

УДК 336.132

Kristen Wright

Ph. D., manager and Change Management practice lead, Evans Incorporated, Washington D.C., USA

**PORTFOLIO CHANGE MANAGEMENT
IN THE PUBLIC SECTOR**

JEL classification: H12, H61, H63, H68.

Крістен Райт

Доктор філософії, провідний фахівець і керівник напрямку з управління змінами, Evans Incorporated, Вашингтон, США

**УПРАВЛІННЯ ПОРТФЕЛЕМ ЗМІН
У ДЕРЖАВНОМУ СЕКТОРІ**

Рис. 2.

Крістен Райт

Доктор філософії, ведучий спеціаліст і керівник напрямку по управленню изменениями, Evans Incorporated, Вашингтон, США

**УПРАВЛЕНИЕ ПОРТФЕЛЕМ ИЗМЕНЕНИЙ
В ГОСУДАРСТВЕННОМ СЕКТОРЕ**

Preparing for State Financial Reforms

As the Government of Ukraine continues its important and ambitious financial management reforms, the SESE “Academy of Financial Management” is working to implement change management best practices in order to ensure that these complex reforms are successful. In support of these reforms, the Academy of Financial Management is continuing their collaboration with Evans Incorporated, who delivered a webinar titled “Portfolio Change Management in the Public Sector” in November of 2017. The content of that training session addressed how multiple changes across government offices and groups can be successfully coordinated and managed.

Managing a Portfolio of Change

Change is meant to yield benefits, that is why organizations are willing to expend time, energy, and money in order to enact them. However, any time that an organization is undergoing multiple changes simultaneously, they run an increased risk of those changes failing. This is due, in large part, to the demand for change exceeding people’s capacity for change. As discussed in previous articles for this journal, change is challenging; it requires employees to dedicate time and energy to learning new processes and methods of working, and often times employees will resist these changes.

© Kristen Wright, 2018

This resistance and other associated risks increase when more changes are attempted simultaneously. These risks include:

- 1) the probability of any change succeeding diminishes the more changes impact the same group of stakeholders;
- 2) organizational productivity can suffer when staff is pulled away to support multiple changes;
- 3) staff can become frustrated and resistant to change, leading to attrition;
- 4) confidence in the leadership can fall;
- 5) staff can become increasingly resistant to any future change.

The moment when the numbers of changes being implemented (the demand) exceeds the ability or desire of the employees to embrace change (the capacity) is known as “future shock.” Mitigating the risks of multiple changes at once and deferring or preventing “future shock” is the purpose of portfolio change management, which is defined as a holistic view of change that considers how multiple changes interact and collectively impact overall organizational health. It can therefore be used to expand an organization’s capacity for change and organize efforts so that many changes can be implemented successfully without exceeding capacity.

In order to be successful, a portfolio change management approach needs to consider how a change impacts an organization at the individual, group, and organization level. Standard change management is typically focused on the individual reaction to change and how the individuals in an impacted group will react to a change. Portfolio CM goes up a level from there, looking at how the many changes across the organization impact an organization’s strategic vision. This allows change to be prioritized, with changes that have the largest positive impact on the overall strategic vision being given a higher priority, while changes that have a lesser (although ideally still positive) impact on the overall vision being deferred or possibly even cancelled. This prioritization must also be informed by the complexity of each change and how it will impact the various stakeholders who are being asked to implement it.

Portfolio Stakeholder Management

When many changes are impacting many stakeholders, the challenges of effective stakeholder management are likewise increased. However, as discussed in previous articles, effective stakeholder management is a critical part of any change management effort.

The potential complexity of stakeholder management when multiple changes are being considered can best be displayed by the graphics below. The first image displays the stakeholders from a single change. In contrast, the second image shows the stakeholders involved in three changes across a single organization.

Note how some stakeholders are impacted by multiple changes simultaneously. They may also have different roles in different changes, and they have different levels of support for different changes. The stakeholder who is a strong advocate

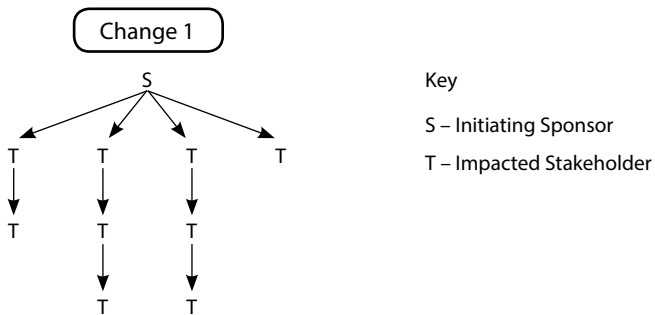


Figure 1. Stakeholders for One Change

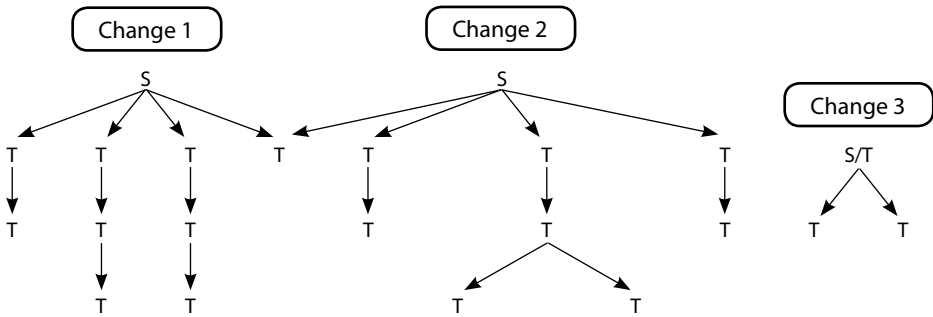


Figure 2. Stakeholders for Multiple Changes

for one change may be strongly opposed to another change. Additionally, if one person is impacted by multiple changes, they are more likely to experience change fatigue and to start to resist all changes. All of these concerns must be addressed in the portfolio stakeholder engagement approach.

Preparing for Portfolio Change Management

Due to the complexity of Portfolio of Change Management and its potential impact across many branches of an organization, Portfolio CM needs to work in conjunction with a strong and established Program Management approach. If the organization lacks clear processes and direction behind the various projects, then coordinating the impact of changes across these projects becomes extremely challenging. Likewise, the organization will need to have clear processes and best practices around individual changes (i.e., a fairly mature change management capability) before they can implement an effective portfolio change management approach. There are many tools that an organization can use to judge the maturity of their program management and change management processes.

Additionally, since Portfolio Change Management is driven by an organization's strategic vision, the portfolio change management group or office will need to interact with the program management office, helping them to prioritize the changes that they are involved in. Both of these groups (the program management office, PMO, and the change management office, CMO) need to have clear

structure, processes, and roles and responsibilities to ensure that they can operate effectively in tandem.

Complex Public-Sector Reforms and Public Value

Although formal Portfolio Change Management is a fairly new field, the success of other large scale, complex change initiatives demonstrate the potential public value of this approach. When more mature and carefully thought out change management approaches are applied across multiple, complex changes, those changes have a higher success rate. During the recent webinar, participants heard about a number of complex public sector reforms in countries such as Kazakhstan and Cambodia, which reflect the need for a comprehensive portfolio approach. Additionally, participants heard about recent successful efforts within a large U.S. government agency to open a Portfolio Change Management Office, which has been tasked with coordinating numerous large and small changes.

Ideally all changes initiated in the public sector are driven by the desire to increase the public value of the organization. For example, changes are often driven by the desire to more effectively use public funds and to provide improved public services. However, when changes struggle to be implemented or even fail, they can detract from the public value of an organization as employees are distracted and services are delayed. Therefore, just as individual change management provides public value by helping individuals and groups of employees to more quickly and effectively embrace and implement changes, Portfolio Change Management offers these benefits on a larger scale across the many changes that an organization is undergoing.