

## Organizational Design and Change Management for IT Transformation: A Case Study

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### Abstract

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A case study is presented in Organizational Design and Change Management. Within the global Information Services Company Wolters Kluwer, a significant organization change was planned and conducted to centralize distributed IT operations teams within one of its main Divisions. This project followed standard change models such as the Kotter Change Model and the guidance of the ITIL Organizational Change Management (OCM) process. An introduction to organizational change is provided prior to a detailed description of the change project and its results. This includes the objectives, approach, and scope of the change, composition of the project team, organizational design steps, organizational design, change management approach, change implementation, and results. This study may be of assistance to researchers hoping to understand industry practice in OCM and to industry practitioners needing to plan and execute a change in their own company.

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**Keywords:** Organizational Design, Organizational Change, Organizational Behavior, Organizational Change Management, OCM, Kotter Change Model, Transformative Leadership, IT, Information Technology, IT Infrastructure, IT Operations, ITIL, Agile, DevOps, CTO, CIO, Corporate Culture, Data Visualization, Data Analysis, Project Management.

### 1. Introduction

Organizational structures are critical to effective operations, productivity, and innovation. Within the IT (Information Technology) industry this is especially so. This paper outlines a major reorganization at a global company with a high reliance on IT capabilities. After describing the organization, a brief discussion of organizational design and change methods are presented. This is followed by a detailed explanation of the goals of the change, the steps taken around the organizational design, and subsequent change management to realize the design and its transition. Finally, the results of the changes are discussed with observations for improvement in the organization and to the approach taken.

Wolters Kluwer (WK) is a global leader in professional information, software solutions, and services for the health, tax & accounting, finance, risk & compliance, and legal sectors. Wolters Kluwer helps customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services. Wolters Kluwer reported 2017 annual revenues of €4.4 billion where over 80% of these revenues are derived from digital services or software making IT critical to overall corporate success. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

The experience documented here focuses on the technical organizations of the Governance, Risk & Compliance (GRC) Division with over \$1B in revenue. Additionally, the Shared Services organization GBS (Global Shared Services) plays a role in this study. GBS is a central IT group supporting the entire company. GBS was established more than a decade ago and over time has taken on significant technical and functional responsibilities under a common leadership and organizational structure.

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To provide more business context, each individual GRC-IT group, at the outset, provided critical IT systems and applications services to support diverse product lines. The systems supported by GRC include public-facing Web-based applications and internally used ERP (Enterprise Resource Planning) or other support systems primarily in the financial and legal services domain. Major vendors manage network services and hosting depending upon the business sectors. The disparate GRC technical teams were collectively responsible for the planning, overall operations, and availability of these systems from an end customer standpoint. The core transformation described here is the move and reorganization of the embedded GRC technical operations teams to a central GRC CIO<sup>2</sup> organization within the GBS central organization.

Carrying out the relevant IT functions require organization, staff planning, methods, and tools. From a corporate perspective, it increasingly became evident that these functions should reside in the central and shared IT organization to benefit from scale, efficiency, and cost factors. Furthermore, the definition and delivery of these services in a common manner using best practices could then achieve consistency around service and management visibility. This would also allow for improved career growth opportunities for individuals within the organization. The journey from separately managed IT organizations to a jointly configured IT organization is the focus of the remainder of this paper.

## 2. Organizational Change Management Overview

Motivation for this paper includes the author's dual background in Organizational Psychology and Computer Science. The author's early research in organizational behavior was documented in a study on varying perceptions of organizational change (Cusick, 1985). This work created an interest in such topics which has been maintained over the years. However, during three decades spent fulfilling technical roles, organizational change and design principles were not central to my work. With the opportunity to manage this change project these topics reemerged and became especially interesting. This led to reviewing some of the current literature and documenting this case study.

To get started in understanding organizational change it is useful to introduce a definition. One such definition (Web Finance, 2017) says that:

*Organization change occurs when business strategies or major sections of an organization are altered. Also known as reorganization, restructuring and turnaround.*

Another way to put this is that for any company or organization going through a transformation they are undergoing organizational change. Interestingly, since the early days of the Industrial Revolution change was a constant within technical organizations. In fact, with the establishment of Scientific Management as introduced by Taylor continuous change toward improved efficiency cemented technological change as a vital part of modern society and organizations (Cusick, 2003).

A leading writer in the field of organizational change and change management, Rosabeth Moss Kanter, focused on how change is not only constant but ultimately necessary for the advancement of business and technology. She wrote that innovation is required to bring new technology or processes into use effectively. This may be due to a need for productivity but also for product creation or other competitive reasons. Often, this very need for innovation calls for organizational change just as it calls for technical change as a former organization structure may not facilitate the creation of better systems and processes (Kanter, 1985).

### 2.1 ITIL Organizational Change Management

An IT method which captures the process of executing such ongoing change is found within the ITIL (IT Infrastructure Library) framework (Bon, 2013). This framework defines a broad array of technical services which IT operations organizations tend to follow. This is also a model followed at Wolters Kluwer. A relevant component of this framework further covers Organizational Change Management (OCM) which is defined as an approach which is:

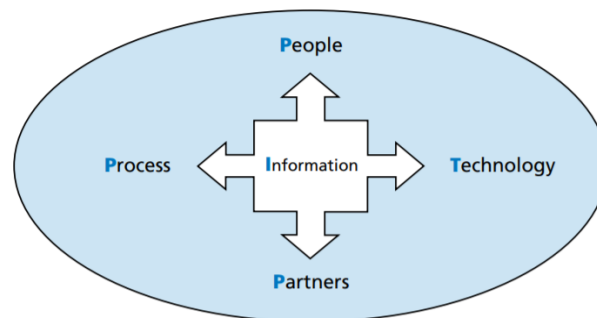
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<sup>2</sup> A CIO (Chief Information Officer) is typically focused on the infrastructure, operations, and enterprise data of a company. A CTO (Chief Technology Officer) is typically focused on the development of new technologies or technology-based products. Both terms will be used in this paper and are meant to carry these two distinct meanings.

...structured around the changing needs and capabilities of an organization. OCM is used to prepare, adopt and implement fundamental and radical organizational changes, including its culture, policies, procedures and physical environment, as well as employee roles, skills and responsibilities (TechOpedia, 2017).

It is important to differentiate OCM from the ITIL practice of Change Management (Bon, 2013). Traditional Change Management within ITIL focuses on the introduction of technical changes into the operational environment. This covers such areas as change documentation, change review, change approval, and change implementation. The GRC organization follows mature change practices to support its IT operations (Cusick, 2010; Cusick 2017). However, OCM covers a different type of change all together focusing on the stakeholder analysis, organizational readiness, change preparation, communication planning, human resources (HR) reviews, and required staff training (TechOpedia, 2017).

A classic view which presents the aspects of an organization and change to an organization looks at the people, process, and technology associated with it and its operations. One such view is provided in Figure 1 (Bon, 2013). Here the additional factor of partners is added (which could be substituted with customers). Bon also introduces the concept of information as a central artifact as a hub in this model. As we look further into the approach of implementing OCM this model will provide a useful grounding.



**Figure 1 – Considerations for Organizational Change Management (Bon, 2013).**

Rounding out this introduction of Organizational Change Management from the ITIL perspective Hunnebeck (Hunnebeck, 2016) defines several essential elements around what OCM delivers:

1. Ensuring strong and committed leadership.
2. Helping people understand what the organization is trying to accomplish and why.
3. Getting individuals to participate willingly – answering the question “what is in it for me?”
4. Creating prepared participants.
5. Sustaining the momentum by reinforcing the change.

## 2.2 Change and Transformative Leaders

Returning to Kanter for a moment, one of her important contributions was the idea that organizations do not randomly change themselves but require people to consciously plan and conduct effective change. Those who do this well hold an advantage in the marketplace. In some cases, organizations are required to constantly reinvent themselves in the face of external events and in other cases they may invite change to leverage or prepare for innovation. Kanter called the best of these “Change Masters”. A Change Master is thus defined as “people and organizations adept at the art of anticipating the need for, and of leading, productive change” (Kanter, 1985). If we combine the OCM methods with a dynamic Change Master an organization can move from one state to another transforming itself frequently or as needed and reaching the objectives it sets out.

At relatively the same time as Kanter’s work Tichy and Devanna introduced the concept of the Transformational Leader (Tichy, et al., 1986). In response to falling US industrial competitiveness this work focused on the specific leadership skills required to implement change in order to achieve the productivity and innovation gains required to win back US standing in global industries where leadership is about change, innovation, and entrepreneurship. Tichy and Devanna (Tichy, et al., 1986) defined Transformational Leadership as below:

*Purposeful and organized search for changes, systemic analysis, and the capacity to improve productivity.*

Furthermore, they defined a three-phase approach for change. This change model represents an early view into what would later become more sophisticated change models such as the one from Kotter introduced in the 1990s (Kotter, et al., 2012). Here are the three phases as defined by Tichy:

1. Recognizing need for change.
2. Instituting a vision.
3. Enacting the change.

The change model typically used at Wolters Kluwer is provided by Kotter (Kotter, et al., 2012) and is not far from this core model defined by Tichy to empower leaders in change efforts. The 8 step Kotter model (see Figure 2) is comprised of 3 general steps and then 8 detailed steps. The actual change process used in this case study maps closely with both the Tichy and Kotter models at least in general terms.



**Figure 2 – The Kotter Change Model.**

Some have criticized recent management efforts to introduce and lead change (Ashkenas, 2013). Their argument goes that leadership skills in change management have been underdeveloped and thus largely left to consultants and HR specialists to conduct. At least in this case study that could not be further from the truth. The changes described here were planned and carried out by experienced executives and managers taking full ownership for the concepts, approaches, plans, organizational designs, and detailed logistics. Support from HR and communications specialists were critical but brought in only as needed and only as supporting functions.

### 2.3 Corporate Culture and Change Types

Oftentimes organizations are discussed in terms of culture. The concept and term Corporate Culture was introduced by Davis (Davis, 1970). The culture of an organization can go a long way to determine the approach around change or its ultimate success. In some corporate cultures, change is welcome and embraced and in others it may be fought and resisted. Awareness of the culture is critical to support organizational change success. Davis defined Corporate Culture as the “Guiding Beliefs” which drive strategy, which then drives process, structure, people, systems, and “daily beliefs”. During our work in this transformation effort we discussed culture often and made both strategic and tactical decisions around how to proceed based on the project team’s respective understanding of this culture. In fact, as we were dealing with multiple Businesses with different histories we were also dealing with multiple cultures.

Once engaged in a change activity it is important to start by considering the type of change to be conducted. As stated there are many motivations for change including gains in productivity or the introduction of new products. Sometimes the creation of new technologies can trigger the need for a new organizational pattern. This has been true in software development more than once. Most recently in the Agile methods area and with Scrum teams (Coplien, et al., 2004). When introducing broad new technologies or approaches it might be required to create radical new roles and relationships or even a loose organizational model which might be found in R&D settings.

However, for the GRC IT transformation a highly standardized organization was called on to maintain delivery of reliable and predictable services which make up a critical cultural and functional characteristic of an IT Operations organization. While the introduction of this engineering process brought with it new organizational structures (in particular, new technical tower affinities) the centralization of traditional ITIL based IT operations teams does not demand radical invention of new organizational models. Instead, a staid model will suffice as will be seen. Burns (Burns, et al., 1961) defined this as the mechanistic approach which is suitable for stable industries. Such an organizational design is marked by precise definition of member function and is highly hierarchical.

In terms of the types of change according to Cameron one sees in OCM efforts they can run the gamut covering at minimum the following (Cameron, et al., 2012) (those that apply to this case study are marked as such):

- Individual – (applies)
- Team – (applies)
- Organizational – (applies)
- Restructuring – (applies)
- M&A
- Culture – (applies)
- Project Led

Cameron goes on to describe numerous aspects of Change Management which include:

- Leading Change
- Change Agent
- Complexity
- Uncertainty

We have already discussed some of the aspects of leading change (Transformative Leader) and being a change agent (Change Master). Complexity is a key aspect to the difficulty of designing an organization and a change plan. In terms of this case study there was certainly some complexity with multiple Business Units involved, numerous senior leaders, hundreds of employees, and dozens of mission critical applications. There was little margin for error in the execution of the change. As for uncertainty, in this case study, there was always some variable undefined. Also, for the staff they were informed that changes would be forthcoming but at times were uncertain of the details until such information could be shared in formal communications.

### 3. Creating a CIO Organization

The genesis for the creation of a new and centralized CIO organization was the perception amongst senior Divisional leaders that streamlining and improved focus was needed within the technical teams and this should start with the establishment and maturation of a Division-wide IT operations team under unified CIO leadership. It was recognized that operations varied across the Division with divergent quality results. Further, no true leverage of resources or expertise could be attained with teams working in virtual silos. Thus, on Tichy's ladder the first step had been achieved – recognizing the need for change.

Early in 2016 an experienced CIO was recruited from outside the company to lead the effort of forming and leading this new organization. Immediately the IT operations team from 2 Business Units were organized under the new CIO. These groups were highly compartmentalized and required no reorganization to come under the new leadership of this executive. From this point a task force was formed to carry out the transition, reorganization, and changes required to bring an additional 4 groups into the CIO organization and merge them with the existing ones.

#### 3.1 Objectives and Vision

In terms of the guiding principles, organizational goals, and business requirements several key objectives were documented and repeatedly discussed and communicated within the leadership team and the project team. These included:

- Provide exceptional IT services to GRC CTO organizations to allow them to focus on new product development.
- Provide exceptional IT services to GRC organizations at large to help guarantee stability and efficiency in their IT usage translating to higher productivity and user satisfaction.
- Institute clear IT service towers with best-in-class management and technical capabilities.
- Ensure consistent technical service delivery with an emphasis on continuous improvement.
- Establish ongoing cost management discipline to support better profitability.

These objectives thus translated into a vision of a unified IT organization delivering best-in-class services and enabling other parts of the organization in product development and business achievement.

### 3.2 Scope

As mentioned earlier, this restructuring was focused on the IT organization of the over \$1B GRC Division of Wolters Kluwer. A total of 6 Business Units were a part of the change scope. Within these businesses over 250 software applications were involved. Many of these applications have 24x7x365 mission critical roles within the company and for the company's customers. These applications and supporting platforms are hosted by several vendors in globally dispersed locations. The staff and contractors involved in the analysis and change totaled in the hundreds. Of this total, approximately 20% of the IT staff were transitioned to the new tower structure in the CIO organization. The criticality of this staff and the systems they support meant that it was not possible to miss a beat during the actual change and conversion. This put additional emphasis on the change management integrity.

### 3.3 The Team

There were three primary groups involved in this organizational design and change initiative:

1. Business and technical leadership.
2. The core team.
3. The support team.

The Business leadership consisted of the Division CEO and by extension his staff. Additionally, a BU CEO was nominated as a sponsor to work with the core team regarding ongoing decisions as needed. Also, each CTO within GRC was on the project. Most CTOs would contribute some resources into the transformation such as staff and application platforms to support. As a result, they were key stakeholders as were the Division BU CEOs.

The core project team was led by the GRC CIO. The effort was Program Managed by the author (a technical leader in the organization). Additionally, several other IT operations leaders who would be part of the new organization's leadership team participated on the core team. A strategy VP reporting to the Division CEO was also on the core team.

Finally, the support team consisted of HR specialists, finance, communications, and GBS leaders who would be providing the organizational "landing zone" for the ultimate transition activity.

### 3.4 The Context

The change project started within the setting of an established organization with a variety of predefined commitments. This meant that the organizational transformation would need to consider both the business conditions of the company as well as the realities of the existing technical teams and their obligations. Effectively, the project would not be starting with a blank slate. Some assumptions and operational considerations would be inherited and somewhat immutable at least in the beginning.

Other key drivers included the reduction of functional duplication, improvement of platform availability, deployment of common best practices, development of staff skills in related technical domains, enablement of global support, and providing for cost reductions. While this represented a long list of objectives for the initiative many of these were seen to be achievable given the opportunity to reorganize properly. A further consideration was to help the BU development teams operate with less interaction to the underlying technical vendors. This would further allow them to focus on new product development.

In terms of some of the starting concerns which the BU leaders and CTOs had coming into the project there were several, but they could be summed up as having to do with loss of control and an increase of inefficiency. Essentially, the CTOs were reluctant and concerned about transferring their technical staff to the CIO organization as this would eliminate their direct control of these resources and introduce expanded dependency on the CIO organization. There was also concern around the potential for a lack of responsiveness and the introduction of new overhead. To combat this issue and taking a cue from well-known findings (Haire, 1964) that information distortion increases with the levels it must pass through in an organization the organizational structure retained as flat a form as possible. Additionally, the organizational change approach emphasized a BAU (Business as Usual Approach) whereby after the change the same lines of communication would be in place.

Finally, the business and the CTOs were concerned that the restructuring maintain a clear distinction between what types of software products, applications, and systems as well as their supporting roles should remain with the business and which should be migrated to the CIO. The three core layers included a) Customer Products; 2) Business Enablement systems; and 3) Back-office systems. It was understood that the development functions around the first of these would reside in the business. The others as well as infrastructure services would be with the CIO.

### 3.5 Complexity factors

As discussed earlier there were numerous characteristics of the company, the existing organizations, and the legacy technologies which needed to be accounted for in the organizational design and related changes. In addition to those previously mentioned several attributes of the organization led to higher complexity, including the following:

- The diversity of incumbent hosting vendors supporting different businesses and products forced some complexity and customization. The reduction of this complexity is being tackled by a dedicated global initiative, but this did complicate the immediate operational model.
- Customer requirements around security and compliance are extremely high for most of the in-scope businesses. This put an additional burden on the organizational design and the change process to ensure that compliance remain intact.
- Most application development within the CTO organizations follow the Agile/Scrum approach. As a result, the new CIO operations teams needed to be adept at working in this manner. The methodology of DevOps engagement and operations needed to be integrated into the organizational solution. While DevOps was a familiar concept to the teams and often practiced, it would need to be followed more broadly which introduced further change requirements for the future as teams further integrated into a Scrum orientation (Ramakrishnan, 2014).

## 4. The Organizational Design

With the organizational restructuring initiative defined, chartered, and provided with its initial project leaders, it was time to get to work on the organizational design phase. The author's introduction to the project as Program Manager and eventual leader of one of the new organizations departments came a couple of months after the establishment of the new Divisional CIO position. Naturally, this was preceded by a commitment from the senior leaders in the organization to the overall objectives listed above and a generalized approach. The details of the approach and the resultant organization and its rollout required significant effort from that point going forward.

### 4.1 The Approach

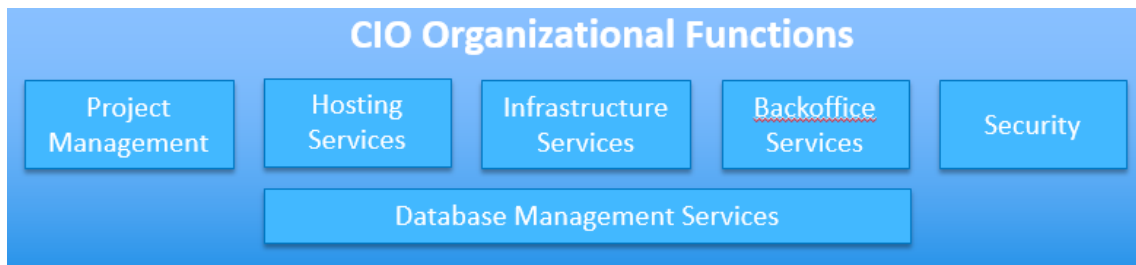
The backing of the senior leadership of the Division and its Business Units had already been obtained through discussions and structured interviews by the CIO around the vision for the new organization. What was still necessary was to bring the CTOs more fully into the process and provide for an inclusive process as this has been shown to improve change results (Cusick, 1985). Communications from the Division CIO and the BU CEOs began this process. Also, a face-to-face workshop was planned to kick-off the initiative more fully and to develop buy-in. The workshop would also serve as a data validation step as well as a further requirement gathering opportunity. This would meet the steps of forming a powerful coalition in the Kotter Change Model. Following these initial steps, the organizational design with each technical role definition would be developed along with the roster of individuals moving into the new organization.

After thorough vetting through continued interviews with the CTOs and the BU CEOs and with the advice of HR the eventual organizational design and specific changes per individual staff member would be laid out. These changes would then be organized into a multi-layered communications plan to be executed starting on the effective date for the changes to be put in place.

A sequence of follow-up steps was also planned to meet the Kotter change model steps of not only communicating but supporting it fully.

## 4.2 Developing the TOM

One of the first steps in the organizational design work and the OCM process was to create a notional view of the future organization. A key early decision was in developing a Target Operating Model (TOM) which was expedited by reusing an internal BU's organizational model which was known to work well. The decision was made to extend this model and adopt it for use across all BUs in scope of the change. A TOM is a widely used approach for conceptualizing and refining a planned organizational design (Fox, 2012). The TOM in this case provided core organizing principles for the emerging organizational design. Our emerging TOM consisted of several technical "towers" as defined by operational functions and technical domains. This approach fit with current IT organization design models often called the "Plan-Build-Run" model (Agarwal, et al., 2013). This model allowed for a separation of strategic planning and product groups from CTO managed development or R&D groups, and from the IT infrastructure<sup>3</sup> or CIO group. Furthermore, our GRC CIO towers (shown in Figure 3) were also selected to map to the global technical organization and not only the Divisional CIO team.



**Figure 3 – The Initial GRC CIO Target Operating Model.**

Once the draft TOM was developed the next step was to bring the leadership together in a workshop to review the objectives jointly and drill down into some of the details of the planned changes. The workshop succeeded in giving the leadership a chance to come to overall agreement on the objectives and approach of the change initiative. The Divisional CEO was in attendance to kick-off the workshop as well as other business leaders and all the CTOs. This brought all the leaders onto the same page.

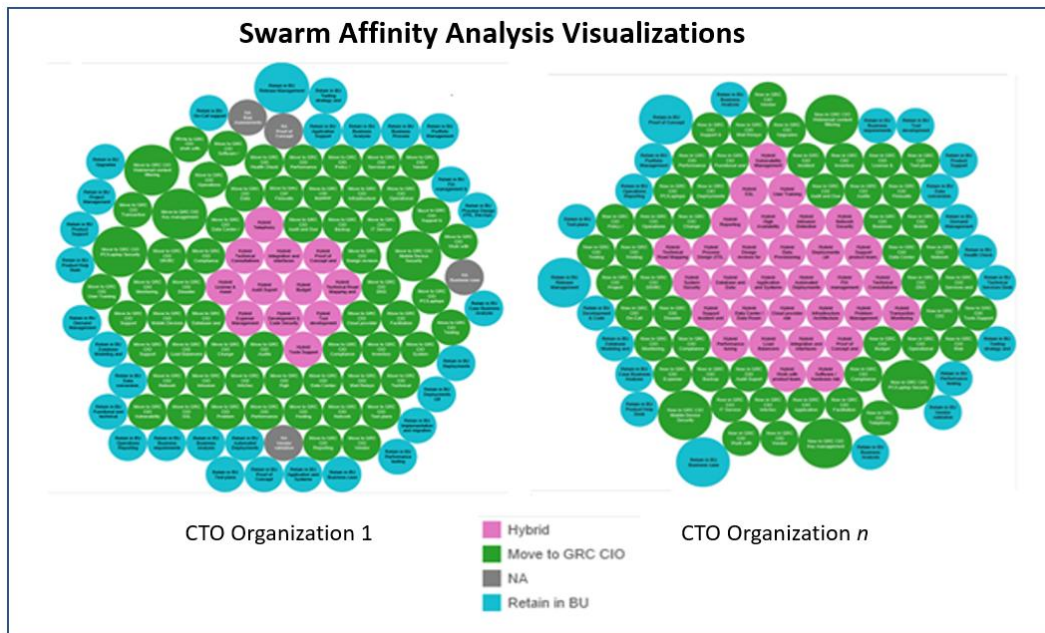
In preparation for this workshop the TOM was broken down into a further level of detail. A multi-tiered taxonomy of technical categories was assigned to the core towers. Within the 8 high-level categories over 110 detailed services were then assigned. The detailed services were derived from industry IT operations service description lists. These services were then laid out in a questionnaire format in support of the workshop to start the analysis around the actual organizational changes required to meet the realization of the TOM.

The questionnaire captured baseline information about each BU IT group such as staffing, budget, and key product areas. The functional list contained all 110+ service types from the TOM's operations list. Each CTO was asked if a) they conducted the service; b) if it could be migrated to the CIO; and c) the qualitative complexity of such a migration. The data collection was completed prior to the workshop and consisted of 896 data points which were then analyzed per Business Unit and compared across BUs. One analytical data visualization was dubbed the "swarm" diagrams as seen in Figure 4. These figures represent only two of the submissions provided per BU. From an affinity analysis perspective, a comparison of the baseline CTO functions as currently operated against the TOM provided excellent decision support insight. Each BU was quickly contrasted in these views to observe patterns around which functionalities were present or not and which could then be migrated to the CIO organization.

<sup>3</sup> IT Infrastructure typically refers to hardware, software, and operational support required to provide hosting, network, and end-user services (Agarwal, 2013).



Interestingly, for those groups which were already part of the CIO organization there was 100% affinity alignment, as expected, and thus there was nothing new to migrate. In other cases, there was limited alignment and thus more alignment work would be required in those cases. Further analysis along these lines using the workshop data was done to prepare for the additional organizational design activities and to review with senior business leadership and all the IT leaders. This analysis also covered budgetary and complexity factors.



**Figure 4 – “Swarm” diagrams visualizing differences in function migration for two separate Business Units. Note differences in distribution of the colored circles indicate the volume of infrastructure services (labelled within the circles) which were sorted by CIOs as either hybrid, migratable, or functions to retain.**

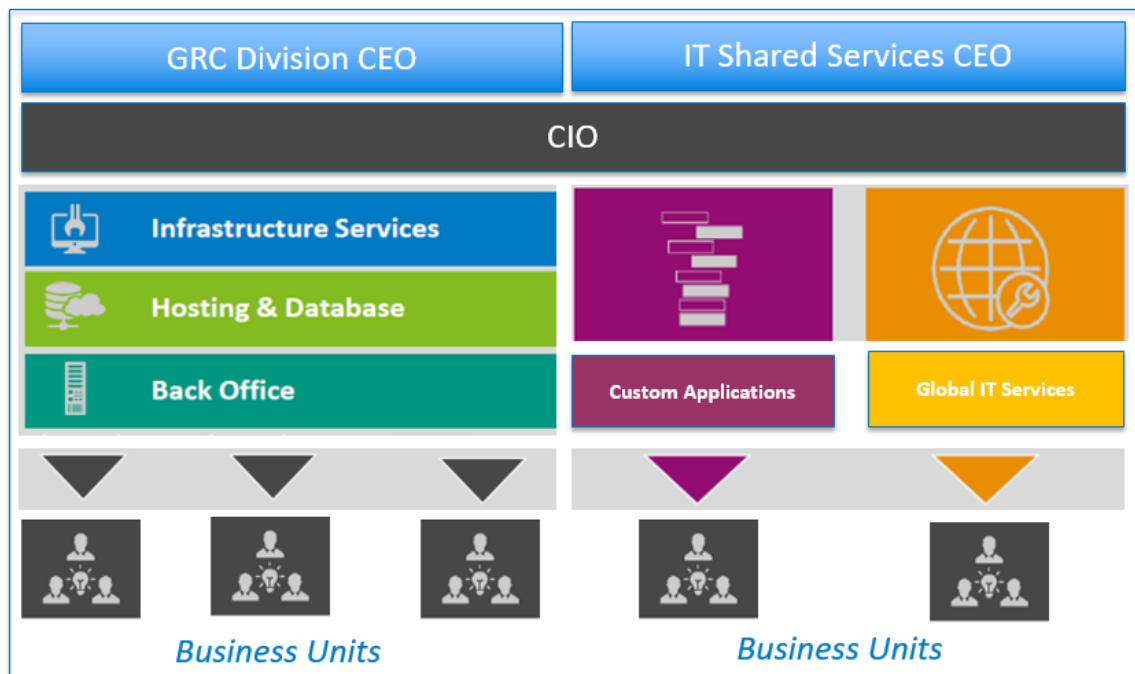
### 4.3 Creating the Staffing Plan

With the TOM in place, the detailed services defined, and the affinity analysis complete it was time to focus on the skill sets and staffing to populate the towers of the new organization. The first step was another round of data collection. A new template was created which placed all technical staff and management within the Division into a CTO specific spreadsheet. This list included key attributes of each staff member including their title and supervisor. Additionally, and most importantly, the template included a grid which covered each of the TOM towers. In this grid, a percentage of resource effort was entered by the CTOs for each staff member or contractor in their BU technical organization. For example, if someone worked solely in the hosting function that cell would show 100%. If they worked partially in hosting and database each cell would show 50%. However, for each person a total column would need to reflect 100%.

Once these templates were collected from each CTO a clear staffing plan for the new CIO TOM began to emerge. In some cases, the initial cut at collecting the data showed conclusive allocations and thus pointed to a migration of an individual or group of individuals. Conversely, some staff did not register at all on the TOM which meant they did work more aligned to product engineering, Scrum leadership, or other analysis functions. Finally, in some cases there were inconclusive or complex results. The project’s core team worked with each CTO in these cases to come to the best determination on the eventual mapping of such individuals to stay with their current team or migrate to the CIO organization perhaps with some backfill adjustment. One thing we did not rely on heavily were the job titles. These often were only directional, and it was much more useful to interview the leadership who had direct knowledge of the individuals under review. The resultant roster for the CIO TOM towers soon became solidified after multiple and repeated reviews with the CTOs and HR.

The final steps around building the staffing plan and progressing the OCM process included the creation of the new leadership team and the organizational model itself. A key aspect to the TOM definition was the leadership model across towers, the business relationship function, shared responsibilities across towers, cross tower communications and coordination. Significant time was required to define these areas of responsibilities and their interactions.

The end state organizational design did change during the final months of the effort as requirements evolved around certain aspects of converting the TOM to an actual functioning organization design. This included making some adjustments at the request of the Global Shared Services team who the new CIO organization would now be joining through a matrix reporting approach. In the end, the actual organization design in summary form shown in Figure 5 was very close to the TOM as presented above.



**Figure 5 – The actual high-level GRC CIO organizational design as implemented.**

As promised, this approach cleanly separated the development (CTO) and operations (CIO) resources and functions as originally desired. Also, the proven organizational model used to seed the TOM turned out to be very close to the end state organizational design. This process also produced a validated and specific roster which management, HR, and communications could then work with to guide the change management steps. Finally, the end state organization with its design mapped well into a Global IT organization as a “landing zone”. Eventually, the GRC CIO would be further integrated into GBS which also followed a similar tower design.

#### 4.4 A Path Not Followed

During the Organization Design effort, our HR partner suggested looking at a classical method to attain a balanced organizational design. The STAR Model from Galbraith (Galbraith, 2017) is a framework for basing design decisions and tradeoffs. The Model includes considerations on strategy, people, structure, process, and rewards. The core team considered this framework as an aid in the design process, however, at the time when it was introduced the framework’s core areas had been discussed and decided upon aside from rewards which were actually well defined by the company’s existing performance evaluation and review process. This rewards program was essentially out of scope for the initiative as that would potentially cause an alternate reward structure as compared to the broader IT community. As a result, after due consideration, the STAR Model was not actively employed but did serve as a confirmation that the project had considered the major factors in the organizational design work. If starting a new effort, however, such a framework might be useful to apply at the very beginning of the concept phase in designing the TOM.

## 5. The Change Management Plan

From the outset of the CIO organization design effort it was recognized that a change management plan would be required. The outlines of the plan were discussed and loosely documented in a requirements form. However, it was not until after the executive interviews, creation of the TOM, the workshop, team roster development, and confirming reviews took place that focused energy was placed on the change management plan itself. This was due to the fact that until the nature of the change was established more firmly only limited plans could be developed for implementing them and most importantly communicating them.

At this point the core team reached out to the dedicated communications function within GRC to expand the discussions around formally creating a change management plan and develop appropriate multi-level launch communications. By enlisting the expertise of an experienced and professional communications resource the change management plan could begin to evolve from a set of principles to an actionable approach.

The core elements of the change plan focused on addressing the following objectives:

1. Assure that all staffing changes as defined in the organizational design would be properly communicated at a given time and in appropriate sequence.
2. Define effective messages to executives, managers, and staff that was consistent and communicated what was changing and why.
3. Develop scripts for the implementation of the changes including specific notification conversations, town halls, and on-site visits.
4. Include an emphasis on the BAU approach as the primary change was the introduction of the towers and the new alignment to the Global Shared Services organization.
5. Creation of 90-day action plans for the leadership team to follow once the change was official.

While much of the change plan focused on communications this was also balanced by some technical planning and the definition of the new leadership roles which were in fact the only truly new roles in the initial change. The plans did include developing a working inventory of all applications and systems, including their architectural characteristics, operational requirements, and dependencies, to be managed by the new organization along with a catalog of its IT service offerings. Also, the specific responsibilities for each tower leader within the final organization design was defined along with regular coordination meetings and escalation processes to allow for effective management functions from the outset. Finally, the change plans analyzed and reflected all in-flight projects and key initiatives so that the new leadership team had proper visibility into operational commitments and deliverables out of the gate.

The plan itself came in the form of a statement of objectives, a list of artifacts, a communications target list, a set of communication messages, a timeline, and supporting materials. The plan was reviewed extensively in the final months of the change initiative up until the final days just prior to the launch of the organizational change and it was then followed carefully with little need for adjustment.

## 6. Change Implementation

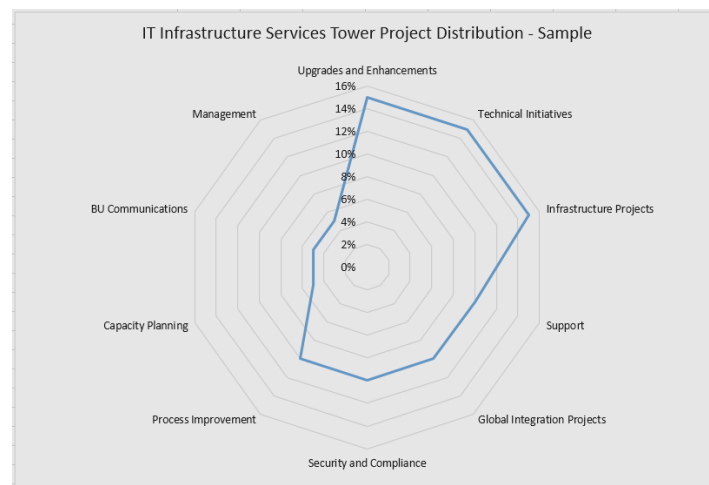
With a detailed change management plan in place the change implementation followed course in a predictable and controlled manner. Looking back at the full scope of the organization design process as well as the development of the change management plan a total of six months had transpired before implementation. There had been some foundational executive planning in 2016 prior to the change initiative kick-off. However, once the kick-off did occur in the late summer, the bulk of the work then happened in the 3<sup>rd</sup> and 4<sup>th</sup> quarters (covering less than 4 months). By late 2016 the TOM was fully defined along with the preliminary rosters and overall change approach. Additionally, the business case for the planned change came into full view and was approved by senior leadership. In the early part of 2017 (just 2 additional months later) the work focused on HR confirmations, BU approvals, and change logistics. With final organization charts in hand the team was ready to proceed with the change.

The execution of the change started with informing (or enrolling) senior members of the management team one day in advance of the rollout to the full staff. After this, high-level emails were sent to only the affected teams informing them of the contours of the change and to be available for additional discussions and a town-hall later in the day. The next step was to conduct 1-on-1 meetings with any manager or staff member who would be undergoing a reporting change.

The town-halls covered the purpose and details of the change and were presented by the senior leaders of the organization. Following these meetings team level meetings were also held to reinforce the change details and respond to questions or concerns. Finally, companywide communications were provided with tailored levels of information. This all transpired in a single day.

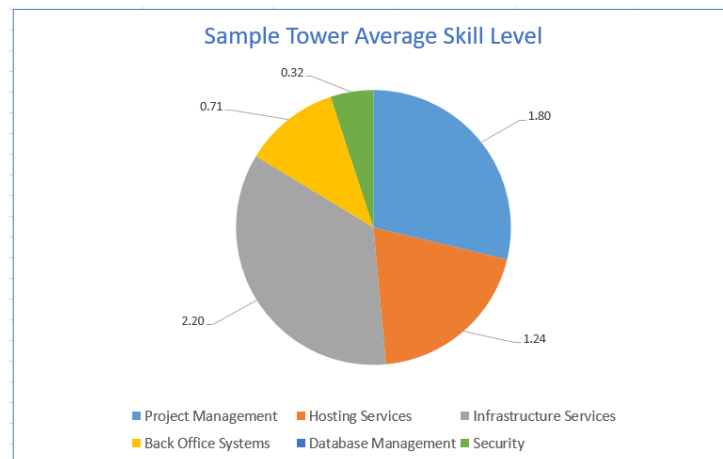
At this point the pre-defined 90-day plans kicked-in. These plans focused on regular meetings among the new leadership team, follow up steps to finalize the organizational change, site-visits across the country allowing for the newly formed teams to meet each other and build relationships, and further communications at the organizational and team level. Tower leaders also set up staff meetings and related operational meetings as required.

Furthermore, within the towers detailed project portfolios were developed. This baseline required approximately 6 weeks to document and capture all active work threads and place them in a common project management format. While an analysis of the in-flight projects had been done as part of the change planning the structure of the new organization allowed for a more precise accounting and common information representation. This also supported the new tower leaders to better understand the scope of their responsibilities. A typical result from the project portfolio results set is shown in Figure 6. As can be seen 50% of the effort in the tower was dedicated to infrastructure support, upgrades, and initiatives.



**Figure 6 – Sample Project Profile Result depicting what type of projects were in-flight at the time of the change and what percent of total effort each project or service consumed.**

Additionally, a skills survey was carried out in this same timeframe to get a deeper understanding of what the skill base of the new towers were comprised of and if any adjustments needed to be made. While the high-level project analysis had been covered earlier in the process it was not possible to dive into the skills of the individuals any earlier than after the change was rolled out broadly as the tower management staff were not included fully in that planning and were essential to the baselining of the skills profile. The baseline revealed both strengths and some weaknesses with the tower staff composition (see Figure 7). This assessment would later be used for additional organizational development initiatives, career development, and training opportunities.



**Figure 7 – Sample Skills Profile Result (where experience level ranges from “0 = No experience” to “3 = expert”).**

The 90-day plans ran their course and the teams continued meeting existing deliverables and providing services as planned with few surprises. The final administrative changes were queued up and put into place. HR system changes were implemented approximately one month after the reporting changes were announced. Budgetary changes were developed over several months and laid in for the next budget cycle. This simplified the change as operational workflows were not disrupted by confusions introduced by financial changes at the outset of the reorganization.

## 7. Post-Implementation Experience

Now that the 90-day plans have been completed and an additional 6 months have passed it is possible to reflect on the key implementation experiences. In general, they have been positive for each organization involved, the staff, and the technical services delivered with some exceptions. Both these successes and gaps are reviewed here.

### 7.1 What Went Right

Despite a few challenges the overwhelming result was the successful accomplishment of most of the objectives set out for the change initiative. These included the separation of CTO and CIO functions and resources, creation of a tower organization and management structure, and the establishment of a focus on continuous improvement and cost reduction. In the final organizational model, all of these goals were met and have now been operationalized.

Additionally, of the central design requirements, nearly all were reflected in the resultant organization and its implementation. Of paramount importance to the business was that the products and services continued to operate. The change had no direct adverse impact on any application’s availability. The leadership and communications from the core team was consistent and comprehensive helping the organization to understand and accept the changes. Also, improved focus on R&D was accomplished as was the basis for a fuller DevOps methodology adoption across the organization. Keeping experienced management in place allowed for a consistent adherence to the local cultures of the multiple BUs involved with the change.

One significant benefit from the reorganization was unleashing added productivity by bringing new parts of the GRC organization together. One observation within weeks of the change was that the second level managers began working together without prompting or direction. Once introduced and given a chance to learn about each other’s expertise they started to extemporaneously meet and innovate to solve joint problems faced by the towers or the overall organization. Had they remained in their former silos this cross-organizational collaboration would never have materialized.

Another form of this resource leverage was of a more directed sort. In several cases the leadership team could see opportunities to assign individuals or to reorder teams within the new organization to meet emerging project demands. This was true in multiple cases where Project Managers who had been isolated within their BU could now take on assignments across the Division. Further, it was possible to combine two separate support centers into one and improve both the quality of the service and to tap into additional resource cycles. We were also able to combine multiple teams working on software build services into a single center-of-excellence for multiple BUs. Finally, various knowledge sharing opportunities have come up mostly serendipitously but all of which have been very beneficial to productivity and efficiency as well as skill development within the staff.

Finally, within Wolters Kluwer generally and within the GRC organization specifically the concept of Employee Engagement is strongly emphasized. Employee Engagement (Kahn, 1990) is defined as measuring an employee's involvement with, commitment to, and satisfaction with work (and by extension their employer). Since making the reorganization, surveys of Employee Engagement have demonstrated continued high levels of engagement. In addition, ad hoc discussions with staff underline this. Perhaps most importantly, customer feedback on the service provided and deliverables of the staff and teams have been (with a few exceptions) outstanding. Obviously, experiencing significant change at work can be stressful for some people. What is encouraging is how many of our staff seem to have remained engaged within the new organizational model as high engagement correlates with high organizational effectiveness.

## 7.2 The Adjustments Required

There were some last-minute changes to the organizational design which did cause some disruption and consternation within the core team, but which was never apparent to stakeholders or the broader organization. In specific, the TOM had included an Information Security tower. However, due to a planned global consolidation of that function it was decided not to include it in the organization charts and messaging. Eventually the Divisional desktop support team was also migrated to the global team. Shortly after the launch both functions were moved to their ultimate homes in the global IT team (GBS).

Additionally, two contractors not on the roster were discovered after the move was executed. This was simply an oversight by the local manager in not updating their roster fully. Once this had been discovered it was immediately corrected. The same was true for an employee who happened to be moving to a new role at the same time the change was planned. This position was being backfilled by a new-hire so once again the disconnect in communication was quickly adjusted once the issue was identified.

After operating with the new organization for several weeks at least a couple other alignment adjustments became desirable. After reviewing with the leadership team, the BU stakeholder, and HR, the changes were made to consolidate several separate contributors into a new team. This has proven to be highly beneficial. The initial miss can be attributed to the fact that planning an organization and managing one provides two very different perspectives.

Of more concern as time progressed were the occasional events that demonstrated that the organization's operating model had some blurred lines of responsibility from the customer or stakeholder point of view. This could have been a serious concern if not addressed quickly. An example of this was when due to normal attrition a key manager left the company. While a replacement was put in place the unplanned change disturbed the BU and required extensive communications around how the CIO team was handling the event and what it meant to the BU stakeholders. In the end, a reestablishment of strong relationship management and project management around the effected groups moved the teams through the event for the better.

## 7.3 The Next Big Thing

Now that the GRC CIO organization is in place the next evolution of the organization is underway. At the 90-day mark the CIO organization was formally folded into the global GBS organization. However, the full integration of the teams requires yet another organization design effort. This started almost immediately and will be complete in 2018. Once this design is ready a new change management plan will be put in place and implemented. It seems like such changes come quickly to meet the continuing and evolving needs of the business. Such needs include the continued expansion of the global IT organization through the centralization of BU IT resources as well as the continued reduction of technical duplication and the improvement in best practices and staff leverage.

## 8. Lessons Learned

There are several primary learnings from our work in developing this organizational design, change management plan, and its implementation.

- First, a clear vision around the end state truly is required. This needs to be unambiguous and the leadership needs to continually reinforce this vision.
- Second, strong business and executive support is vital. Without this the other steps are essentially brittle which is unsustainable over the course of a long change project.
- Next, a consistent and well pursued approach is required. Without understanding ahead what the steps are to turn the vision into reality this type of effort will stall out.
- Communications were understood from the beginning to be critical to success and the experiences of this study underlines this further. The careful communications preparation and deployment made a significant contribution to the success of the effort.
- Analysis and decision making are critical to success. Significant amounts of data were collected and analyzed rationally. This data then drove objective decision making and helped explain why one choice was made over another. Such data informed organizational design requires rigor but is effective.
- Finally, one key step that was taken was a repetitive checking and rechecking of all the data involved such as the rosters, effort distribution per individual, and the organization charts. This focus on data quality was even more important as the application of this data centered on decisions impacting people's job situations.

## 9. Conclusions

After living this project and its outcomes for over 18 months I can report that aside from meeting the objectives set out by the business the project was received well by the stakeholders and the organization at large. Additionally, the approach rested on the expertise of the sponsors, the core team, and the support team. This interdisciplinary group worked well together and made innumerable decisions which essentially all turned out well for the company. The knowledge and skill of the team included familiarity with the organization, its businesses, leadership principles, the intricacies of IT operations and the ITIL framework, communications methods, and more. The team also applied industry standard organizational design and change approaches including the Plan-Build-Run Model, the Kotter Change Model, and the ITIL OCM process. Perhaps this study can be of assistance to researchers hoping to understand industry practice in OCM and to industry practitioners needing to plan and execute a change in their company.

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