Meridian Perspectives

Readiness Quotient™

Introduction to Meridian's RQ Program

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Meridian's Readiness Quotient™ (RQ) is a proprietary risk management tool that has proven uniquely capable of pinpointing and eliminating the People Risks that can undermine the success of systems implementations, company reorganizations, business process re-engineering programs, and supply chain overhauls.

What is 'People Risk'? People risk is the risk that an organization will be unwilling and/or unable to make and sustain the grass-roots work changes required to gain benefit from investments in enterprise technologies and new business processes.

What causes People Risk? Questions about the perceived credibility, organizational impact, and individual impact of the implementation create people risk.

- **Credibility:** Is this project credible?– is the first critical question an organization asks when pursuing systemic change(s). In order to complete a change project on time and as budgeted, the organization's leaders, the project team, and personnel from across the organization must share the belief that the organization can complete the project.

- **Organizational Impact:** What does this project mean to us? - is the second critical question. The organization-level impacts of a change project can be perceived to be positive — the implementation promises more gain than pain to the organization — or negative, indicating that people believe that the implementation will fundamentally compromise the organization's strategies, operations, systems, and customer and/or supplier relationships in some significant fashion.

- **Individual Impact:** What does this project mean to me? - is the third critical question. The individual-level impacts of a change project can be perceived to be positive — the program promises more gain than pain to individuals— or negative, indicating that people expect that the implementation will significantly compromise individuals' roles, responsibilities, routines, rewards, and security.

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What are the typical people risks at the start of a change program? Based on over six year's experience leading RQ sessions worldwide, we have observed that peole risk is HIGH at the start of most, if not all, systemic change projects because:

- Project credibility is typically very low (neutral to negative) as the organization dismisses "yet another flavor of the month" initiative.
- Perceived organizational impact is slightly positive but far from compelling.
- Perceived individual impact is negative.

Thus, the real challenge for leaders is building and sustaining a credible, compelling case for change. Yet leaders cannot build this case until they understand how the organization *really* views the project. Meridian's Readiness Quotient delivers these insights, producing a numeric measure of people risk and a detailed view of the actions the organization must take in order to manage these risks.

The Readiness Quotient is implemented by conducting RQ sessions across the affected organization. A trained moderator leads groups comprising 5 to 50 people (15 is the norm) through a protocol that contains 20 to 30 very pointed questions about the perceived credibility, organizational impact, and individual impact of the change initiative. RQ results are then calculated using a proprietary algorithm that produces an objective, numeric measure of the initiative's people risk and highlights the critical perceptions that could help or hinder project success. The moderator 'drills into' these critical perceptions, pinpointing the root causes of each people risk and developing action plans for mitigating these risks. This 'root cause to action' loop differentiates Meridian's RQ program from other survey-based assessment tools; risk scores and action plans are developed 'real-time' during the RQ sessions. No other program offers a shorter-cycle between insight and action.

RQ is an iterative process. A baseline RQ is completed at or near the start of the change program. Subsequent RQ sessions are conducted at key points in the change program's implementation. Each set of RQ readings provides direction for all subsequent leadership, change management, and program management activities. Each set of RQ readings also provides a measure of the return on investment gained from past activities.

Over 15,000 people worldwide have participated in Readiness Quotient programs since 1996. Five cases illustrate the benefits organizations have gained from our Readiness Quotient program.

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Benefit One: RQ gauges whether an organization is really ready to change.

The senior leaders of a $10 billion natural resources company were debating whether they should undertake a significant re-engineering of the company's core processes. RQ was used to gauge the extent to which each part of the business and the company's senior leadership team was ready to complete this project. RQ scores varied widely across the organization. These observed disparity in RQ scores led this company's leaders to significantly re-scope the re-engineering project, ensuring that the company did not burn millions of dollars and years of effort on a change effort that they could not support.

Benefit Two: RQ defines the change agenda.

A physician-owned primary care group was purchased by New England's leading medical center. Rapid growth in the size of the physician group and the level of service needed by the medical center was impeding the integration of the primary care group into the medical center's operations. RQ interventions with the physician staff, the medical center's leadership, and the medical center's administrative staff pinpointed the process and cultural problems impeding integration. An action agenda was developed to revamp working relationships and to eliminate cultural problems. This action agenda eliminated key barriers that were keeping the two organizations apart.

Benefit Three: RQ helps change teams anticipate, rather than react to implementation problems.

A $1 billion manufacturing company was implementing an Enterprise Resource Planning system using a very aggressive schedule. At the six-month point in the project, the implementation was ahead of schedule yet the project team's motivation was obviously flagging. Instead of blaming burnout, this team used RQ to address team disaffection before it became a problem. RQ showed that the team was looking beyond the project to the time where they would return to their work units as on-site systems experts. Most team members were concerned that they were not prepared to play this expected role. Changes in the team's work and knowledge transfer processes addressed these issues, and the team delivered against its aggressive schedule.

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Benefit Four: RQ helps change leaders keep sponsors committed.

A $20 billion technology manufacturing and services company was re-engineering its worldwide manufacturing, materials, and inventory management processes. Despite two years on the job, the project remained incomplete. Project sponsors used RQ to pinpoint why this program was stalled. RQ interventions with the project team and the company's senior managers showed that top leaders saw no real personal reason for supporting the project. This lack of top support undermined the project's credibility in the eyes of the project team. As a result, the project team continually allowed other priorities to divert their time and energy from the project. A re-calibration of project goals and a renewed emphasis on project importance changed these perceptions, and the company has recently been lauded in the business press for its manufacturing improvements.

Benefit Five: RQ helps change leaders coordinate change efforts across the organization.

A $25 billion technology company has recently re-organized and is aggressively implementing a new business strategy across its global operations. The change management and communications initiatives accompanying this strategic implementation are unusual in their scope and duration. Initial RQ scores by unit ranged from –30% to +60%. RQ scores were used to focus change management and communications resources. In addition, statistical analysis of RQ scores was used to develop the change profiles project sponsors now use to lead the strategic initiative. This organization is committed to conducting RQ over a two-year horizon; changes in RQ scores are being used to further focus change management and communications resources over time.

More Information?
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