

**ACCELERATING TRANSFORMATION
AND INFLUENCING CHANGE**

May 2011

**Leaders envision a world where they can solve complex problems
simply, quickly, and inexpensively**

Welcome to that world!



Every leader is looking for an edge. They want their organizations to be more innovative, more effective, more responsive, and more attuned to the needs and wants of customers. Regardless of industry, product, or scale, they want to be best in class.

To achieve a desired level of performance requires constant sensitivity to myriad internal and external environmental factors, and the ability to anticipate or respond to new opportunities with an efficient mix of information, methods, and technologies. That is the essence of “change”.

Operationally, change involves many concurrent transformation initiatives across distributed and conceptually wide-ranging teams. To increase the likelihood of success, leaders face a number of competing requirements including the need to gain acceptance of the need for change; maximize individual and collective (team) capabilities; align departmental actions to organizational strategies; allocate a finite resource pool in support of prioritized requirements; and accurately, measure, monitor, and adjust transformation events. When these leadership elements bond together, they provide decision makers with the awareness and understanding necessary to large scale institutional change.

But, in every organization there are challenges associated with identifying meaningful success thresholds, developing success criteria, and introducing new management concepts to well-established communities of interest. Therefore, a core capability for every leader is the ability to successfully guide change.

Compounding the leadership challenge is the discouraging historical data associated with organizational change. Despite scores of models and methods, and thousands of articles, books, and conferences on the topic, companies today are **no more effective** at delivering on large-scale change initiatives than they were 30 years ago. Through surveys and research studies we repeatedly hear upwards of 70 percent of organizational leaders say their change management initiatives did not deliver the expected results.¹

In one meta-analysis involving more than 43,000 data points, researchers attempted to measure the success rates of different types of organizational change initiatives.² The results should give executives reason for pause:

<u>Approach</u>	<u>Success Rate</u>
New Strategy	58%
Downsizing	46%
TQM	37%
M&A	33%
Process Design (e.g., Six Sigma)	30%
Culture Change	19%

The disappointing news is that these results are virtually unchanged over time. Yet, year after year executives take the same approaches as their predecessors with hopes of different results. Regardless of an organization’s selected change model or method, *Proofpoint’s technologies provide a clear path to success.*

¹ Hammer, M. and Champy, J. A. (1993). *Reengineering the Corporation: A Manifesto for Business Revolution*. Harper Business Books, New York. The authors suggest that upwards of 70 percent of business process reengineering initiatives fail to achieve the results they intended.

Levasseur, R. E. (2010). People Skills: Ensuring Project Success. *Interfaces* 40(2), p. 159–162. This study reinforces the data provided by Rubenstein.

McKinsey and Company. (2008). While the data are less dramatic, McKinsey echoes the failure theme citing a study of over 3,000 executives that found that one in three change-management initiatives fail.

Rubenstein, D. (2007). Standish Group report: There’s less development chaos today. *Software Development Times* (March 1). This study indicates a nearly a two-thirds failure rate across information technology projects.

² Smith, M. E. (2002). Success rates for different types of organizational change. *Performance Improvement* 41(1), p. 26–33.

Causal Factors of Poor Change Results

Poor change results are typically the result of three factors:

- 1) Misdiagnosis of the issue
- 2) Bias in the solution selection process (or a desire to “jump” into action without analysis)
- 3) Poor follow through and reinforcement of the solutions

Misdiagnosis

It’s not unusual to expect aggressive leaders to dive into to new challenges with extraordinary gusto. When faced with the need for change, they are anxious to get the organization moving and they want to see results – NOW!

But action without analysis and an integrated plan is dangerous. And those omissions are often where change plans first get off track. Certainly, leaders are hired to make things happen but, throughout history, acting before thinking has led to more problems than solutions.

A common justification is that analysis is slow or that looking at the whole system delays action. But when supported by the right methods and an enabling technology, they are neither. Furthermore, a good analysis sets the stage for faster and more cost effective implementation, and sustained results.

“Point” Solutions

It is also not unusual for organizations to tackle complex issues using independent and nonintegrated “point” solutions. This can also stem from a lack of analysis, but it’s just as probable to see it caused by bias in the solution process or over simplification of the core business issue.

Despite the above challenges, study after study show that solving complex issues typically requires the implementation of a solution “set”. Rarely will single, one-off, activities do much to noticeably move the performance needle.

Loss of Momentum

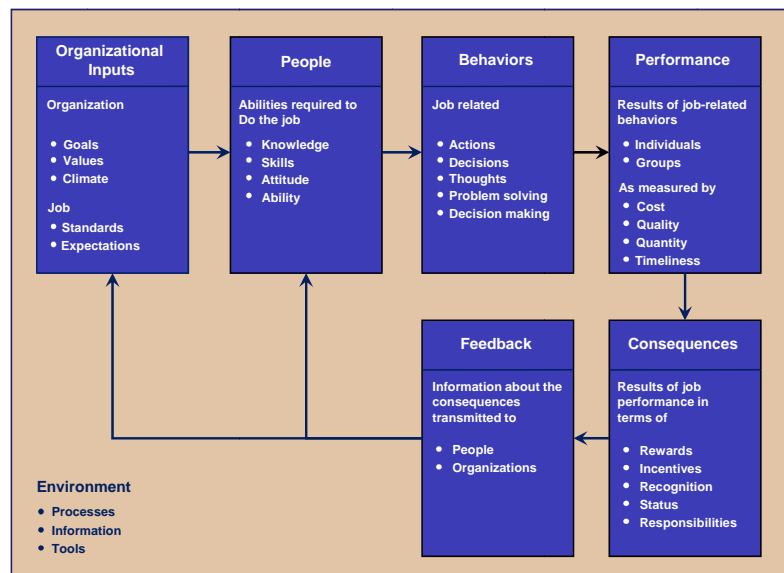
And then there’s the case of the well thought out project that starts with energy, but over time fades away due to a lack of interest or oversight.

The response to the high rate of project failure is a flood of change management methodologies, typically in the form of multi-step success processes. There are 7 step methods, 10 steps, 12 steps, and more. Nearly all of these include components related to goal setting, leadership, people, inclusiveness, communication, metrics, and monitoring – yet the poor results of ill fated organizational change journeys continue to wash ashore.

Taking a “Whole System” Approach

The whole organization system must be involved when implementing change. But, “whole system” does *not* mean slow.

Proofpoint’s analysis and decision tools help you get the right answers to the right priorities in the time you need to get the job done right the first time.



Hill (2005) Adapted from Rummier

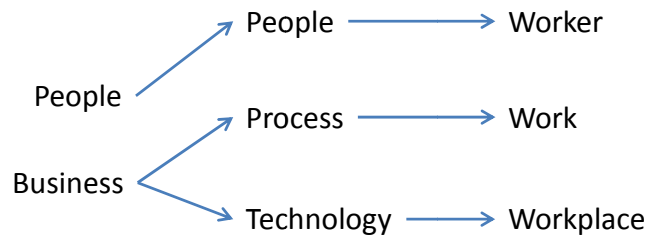
Proofpoint’s approach is based on an organization model derived from General Systems Theory and a research based set of inputs, processes, consequences, and feedback.

Success within the organizational system stems from the interaction of the components in the form of communications and transactions. And, there are generally three ways to evaluate system performance:

- A whole system approach Examining the system as a complete functioning unit.
- A subsystem approach Looking downward into the subsystems of the system.
- A functional approach Looking upward and examining the role of a subsystem within the larger system.

Each approach recognizes the existence of subsystems operating within a larger system. Change must be considered in this context since a stimuli applied to one element of the system will have an impact somewhere else. Those consequences can either be intended (planned) or unintended (typically, unfortunate surprises).

There are many change models, all sharing core similarities and all focused on better understanding the relationship between results, people, and organizational systems.



Simple Comparison of Organizational Systems

All leaders know that large scale organizational change can be complex, confusing, and consuming. Proofpoint helps impose order on the chaos by adding simplicity and standards to the process.

Regardless of the change model, Proofpoint helps leaders gain a better understanding of the need for change, establish and align goals, develop and manage a coordinated plan, communicate and reinforce the plan, and measure the results. Within Proofpoint the change cycle becomes visible, manageable, and doable. Proofpoint helps drive continuous success and, in effect, becomes a “change multiplier” – better results, faster, with fewer resources.

Via Proofpoint’s cloud systems, leaders gain the ability to standardize and reinforce the skills needed for change to occur, to show the interrelationships of cross-organizational change projects, and standardize data collection, monitoring, and reporting. Proofpoint integrates the organizational effort.

Selecting the Right Change Components

The hard part about change is that there is seemingly no end to the compendium of solutions that can be applied to performance issues. The key is matching the right solutions to the properly prioritized issues. Despite the many possible options, they boil down to just two main elements:

the right information + the right methods

Virtually all performance improvement solutions are variations or sub-elements of these components. Examples are provided in the table below.

Improvement Component	Examples
The right information	Clear expectations Goals and objectives Involvement of multiple stakeholders Risk assessment and mitigation Metrics determination
The right methods	Cross-organizational communication Incentives and consequences Involvement of multiple stakeholders Leadership Measurement and monitoring Rewards and recognition Solid processes Scope determination Training

What often happens is that change managers consider one element, and dismiss the other. They get fixated on the thing – the change product – and often don’t spend sufficient time on the right delivery methods and strategies. And this leads to trouble.

Organizational Change Requires A Supporting Technology

There is a third success element needed in the advancement of transformation goals – technology.

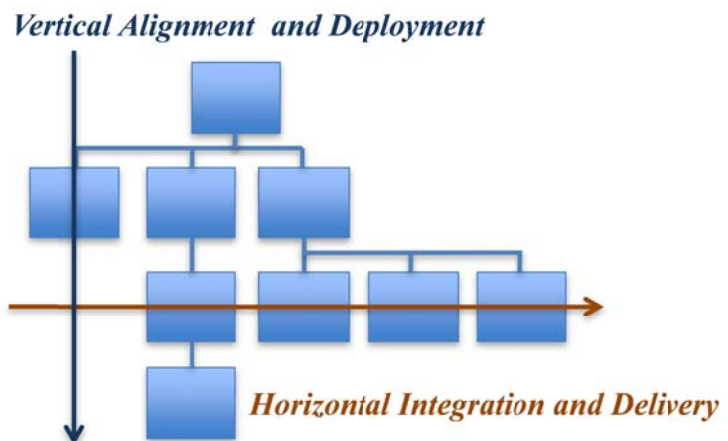
Technology provides one significant advantage – economics.

Change can occur with the application of the right information and the right methods. But it is *accelerated* when an enabling technology is applied. That acceleration provides the ability to communicate faster and more broadly, reinforce the methodologies, and measure more precisely.

Beyond facilitating information exchange and reinforcing common methods, this mechanism will provide ways to demonstrate goal and objective alignment, track program progress and success, and aid team members in supporting the change. *Proofpoint supports follow-through and solution reinforcement.*

With Proofpoint, leaders gain the ability to exercise greater influence in support of their transformation objectives. Using a dashboard-like structure and an underlying ability to feed data from a variety of sources, Proofpoint provides rapid, real-time analysis, management, and decision making without adding further strain on an already overextended and limited staff.

Rather than business intelligence, *Proofpoint provides leads to performance intelligence* – forward looking information and methodological solutions that significantly advance your organization’s core capabilities and enable successful change.



Proofpoint's Change Support Modules

The modules that make up Proofpoint's performance system support effective project and change management. Each provides common sense, easy to follow, and easy to measure methods of tracking the work most important to you and your stakeholders – including analysis/assessment, goal setting, planning, communication, and measurement. Your teams get timely, relevant, permissions-based information at every organizational level via highly intuitive, user friendly dashboards. Proofpoint's systems foster team communication, collaboration, and information sharing. And, all modules are fully integratable.

Our systems are cloud-based so they are accessible anywhere, and they:

- Provide a common set of research-based tools that can be adopted within any culture
- Help you align performance goals and expectations across the organization
- Reinforce the methods and frameworks that drive programs and policies
- Aid in the transfer of critical knowledge
- Help develop meaningful metrics that support, measurable outcomes
- Provide a reliable audit trail
- Enable you to make high impact in-process adjustments

And, when you need it, every Proofpoint management system is supported by a staff of experts in the fields of human and organizational performance. Our team provides assistance with implementation, the development of disciplined plans, and expert project execution support.

Results Orientation System

The Proofpoint Results Orientation System helps you see your organization from an outcomes perspective. It helps leaders answer the question, "Are we more focused on activities or results?"

ROS helps you paint a results picture of your organization by identifying early adopters and potential friction points. ROS provides a point-and-click way to determine where a focus on results is strongest and make cross-organizational comparisons.

Based on employee inputs, the system auto-generates recommendations for change and improvement, and helps ensure new projects get the right support at the right places in the organization.

Comprehensive Analysis

Leaders in every environment are pressing their organizations to become more agile, more responsive, and more efficient. To deliver on performance improvement goals, executive leaders and their teams need timely, accurate, and unbiased information upon which to base their decisions. Good information, delivered at incredible speed, gives leaders the ability to make better and faster decisions relative to the competition.

Proofpoint offers a range of evidence-based analysis systems – from quick field-level analyses that take just a few minutes to those that are more comprehensive and draw solution recommendations from a massive database derived from research conducted at the University of Southern California.

Proofpoint's analysis suite, anchored by the award winning ComPASS system, provides comprehensive, unbiased analysis – and precise recommendations for your most pressing issues. What's truly unique about the ComPASS process is that solution determination is not left to chance.

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Drawing from a database of more than 40,000 issue/solution combinations, the system provides a set of weighted recommendations, all based on the unique characteristics of the organization and the issue. The system also helps evaluate resource alternatives, calculate return on investment, manage risk, and reduce decision bias. It is accurate and fast. Analyses are completed in weeks, not years for pennies on the dollar

ComPASS is **the NEW CPI** – Continuous *Performance Improvement*.

Solution Selection

Once you've completed your assessment, Proofpoint's S2 provides a way to make defensible solution decisions and assign responsibilities to internal and external resources.

The system summarizes the internal and external costs of removing the performance barriers, and shows the impact, dollar benefit, and ROI projections for each potential solution.

Using this information project teams and decision makers can simulate various solution combinations to determine which set of actions best serves the organization.

Project Management & Oversight

Proofpoint's PMO is a common sense way to manage projects – from the team leader to the executive suite. Combined with our Inter-team information Sharing System, organizations gain the ability to integrate projects in matrixed and networked environments.

The system provides standard communication and tracking templates for action officers and program leads. Information templates can be customized for each project type and incorporate systems of record data to reduce data entry and increase data quality.

These work screens can be as simple or as complex as the organization desires. Initially, Proofpoint recommends only a few functions be activated and displayed. As the user population gains confidence in the system and processes, additional functions may be activated.

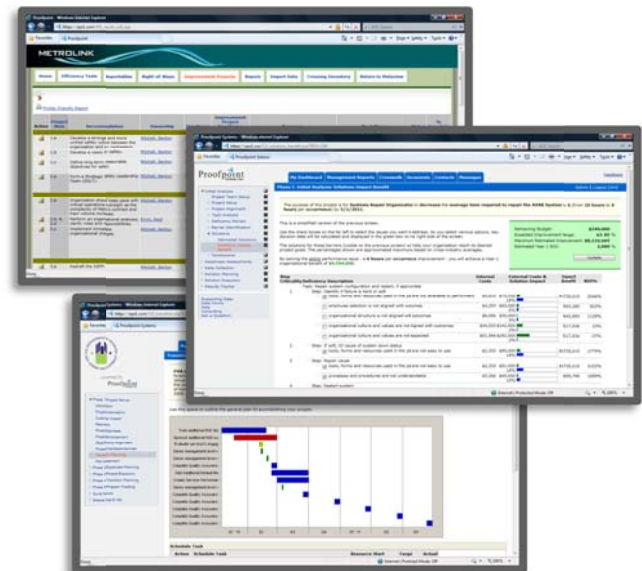
The deployment of this system requires little to no additional work for your staff. In fact, it is highly likely that staff time associated with data collection and reporting will be significantly reduced – upwards of 40% – due to point-and-click data entry, elimination of duplicate efforts, the ability to auto-generate reports, and other easy-to-use functions.

Executive Decision Management

A well-known adage in the world of fast moving fighter aircraft is, "Speed is life."

To survive, pilots must make good decisions faster than their adversaries—and their own aircraft. The best pilots mentally fly their planes far ahead of their actual location. They anticipate, envision, and plan.

For executives who pilot complex, high-risk, and extreme-consequence organizations the decision requirements are similar. The faster that they can make good decisions – based on facts – the faster their organizations can achieve superiority relative to their clients, competitors, and operational challenges.



Proofpoint's executive decision management system helps leaders assess recommended and ongoing projects, and gain decision superiority via a combination of improved visibility, cross boundary (vertical and horizontal) awareness, and organizational alignment.

EDMS helps leaders maximize their available resources and create the right mix of capabilities to succeed and win

Inter-team Information Sharing

Proofpoint's IIS aligns and integrates organizational efforts vertically and horizontally. It's a common information sharing environment where key programs and initiatives can be visualized, linked, and coordinated.

IIS provides a common approach to initiative execution and metrics management, enhanced information transparency, and an ability to exploit emerging information.

In addition, the metadata related to multiple projects, developed over time and resident in the database, provides key information on critical operational performance issues by operational area, department, geography or numerous other data dissections.

Project Results Tracker

By recording information related to cost, external support, internal personnel requirements, and intended business metrics, Proofpoint's Project Results Tracker provides a tool to assess and compare expected and actual results.

PRT data can be added to your ComPASS database to provide a solution identification system unique to your organization. Federal clients can combine PRT with our Strategic Management System to fully support the requirements of the Government Performance and Results Act (GPRA).

Proven Results

Your goal is to enhance your organizational capabilities and enjoy greater success with your customers.

For department managers and executives, Proofpoint helps by...

- Providing a clear “line of sight” across and through your organization
- Promoting efficiency and accountability
- Integrating performance and rewards structures with organizational priorities
- Flattening the organization
- Enhancing departmental strategic value

Using Proofpoint technologies to extend the capabilities of your information and methods helps you **shift the success curve** by minimizing luck and engineering your change system for results!

When you deploy Proofpoint across your team, you'll...

- Gain unprecedented visibility
- Simplify your operations
- Shift from business intelligence to performance intelligence
- **Control your success plan**

Accelerate The Change You Need

To get started, sign in at www.proofpoint.net or call 650.968.7032 and we'll help you *accelerate the change* you're striving for.

