Establishing an Enterprise Change Management Capability at The Home Depot

SHRM Atlanta Symposium
August 25, 2015
“We’re going to see more change in the next ten years than we’ve seen in the last fifteen.”
The Need

“If people don’t know the ‘why’…they just end up chasing a number on the scorecard.” – RVP

“This is definitely needed. In today’s environment, we’re just muscling through the change.” – RVP

“Sometimes we overestimate our leaders’ ability to have those critical conversations.” – DM

“We’ve talked a lot about change over the years but haven’t really gotten any better…” – RSM

Common Mistakes when Leading Change

- Lack of visible support and involvement
- Failing to understand or listen to associates concerns
- Insufficient communication to impacted associates
- Resisting the change
- Poorly leading, coaching, and supporting associates

Source: 2013 Talent Management Research
Big Difference

WHAT we change vs HOW we change

Taking care of our BUSINESS

Taking care of our ASSOCIATES
Purpose of Change Management

Obtain *project benefits* faster than the project team could without your help.

Use the *tools* and follow the process in the real world.

To accelerate *business results* by *planning* *effective* organizational change.

Generates *associate commitment*.
It Pays to Get Commitment (vs. compliance)

**Associate Commitment Index (ACI)**

- Customer Service
- Retention
- Customer Satisfaction
- Customer Loyalty
- Productivity

**Sales and Profit**

**Associate Commitment Index (ACI)**

- Customer Service better by 14%
- Sales better by 125 BPS
- Turnover better by 5%
Create & Refine the Concept
Past Change Management Approaches at THD

2003-2006
CAP: Change Acceleration Process

2007-2008
Change Management DIY Toolkit

Why didn’t these initiatives stick?

• Overly complex
• Lacked sponsorship; viewed as an HR-only initiative
• Lacked reinforcement after initial rollout

Why org change fails at Home Depot | Interviews with 17 HR Partners Oct 2013

General lack of CM skill/tools
Poor top-down communication
Poor bottom-up communication
Insufficient sponsorship
Little/no reinforcement
Tools/methodology too complex/theoretical
Miscellaneous

Number of comments
Creating the THD Change Model
Criteria for Success

Objective
Create a simple, effective approach to managing change for use by all levels of the organization.

Guiding Philosophy
Change management is a core leadership skill. It needs to be embedded into how we lead, not viewed as something new & different.

Design Goals
- Easy to understand by all – store associate to senior executive
- Fit with THD culture – terminology, theme
- Easy to remember – no more than 4 pieces to the model
- Easy to apply – enables DIY with few, high-leverage tools
Concept Brainstorming Session – Feb 2014

1. Establish Concept Evaluation Criteria
2. Brainstorm/Develop Concepts
3. Evaluate Concepts Against ADKAR
4. Select Best Concept

- Easy to understand by everyone
- Fit with THD culture (theme, terminology)
- Easy to remember (catchy, mnemonics)
- Easy to apply / enables "DIY"
- No more than 4 pieces to the model
Concept Ideas – Feb 2014

ABC
- Aware
- Bought in
- Capable

ETR
- Engage
- Train
- Reward

“Let’s do change”
- Inform me
- Help me
- Reward me

The HD WAY
- Why/want
- Ability
- Yardstick (reinforcement)

ACT
- Aware
- Capable
- T?

“The Change Wheel

“Delta” (triangle) is the symbol for change
## More Definition

- Awareness
- Understanding
- Communication
- Visual/show me
- See it coming
- See it clearly
- Vision / bigger picture

## Other Phrases Considered

- Get it
- Know it
- Understand it
- Picture it
- Want it
- Accept it
- Embrace it
- Adopt it

## Evaluation Criteria

- Easy to understand by everyone
- Easy to apply / enables "DIY"
- Easy to remember (catchy, mnemonics)
- Fit with THD culture (theme, terminology)
- No more than 4 pieces to the model
Field Feedback – Apr 2014

“**It’s catchy, easy to remember**”

“**The framework you laid out is spot on. It’s straightforward and direct.**”

“I like the simplicity of it”

“This is definitely needed. In today’s environment, we’re just muscling through the change”

“This is simple and streamlined. SMs, ASMs, and DSs could use this.”

“I like the See It phase. We tend not to give enough of the why”

“It’s great to see the company getting serious about this.”

“The Live It piece is so important. Often, we don’t know how well a change is actually working”
Diagram Ideas – HR Partners

Ladder

Homer

Tree

Home
Diagram Idea – Graphic Design

SEE IT
Understand what's coming and why

SUPPORT IT
Commit and buy-in

DO IT
Follow through and reinforce

Train and implement

LIVE IT
More Refinements – Apr 2014

Leaders need to ask: “How can I make it easier for associates to…”

See it  |  Support it  |  Do it  |  Live it
--- | --- | --- | ---
Awareness of what’s coming  |  Commitment and buy-in  |  Training & implementation  |  Follow-through & reinforcement

Because associates will have questions...

- What is the change?
- Why should we change?
- Why now & not later?
- What about all the other changes going on?
- When’s it coming?
- What’s in it for me (WIIFM)?
- Is my boss bought in? What will (s)he ask me to do?
- Do ‘they’ know what I think about this? Do they care?
- Will the training be painful?
- What should I start, stop, and continue doing?
- New tools/equipment?
- New roles/responsibilities?
- Can I really do a good job?
- What if I need help?
- What’s getting measured?
- Who’s paying attention?
- What happens to people who ignore it vs. make it happen?
- Are issues getting resolved?
- Is it actually working?
- How do I share my ideas to make it better?
More Refinements – June 2014

Leading Change: a Core Leadership Skill

Leaders need to make it easier for associates to...

<table>
<thead>
<tr>
<th>See it</th>
<th>Support it</th>
<th>Do it</th>
<th>Live it</th>
</tr>
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<tbody>
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<td>Commitment and buy-in</td>
<td>Training &amp; implementation</td>
<td>Follow-through &amp; reinforcement</td>
</tr>
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</table>

Because associates will have questions...

- What is the change?
- Why change?
- Why now?
- What are the business risks of not changing?
- What about all the other changes going on?
- When’s it coming?
- What’s in it for me?
- Is my manager bought in?
- Do they know what my concerns are?
- Do they care?
- How much will I have to learn?
- What should I start, stop, and continue doing?
- What are the new processes & tools?
- New responsibilities?
- Will I really get the time & resources to do it right?
- What if I need help?
- What’s getting measured?
- Who’s paying attention?
- Will I be recognized?
- What happens to people who ignore it?
- Is it actually working?
- How do I share my ideas to make it better?

Leading Change Process

**STEP 1** Identify the gaps
- Define benefits
- Define behaviors
- Assess gaps

**STEP 2** Plan to close the gaps
- Define plans to close gaps
- Apply tips for leading change
- Integrate into project plan

**STEP 3** Execute & Track until gaps are closed
- View gaps with the Change Tracker
- Adjust CM tactics as needed
- Repeat until gaps are closed
### Leading Change at The Home Depot

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Create & Use the Tools
### Our Terminology

#### “Leading Change” at the Home Depot

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<th>Planning Change</th>
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<td>Executing Change</td>
<td>What <strong>Salaried Leaders</strong> do to produce associate commitment, rapid adoption, and lasting benefits with organizational change</td>
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<tr>
<td>Sponsoring Change</td>
<td>What <strong>VPs &amp; Directors</strong> do to produce associate commitment, rapid adoption, and lasting benefits with organizational change</td>
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Org Change Toolbox

Planning Change Tool

Helps SSC leaders quickly plan large/complex org change effectively

Executing Change Tool

Helps salaried leaders quickly prepare to execute effective organizational change
Page 1 | The Model & Process
## Change Overview

**Project Name**
- Is the project team aligned around **what is changing**? Can we describe it easily to others?
- Is the team aligned around **why we’re changing**—and why now?
- What are the business risks of **not changing**?

**Launch Date**

**What other projects could interfere with this one?**

**Who will be impacted?**

### Impacted Groups

<table>
<thead>
<tr>
<th>Groups</th>
<th>Number Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>A, B &amp; C</td>
<td>1000</td>
</tr>
<tr>
<td>Group D, E</td>
<td></td>
</tr>
<tr>
<td>Group F</td>
<td></td>
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**What assumptions are being made about this project, and are they worth challenging?**

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**Note:** numbered tips (like this') appear throughout the tool – see endnotes or hover mouse over the number to get some extra coaching.
Pages 3-6 | Gap Analysis

Questions to help you assess the gaps for See it, Support it, Do it, and Live it
Planning to Close the Gaps

The Leading Change Process

**STEP 1** Identify the gaps

**STEP 2** Plan to close the gaps

**STEP 3** Execute & Track until gaps are closed

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**Planning Change Checklist** – Use these best practices to drive your actions and the rollout plan

- Ensure Change Planner completes Planning Change Workshop (see KD or THEchange.com for dates).
- Complete pages 2-6 and obtain approval from the project sponsor (VP) on page 2 (why, metrics) and the gap analysis summary (page 8).
- Select Plan to Close the Gaps.
- Work with key project team member(s) to fill in the rollout plan for this project (below).
- If the project impacts stores, follow the WIN process or contact the Field Execution Team for assistance.
- If the project involves a reduction in force, may attract media attention, or impacts a majority of stores, contact Associate Comm. for assistance.

- If timeline is too short, ask Sponsor/VP for more time or ensure they know the risks.
- Create key messages, speaking points, and FAQs from pages 2-6 of this tool.
- Equip VPs with materials that show a compelling need for change & clear vision of future vision.
- Ask Sponsor/VP to announce to leaders first, explain why/why not, field questions, repeat with front-line assoc. directly.

- Identify leaders that are particularly influential and make an extra effort to obtain their support & active cooperation.
- Leverage add comm. vehicles to reinforce the change message throughout project.
- Allow a sample of impacted associates to review the rollout plan and ask questions, share concerns, & make suggestions.
- Encourage leaders to complete the See & Support it checklist items in the Executing Change Tool.

- Anticipate on-the-job barriers and add items to the plan to address them.
- Develop processes that make habit change easier.
- Develop adequate training plans/materials.
- Encourage front-line mgrs & supv. to complete the Do It & Live it checklist items in the Executing Change Tool.
- Use the Executing Change Tool as a coaching tool for leaders that may need extra support to execute the change well (low EOC, ACT, skill gaps, etc.).
- Predefine realistic 30, 60, and 90-day wins worth celebrating and build them into the plan.
- If needed, create new methods to measure success and/or incentivize associates.
- Update process docs, SOPs, checklists & walk agendas.
- Encourage Sr. Mgrs/Drs to complete the Live it checklist items in the Executing Change Tool with impacted managers and associates.
- Encourage VPs to comm. progress, celebrate wins, & recognize assoc. at 30/60/90-d.

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*Planning Change Tool | Version 3.2*
*Visit THEchange.com for latest version and more resources*
*Page 7 of 8*
*Home Depot Confidential | For internal use only*
The Executing Change Tool

1. Leader Self-Assessment

2. Team Assessment

3. Conversation Prep

4. My Action Plan
Integrate with the Business
Integrating the Plans

Org Change Plan

Communications Plan
  Associate Comms

Training Plan
  Learning

Master Project Plan
  Project Team
If no PoC

1. IDEA/SPP FUNDING

If PoC

2. INITIAL WIN SUBMISSION

If PoC

3. BEGIN POC

4. CONSULTATION

- Seek feedback from Field Execution & your HR Partner on your:
  ✓ Completed WIN document
  ✓ Communication plan
  ✓ Completed Change Planning Tool (work with your HR Partner to complete)

5. WIN SUBMISSION

- Submit SAFE request to gain access and review training
- Collect feedback (leverage the Change Planning Tool survey as appropriate)
- Evaluate results and feedback. Determine need for follow-up communication, coaching, or training
- Leverage the Change Planning Tool to continually monitor progress

6. MYPROJECTS ROLLOUT

- Identify associate impacts by working with your HR Partner to complete Step 1 in the Change Planning Tool
- Seek feedback from Field Execution & your HR Partner on your:
   Completed WIN document
   Communication plan
   Completed Change Planning Tool (work with your HR Partner to complete)
- Submit SAFE request to gain access and review training
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- Leverage the Change Planning Tool to continually monitor progress
Train Others
## Training Others

| Planning Change | 1 day workshop  
|                 | for SSC HR Generalists & Project Managers |
| Executing Change | 3 hour or 1 hour workshop (TTT)  
|                 | for field salaried leaders |
| Sponsoring Change | 30 minute page turn (TTT)  
|                 | with VP/Directors |
10 minutes on your Rollout Plan

Pick a large gap and identify 1-3 tactics to close the gap (be specific!)

How will these tactics help?
Helping it Stick
Helping it Stick – CM ‘Live it’ Tactics

- myApron intranet site
- Home Depot University
- Community of practice
- Project playbooks
Lessons Learned
Lessons Learned

- Customize for the culture
- Keep it simple
- A little change management is better than none
- Success stories build momentum
- Just-in-time training creates pull
We used the Planning Change tool to support the launch of a new training strategy. The tool helped us to identify some big gaps in our proposed rollout plan.

Bottom line: the adoption & support of our new strategy was faster, better, and less disruptive than if we didn’t use the tools.

SSC HR Director
90 days into my new Store Manager assignment I was in desperate need of something to improve associate commitment and the Executing Change tool helped me figure out ways to do it!

It happened sooner than I expected, ultimately making a full turnaround with ZERO turnover. The store has never looked or felt better and the numbers reflect a successful transition!

Store Manager #2847 Minnesota
Questions?