates time elapsed, from left to right, from a change event.

Let's look at the curve itself. We assume that, for the most part, individuals are bobbing along somewhere above average on the Y axis.

When a change event occurs, it is often viewed as a negative and individuals can "blank" what they are experiencing. The next stage is often one of realisation that the event is actually happening and can result in a feeling of hopelessness or lack of control on the part of the individual – leading to frustration with the situation. This behaviour is customarily openly displayed.

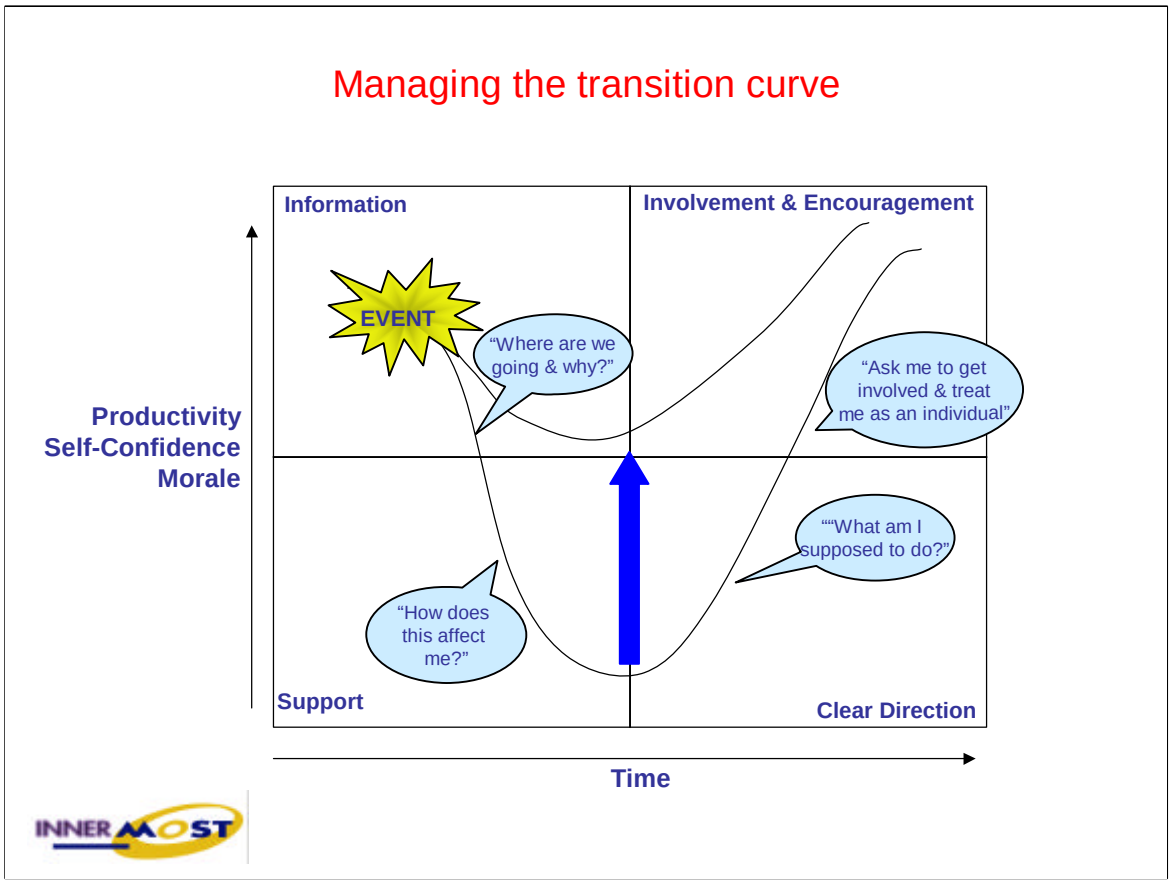
As the reality of the situation continues to sink in, individuals then resort to what is known as "defensive retreat", characterised by strong emotions of anger and confusion. These emotions are often internalised and therefore not clearly visible to outsiders.

Another characteristic of the above stages is a focus on the past – generally on how much better than the current state, the past state of things was.

This is where most people hit the real slough of despond – the pits.

However, there does come a point at which the individual starts to accept the new order of things and look to the future. The curve bottoms out and the individual becomes more sanguine about life. In time, the individual learns to adapt and grow to accommodate the new way of things, until they are back around the Y-axis point at which they started.

As I said, this is based on bereavement counselling and, therefore, might appear to be somewhat dramatic when we are talking about the implementation of a new accounts payable system, but the principles of reaction to change remain the same. So what?



Well, it is the responsibility of the project / line / change managers to make the transition curve as shallow as possible. Apart from all the "soft" reasons for doing this – making people feel better about change, happier workers etc, it will minimise the performance dip and lessen the time between implementation of the system and realisation of the projected business benefits - the primary reason for investing in active change management.

Consequently, during the first of the four stages, it is the change leader's responsibility to provide information, answering the question " where are we going, and why?"

When people are sinking to their low points, the change leader's role is to provide support and focus on how people will be affected by the proposed change.

Once the organisation has emerged from the negative response period and is starting to address the brave new world as a reality, the change leader must provide clear direction, both to minimise ambiguity as to the future direction of the organisation, and also to maintain the positive momentum associated with this stage.

Once the benefits of the new way of things have been sold, people require involvement and encouragement to make sure that they feel they have some control over their destinies.

I have seen systems implementations which ignored change management and projects that manage this dimension in an exemplary way and I can tell you that the productivity, self-confidence and morale curve is a lot shallower in the latter.

Summon a strong mandate

"You will always pay for change. You can either pay to address it or you can pay for the consequences of not addressing it. But you will pay."

Daryl Conner

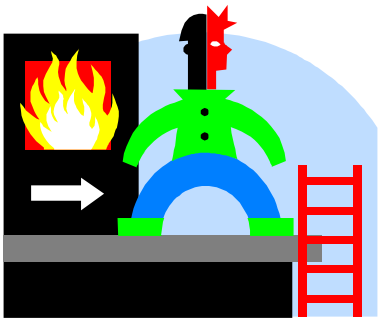
So that's how people respond to change. Let's stay with first basics and look at why change is instigated in an organisation, and how it can be sold.

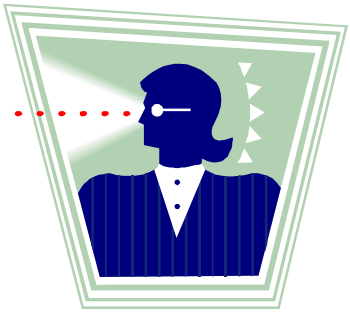
A powerful new system often challenges the accepted way of doing business. A strong mandate from top management is necessary if a systems implementation is to achieve business benefits. Without that mandate, the implementation can be limited to the resolution of technical issues rather than strategic business issues.

Injecting the voice of the customer can help different business units to cooperate more in bringing about change.

Leaders need to be realistic about the required investment in change. As Darryl Conner says, they will pay one way or the other.

Building a case for change





Threat versus **Opportunity**

So what should constitute the case for change?

A case for change is a reasoned and powerfully persuasive justification for the changes targeted by your system. To be effective, your case for change should be clear, well articulated, logical and compelling. Only then will it build a strong sense of urgency and drive people to action.

The CEO of my first client after joining PwC ran a business that was successful but declining. He knew that, although trading conditions were OK at the time, things would be very different in 3 or 4 years' time. For the year the project lasted, he carried half a dozen OHP slides around with him, showing the projected erosion of revenue, profit and market share if the company did nothing but continue with business as usual. He also carried around data on future projections for the market and where the company might be if it was proactive in changing to anticipate the changing market conditions. This included equipping the organisation with the IT infrastructure needed to meet the demands of this future market.

Any time the CEO was challenged as to why the company was gong through the pain of systems, process, organisational and cultural change, he would take out the slides and demonstrate, time after time, that if they did nothing they would die but, if they acted, they could beat the competition into the new markets as they emerged. The company is now a thriving financial sector player.

Why know thy stakeholder?

- to identify stakeholder impact
- to identify people to involve in definition
- to identify sources of commitment and resistance
- to map communication audiences

Making the case for change is one thing. Pitching it appropriately at different audiences is another. His is where stakeholder management comes in.

Different groups and individuals have stakes in the outcome of a major system implementation. Just as companies continually segment markets to satisfy customers better, the project team should segment and prioritise stakeholders.

Why?

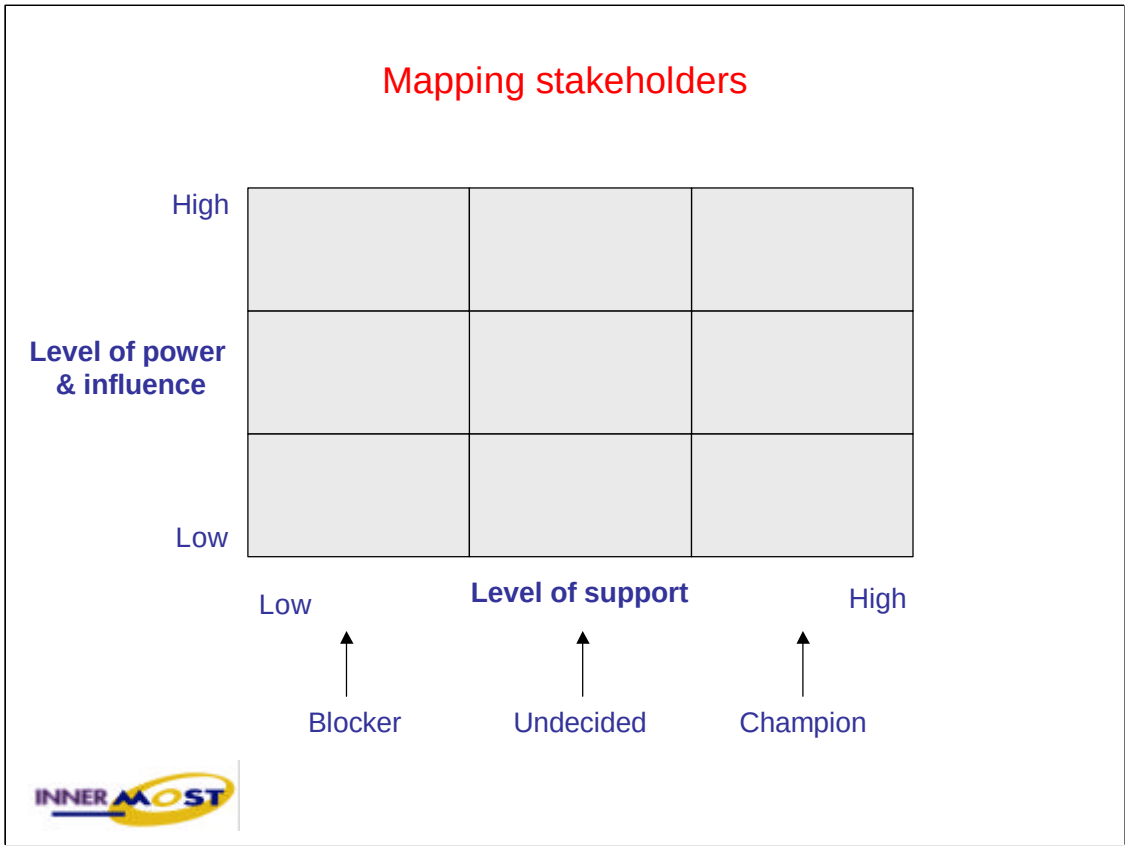
To identify the nature of the impact of the proposed changes on different groups.

To identify people to involve in the definition of the IT solution.

To identify who might be with or against you.

To work out who you should be communicating with, and how.

Let's take a look at a tool that can be used to identify stakeholders and their support or otherwise of what you are trying to do.



This model is known as the stakeholder map and is a staple part of the change manager's toolkit.

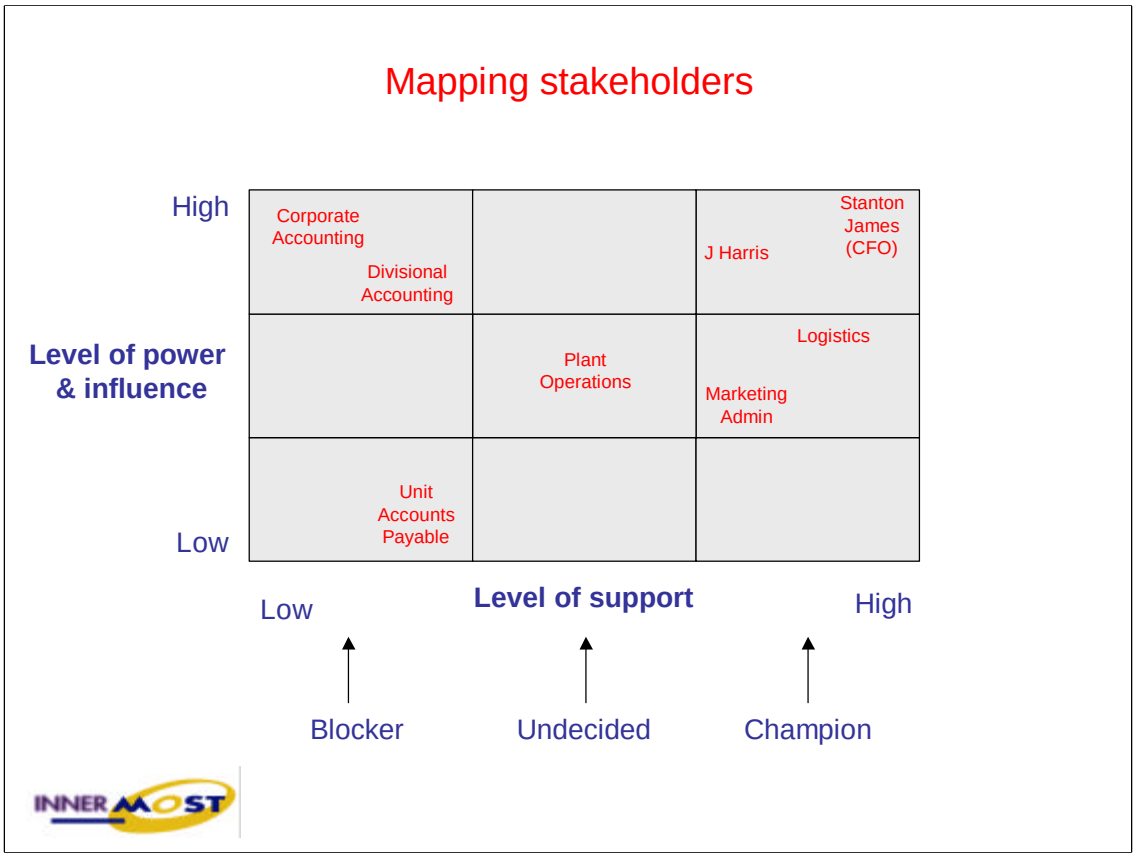
Conceptually it's pretty simple. On the Y axis you have the level of power and influence of individuals or groups and on the X axis you have their degree of support.

The purpose of the stakeholder grid is to map any stakeholders of the project, a stakeholder being any person or group that has an interest in the outcome of the project.

It's important to remember that seniority doesn't necessarily equate to power and influence. There are plenty of people on the shop floor who can have an inordinate effect on your project.

The stakeholder grid can simply be established by the project team at the start of the project, brainstorming all those who might be stakeholders and plotting them on the grid. It can also be used as a change communication in itself. By taking it out to the user communities and asking them to plot themselves and others, those communities of stakeholders start to take an active role in the process.

Let's take a look at a sample completed stakeholder map.



This example map shows a not-unusual distribution of players. I'll pick on a couple of examples to illustrate.

In the top right corner – high power and high support – we have the CFO of an organisation proposing to implement an automated payment system. He could see the benefits of the system in terms of cost savings and efficiency gains, and had, anyway, been the primary sponsor of the change from the start. He is someone to use to champion the case for change and benefits of the system to doubters or non-supporters, some of whom can be seen on the left hand side. These are the stakeholder groups whose day-to-day jobs stand to be most affected by the new system. Those in the top left need to be managed to the right – easier said than done – but doable if the logic and business case behind the system is robust. Effectively what we are saying is that there are some aspects of the change that are non-negotiable (the introduction of the system itself) but that the nature of its introduction is where the organisation will be engaged. A rigorous, oft-repeated case for change, as well as understanding how people respond to change and managing them accordingly can have surprising results in moving people from blockers to at least acceptance of the new way of things.

Of course, fifth columnists can also exist and this is where more direct action is sometimes needed. Powerful people who are persistent blockers can wreck an implementation, as I'm sure I don't need to tell you. I have worked with clients who, in this situation, have bitten the bullet and removed these blockers, either out of the organisation or to a position from which they can only fire blanks. This not only removes grit but sends a powerful message to the rest of the organisation that it means business. This is not to say that resistance should be punished per se – we will touch on the causes of resistance later – but that negative persistent undermining of projects deemed by the leaders of the organisation to be necessary, does nobody any good and should be addressed.

Like any management device, the stakeholder map is designed to be a living tool, so it needs to be readdressed regularly throughout the life of the project as attitudes change and stakeholders change positions. It's also useless as a standalone as it is simply painting a picture – it is not telling you how you are going to move people from left to right.

Stakeholder management plan

	Current grid Position	Target grid position	Action	By when	By who	Measure of success
Stakeholder X						
Stakeholder Y						
Stakeholder Z						

The stakeholder plan is the tool with which you define how you will move specific stakeholders, or use supporters to aid your cause. It's a simple device but it's effective.

For each stakeholder:

• you document their current position

• set a target position (which might not necessarily mean a swing all the way from left to right – you need to be realistic about what is possible and necessary)

• define what action will be taken to make this happen

• by when

• by whom

• and how you will know how successful you've been

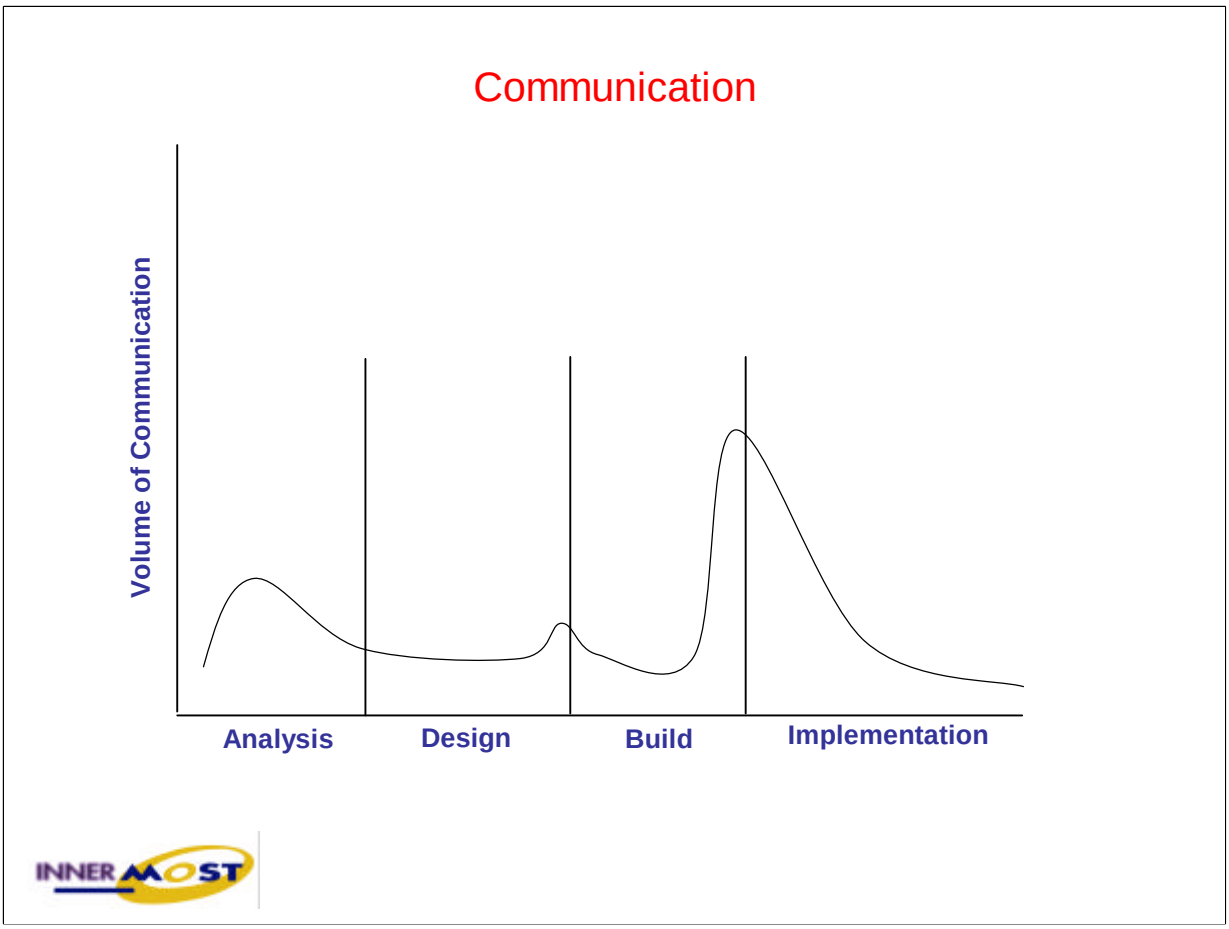
In other words, it's a straightforward planning tool.

Stakeholder mapping isn't stakeholder management

Stakeholder mapping	+	Executed Plan	=	Stakeholder Management

Assign responsibility for managing the stakeholder plan to a senior member of the core project team. This doesn't make hem responsible for the stakeholder management actions – a number of different individuals and groups are likely to have this responsibility – but it maintains the necessarily high profile of stakeholder management as a requisite for successful change management.

So, you've defined a compelling case for change, you've mapped your stakeholders and planned how to use or move them. Now you need to communicate, right?



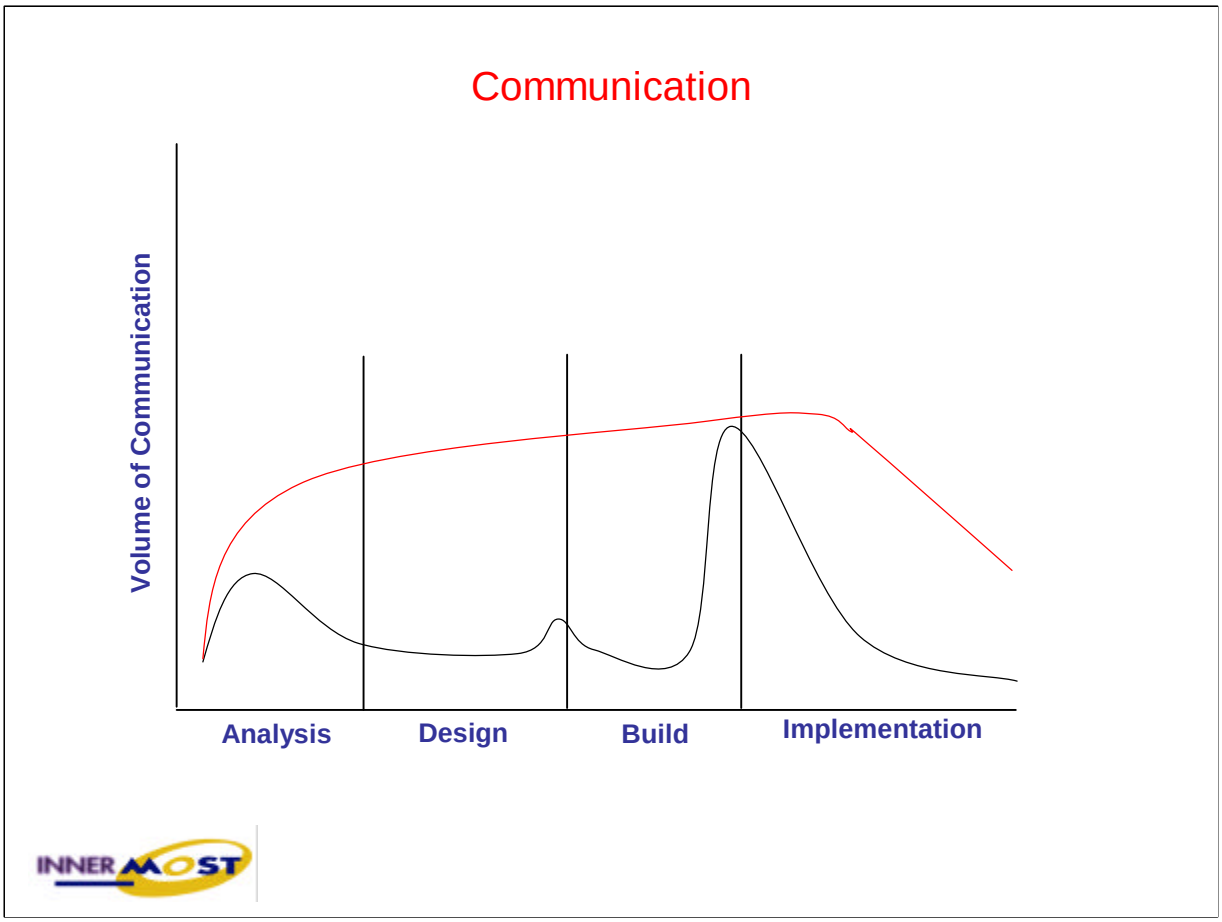
This strikes me as a broadly accurate picture of the volume of communication through the lifecycle of some of the systems implementation projects that I have been brought into. I'm sure it does not reflect how all projects are run, but the steps are broadly as follows:

There is a flurry of communication during the analysis phase as business and user requirements are assessed to determine functionality.

Project teams then squirrel themselves away to design the system. Once designed, there is another communication blip as the designers run the functionality past sections of the user community.

Once signed-off, the system is built and the team gear up to unleash the full potential of the system on the user community. This often takes the form of acceptance testing and technical training, with perhaps some newsletters or roadshows.

Once the system is switched on and the technical training is completed, the communication volume subsides rapidly as the project teams are disbanded or move onto the next technological challenge.



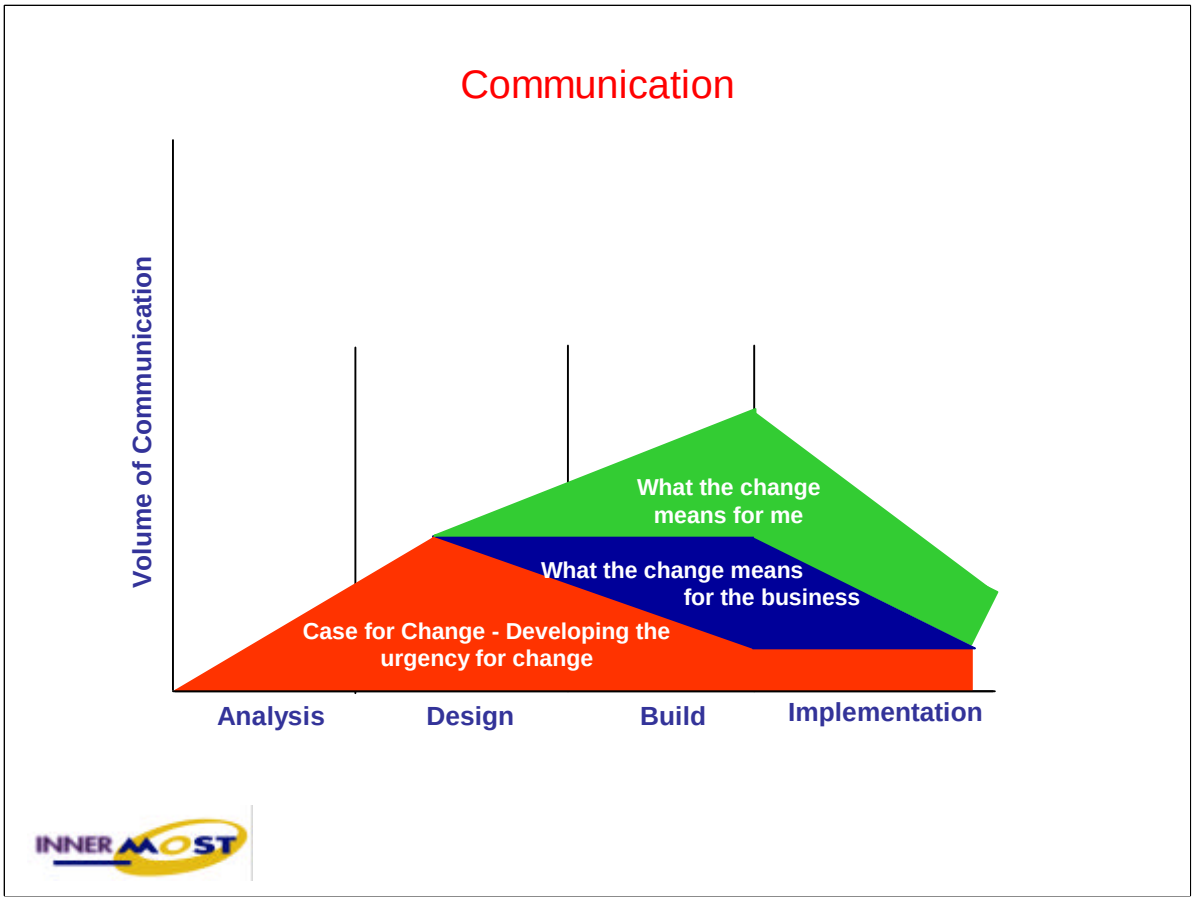
In my view, the communication curve should look more like this.

I know everyone is bought into the idea that users should be closely involved in the analysis and design phases of systems projects, but communication should cast a wider net than the user analysis and design teams, and take in the user community as a whole.

Stakeholders should be informed of each milestone achieved as the new system is designed, built and progressively goes on-line. Similarly, temporary reverses or delays should be communicated honestly – this will maximise chances of users trusting the process and the intended result. Communication should be pretty much constant if you intend to manage rather than impose change.

Communication, however, doesn't mean email carpet-bombing campaigns, something that has become increasingly popular over recent years. Spamming staff is a waste of time and makes it more likely that they will not pick up on important messages. Project teams need to receive as well as transmit, and this is most effectively done through joint membership project teams looking at a range of areas, from system design, through process analysis, to behaviour change.

Pretty much all projects I have worked on set up barometer groups – forums for staff from all levels and areas of the organisation to feed back their perceptions of the project's "product", for example, the system itself, or the related new processes, and also to report on the way the implementation or change is being managed. Properly managed, these groups provide invaluable insights into the organisation's capacity and willingness to change.



As well as communication around the technical dimensions of the change, leaders need to remember to maintain the momentum of the case for change.

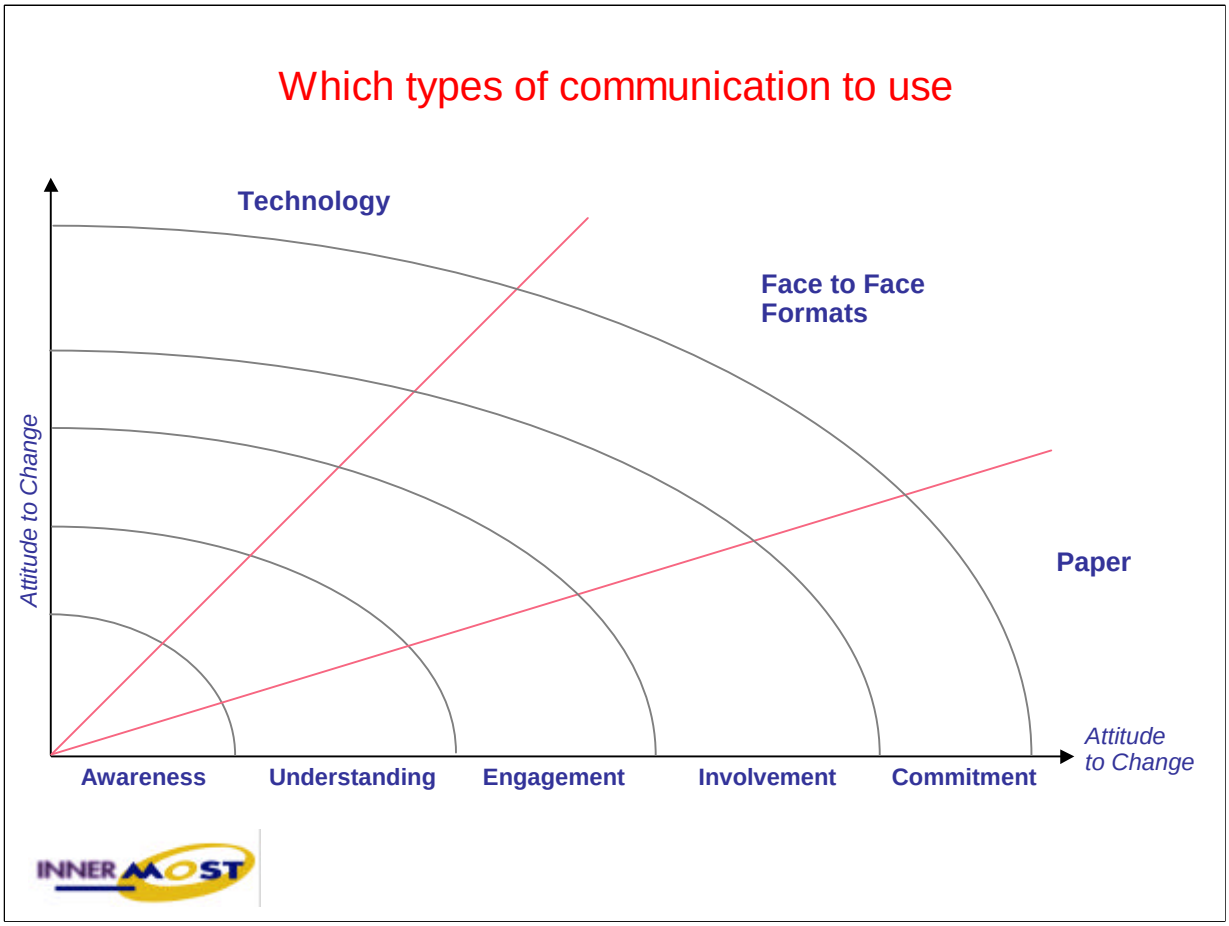
This could manifest itself broadly as above.

During analysis and design, the messages focus on the need for the system either to avoid a threat or exploit an opportunity.

Once the case for change has been established, the message is maintained and there is a subtle shift towards what this will mean to the "fabric" of the organisation - how systems, processes, organisation, culture etc. might change.

Concurrent with these messages is the "what's in it for me" communication. Segmenting your stakeholders and delivering messages that will inform, reassure and prepare them for the future state organisation.

This also illustrates the importance of planning ahead. The PRS project I referred to at the start of this talk resulted in downsizing the organisation by 136 heads, nearly 20% of the total establishment. Because the change planning started early in the cycle – including organisation redesign, a culture change programme, a carefully planned "people migration" process, and consistent, honest communication – not one person was made compulsorily redundant. 109 posts were reduced through natural wastage by thinking far enough ahead, and 27 individuals took voluntary redundancy over the two year project lifetime. I am still in touch with people who went through the change as stakeholders and they cite it as the best handled change programme they have experienced (and they have been through many more since then). I can't stress enough the importance of thinking ahead about the wider organisational implications of your project and actually planning for what will inevitably be required.



So what types of communication are the most appropriate?

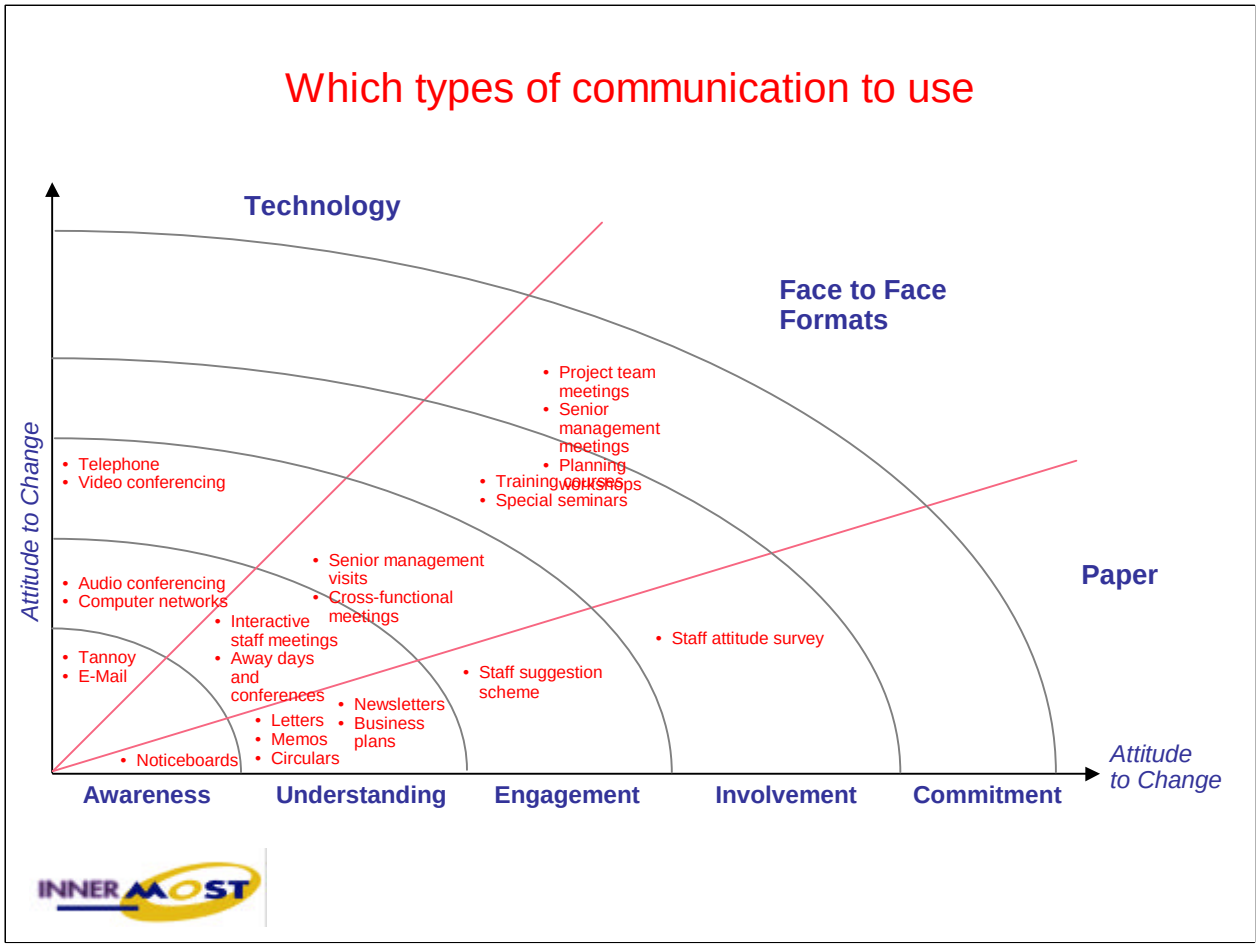
Unfortunately, technology has not always resulted in improved communication – unread notices on notice boards are often now replaced with unread email.

Both the above are legitimate media for communicating, but it is worth taking some time to consider what you want to achieve through communication and, therefore, what the best method might be.

This web diagram might help in this.

The axes show the attitude to change that you can expect from stakeholders, from awareness of change at one extreme, through understanding, engagement, involvement and, ultimately, commitment to the change you are proposing to introduce.

Different stakeholders will have different information needs – for example, the Accounts Payable team will need to be committed to an Oracle financial system, but the Marketeers might only need to be aware that it exists. Consequently, different media are relevant to their needs.



This is just a quick brainstorm but, as you can see, the format that engenders the most involvement and commitment are the face-to-face formats such as workshops and meetings whereas "passive" media such as email and notice boards can suffice for awareness raising.

Many organisations I work with have now been persuaded of the return on investment of spending time engaging people, although, frustratingly it often doesn't prevent them continuing the email carpet-bombing campaigns. Email has also become a convenient cop-out tool for those who wish to transmit a message without dialogue with the recipient – I've seen this in offices where the transmitter and receiver are in direct view of each other too.

A simple but effective means of preventing this has recently been introduced by the leader of Liverpool Council who has decreed that, every Wednesday, internal email to people inside the Town Hall is forbidden, to be replaced with face-to-face conversation.

Involvement is the holy grail of change managers

- **Resistance will inevitably be higher if levels of involvement (and information) are low….**

  ➡ **The less I know about change plans and progress, the more suspicious I become and the more I engage in resistance actions.**

  ➡ **Once I feel manipulated or uninvolved I will inevitably develop a negative view of the change and its effect on me.**

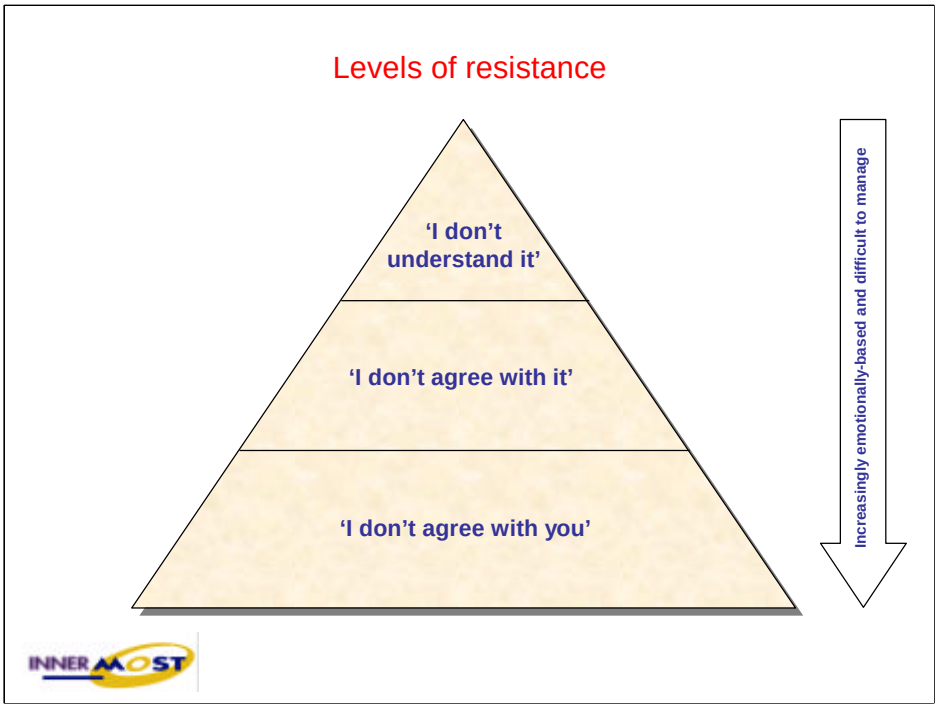
Involvement is the holy grail of change managers.

A negative example is of an HR system implemented with no user involvement in analysis or design – this was an off-the-shelf product – which has resulted in the HR community continuing to use the varied systems that they had before the new system but, and here's the real issue, senior management relying on the inaccurate data of the new system as a basis for their MIS. This is a classic case not only of insufficient user involvement in the system design itself, but also of neglecting to involve the community in the implementation, resulting in lack of buy-in and support.

On a positive note, a manufacturing company preparing to launch an integrated system initiative wanted to identify key organisational change activities that should be incorporated into the overall system work plan. The company held a workshop to determine how people perceived its efforts to manage change. This time around, management wanted to develop in advance a "risk scorecard" for the design and implementation paths that could be followed, and wanted to assess and manage the influence of systems implementations on 'non-system' matters such as organisational structure and job descriptions.

A workshop uncovered that the organisation needed to address the structural implications of a system implementation. For example, certain jobs had to be redesigned and additional resources allocated to help staff develop the multi-functional skills necessary to run the integrated system. Workshop participants also recommended forming distinct teams to focus on project planning, communication, risk management and training.

When resistance is encountered, it's important to remember that it shouldn't necessarily be crushed per se, as I mentioned earlier. So, let's look at different levels of resistance, why hey occur and what you can do about it.



The first what I call "level" of resistance is fairly straightforward and can be dealt with relatively easily.

Lack of understanding is generally down to lack of or misfiring communication. Fill in the gaps for people and you can restore understanding.

As you go down a layer, the reasons for resistance become more complex and more difficult to deal with. "I don't agree with it" refers to resistance to the way you are going about the change. For example, the phasing of the implementation, or some of the functionality of the system.

The deepest and most complex level of resistance is a fundamental disagreement with he case for change – "I don't agree with you". Sometimes this problem can be intractable. I worked on an ERP project for an airline catering company which had as a central premise, the need to move from production line to batch preparation of meals – the business case was cycle time reduction, but also involved multi-skilling workers and a reduction in supervision. One of the biggest obstacles we encountered was the belief among some experienced workers that production line was better than batch – they simply could not see the need to change what, for them, had always worked. It wasn't until we arranged for a "friendly customer" to come in to speak to them direct and tell them that the old system was too inflexible to meet their changing requirements fast enough and that, without change, they would take heir business elsewhere, that the resistors could move on. This took time, but was a worthwhile investment as, eventually, the new way of things was accepted and performance did pick up.

Managed badly, a project can suffer a high degree of all three levels of resistance, one spring-boarding from the other, leading to months of delay and the commensurate costs. A global systems company that you will all be familiar with proposed moving from 17 country-specific management systems to two across Europe, with corresponding organisational and process changes. A core project team dominated by staff from three of the countries designed and built the system, with little reference to other opcos. Imagine their surprise when, as they moved towards implementation and started to engage affected parts of the company, the wall of blank, unknowing faces, that greeted them.

It took two months of consultation to bring the 17 countries up to speed with the content of the proposals. Only as their understanding was established did queries as to the system spec and functionality emerge which led, in turn, to widespread challenge of the business case for moving from country-specific to integrated systems.

The implementation ran ten months behind schedule and the company's global management team is still struggling to prevent "work-arounds" at country level. Not one country has implemented all of the associated process and organisational changes – the primary sources of business benefit.

Had they identified and involved stakeholders at an appropriately early point, they would not now be several million dollars behind their projected savings targets.

It's worth flashing up a checklist for dealing with resistance as this is such a crucial topic.

Tips for managing resistance

- Anticipate and plan for resistance (your stakeholder map will give clues as to where you might meet resistance and why)
- Seek to understand the reasons for resistance
- There are often very good reasons for resistance
- Don't get angry
- Don't keep trying the same thing to remove resistance - saying it louder isn't going to help.
- Never ignore it
- Beware 'silent assassins' - their effect can be lethal
- Resistance does not mean stupidity
- Tell people unless there's a valid reason not to

Firstly, without being over-paranoid, you should expect resistance and factor it into your stakeholder plan.

Find out why people are resisting change – their reasons might seem ludicrous to you but, if that's what they feel, that's what you've got to deal with

Don't dismiss the resistance per se – they could be right!

Never get angry – most people don't come to work to do a bad job or to be obstructive.

Although, reiterating the case for change is important, you need to pick up on why it isn't being listened to and tweak it accordingly.

You ignore resistance at your peril – unaddressed, it will blow up at some point.

Road blockers and other obvious resistors are easy to spot – keep an eye out for silent assassins or well poisoners – often found in management positions.

Don't assume resistors are stupid or ignorant.

Be open and honest – again, most employees are grown-up enough to deal with information appropriately given.

This brings me onto leadership.

Leadership

"Leadership is a performance. You have to be conscious of your behaviour, because everybody else is."

Carly Fiorina, CEO HP

An OASIG survey of 444 organisations going through change found that:

93% stated that high calibre leadership was a prerequisite of successful change

37% stated that lack of it had significantly impacted the programme's success

And only 24% stated that strong leadership had been in place before the programme started, indicating to me that the programme itself revealed the need for a different, stronger style of leadership.

It's the change leader's role to understand the transition curve and what their responsibilities are at each stage.

I have been in more projects where the change leader, particularly of the organisational dimensions, has been replaced at some point in the lifecycle because the requirements of the role were underestimated, than I have worked on projects where the same incumbent has remained throughout.

Often, this is due to the assumption that the non-technical, "soft" aspects of the programme should be made the remit of the HR Director. Despite popular opinion, change management is often not an HR Director's strength, and this, combined with the fact that the technology side of the programme feel justified in referring the difficult people issues to the HR team means that the business and user communities don't effectively address the organisational issues and, in time, they become problems. In my experience, putting a senior operational manager or Director in charge of organisational and people dimensions of programmes results in these areas gaining the required traction.

Build skills

- Technical
- Process
- Behavioural
- Managerial

- Management as well as staff

What about skills?

More positively, OASIG interviewees reported that issues associated with training and skills are often considered, with particular focus on how to use and operate the new systems. Critics however argued that practice remains technically driven; thus users are trained in how to operate the technology rather than in how to do the job better.

A handy tip for combining technical and behavioural training, and packaging it up so that it is sensitive to the culture of the organisation, is to put it in the hands of users. Forming an Implementation Task Force or similar, made up of credible people representing all user groups, to write user procedure manuals and training courses, and then to deliver them is, in my experience, worth the investment in taking these people out of the line temporarily. The technical and non-technical language is one the organisation understands and, with the right people, it has inbuilt credibility. Once back in the line, you also have ready-made super users and change agents – people who understand not only what has changed, but also why something has changed.

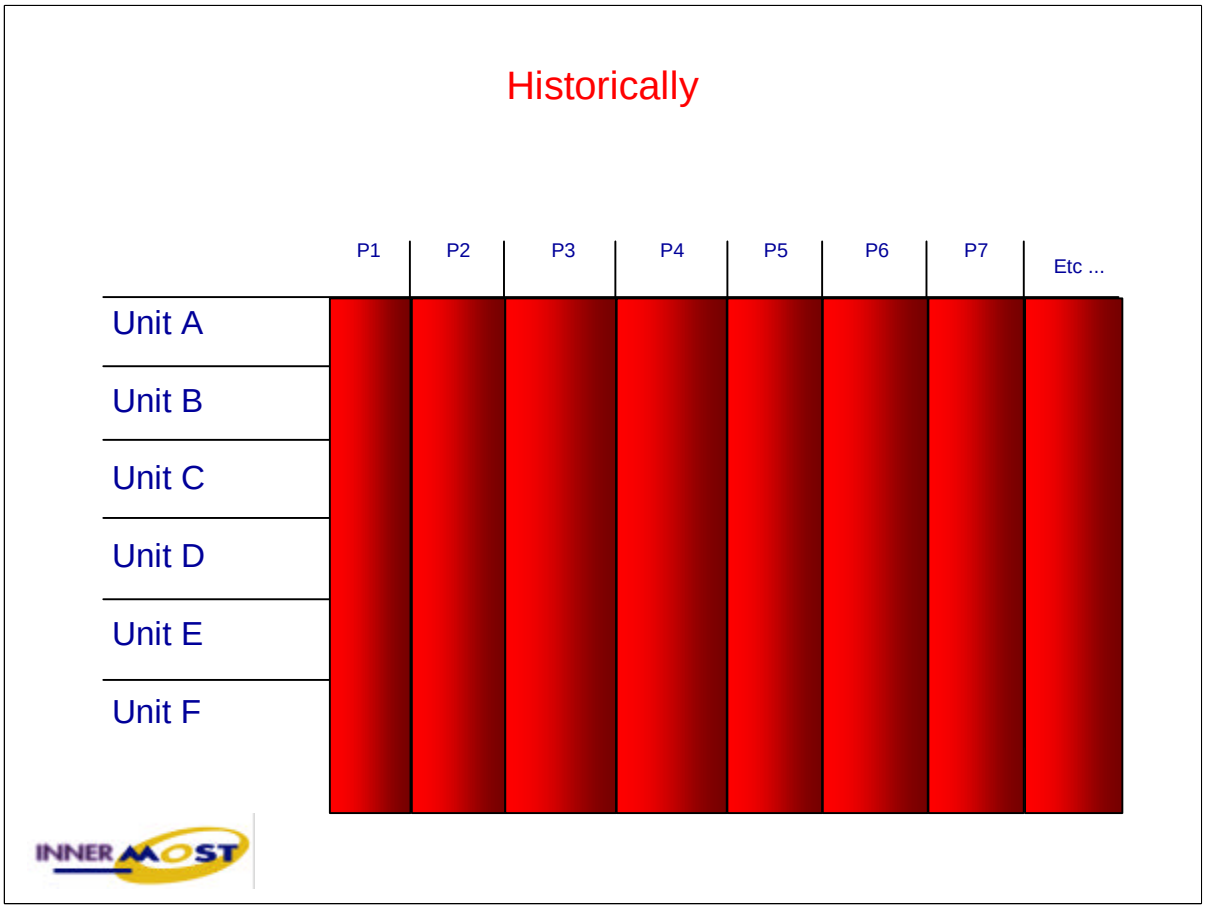
Change management across complex programmes

	P1	P2	P3	P4	P5	P6	P7	Etc ...
Unit A								
Unit B								
Unit C								
Unit D								
Unit E								
Unit F								

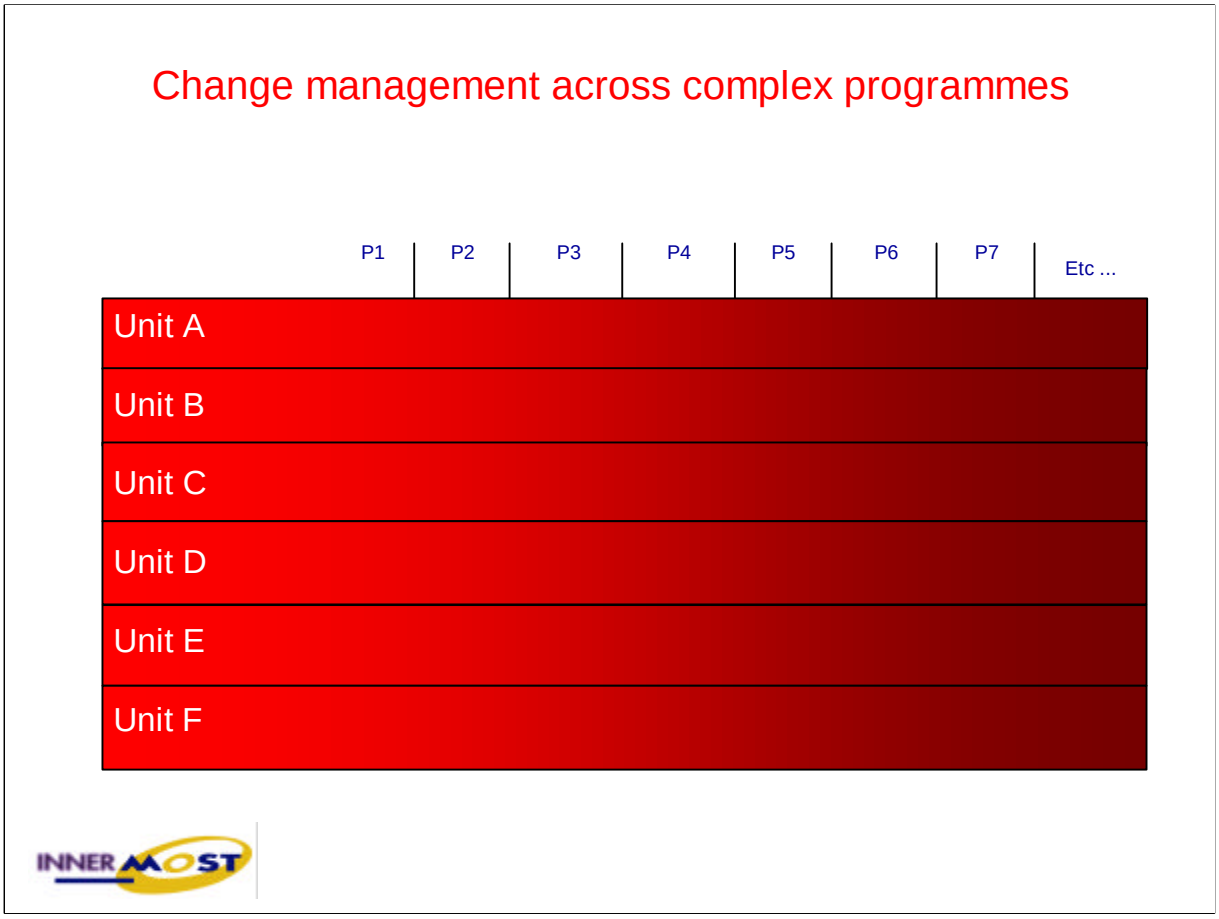
Finally, I'd like to show you the approach we're taking with one of our current clients, a mobile communication company which, at any one time, is running dozens of technical projects. We were engaged to help manage the change, or impact on people, of these projects.

Consequently, we decided to cut the programme management approach differently.

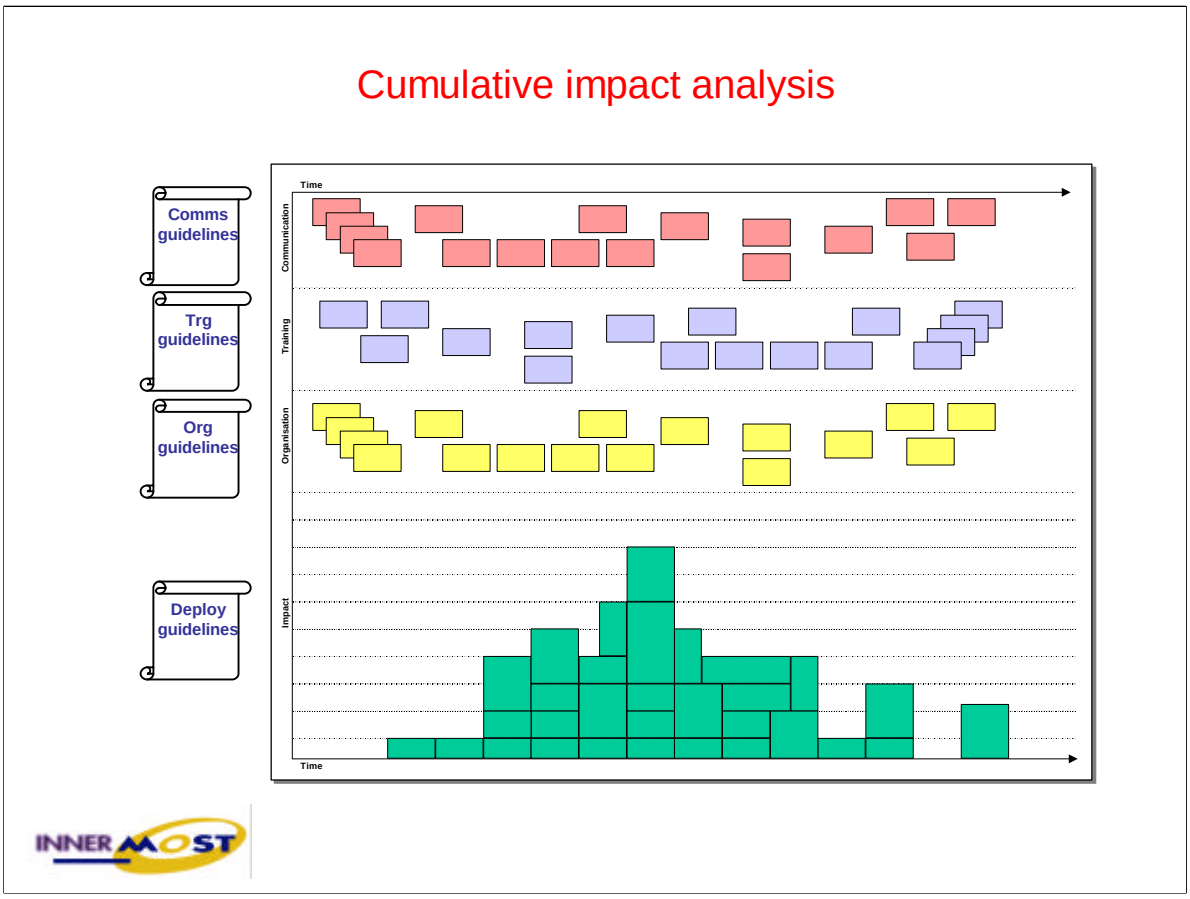
The table shows sample project names along the top and affected functional units down the left hand side.



Whereas the component projects in a programme typically approach their tasks in a somewhat parochial fashion, taking a silo view…



We took an “impacted area” perspective and approached change management from the stakeholders’ positions. This sounds simple but was actually quite a radical change of mindset for many of the project management and systems community. For a start it’s a lot less predictable when you have to consider issues that might be outside of your direct sphere of influence, and really puts the onus on working together as a team across the organisation.



This approach led to a cumulative view of impact being built for each affected user area – something none of the project managers and, more worryingly, the user communities themselves, had appreciated. Once the initial shock is overcome, however, the cumulative impact analysis allows technical, process, organisation change and line management to work together to manage the impact of the total change to minimise the performance dip which is inevitably experienced when any change is introduced, and speed the realisation of the business benefits associated with the system.

Summary

- Use all the levers of change
- Understand how people will respond to change
- Summon a strong mandate and build a powerful case for change
- Know your stakeholders
- Communicate
- Involve people
- Lead
- Build skills