ANALYSIS OF THE PHASED APPROACH IN A COMPLEX BUSINESS TRANSFORMATION PLAN AT REMPLOY – AN ASSUME ORGANIZATION ESTABLISHED FOR DISABILITY EMPLOYMENT

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ABSTRACT

Changes are the drive behind any projects initiated, thus the approach of project management is also changed. While the traditional approach is based on the assumption that goals and scope are remained constantly during the project, this is not a viable option for modern corporations which run with various types of business lines in different economies. A phased approach is employed for modern business in which departments of a company or subsidiaries of a corporation are dependent to each other, and any changes conducted in this unit will absolutely have impacts on the remaining ones. This paper will provide an overview of the phased approach to a complex business transformation plan at Remploy - an organization established for disability employment. Parallel with the dynamic transformation of the economy, project management framework also develop to meet the needs of young or global company. In this paper, we will compare and contrast two popular frameworks, PRINCE2 and Agile and select the most suitable one for the Modernisation program at Remploy. They both have distinguished strengths and can provide great support for project managers. Depending on the scope of work and human resources of the company, as well as intended outcomes, project manager will opt for a suitable one.

Keywords: Remploy; disability; employment; stakeholders; modernization.

INTRODUCTION

In this competitive and rapidly-changing market, businesses are required to continuously change itself to survive and prosper. Changes are the drive behind any projects initiated. The approach of project management is also changed. While the traditional approach is based on the assumption that goals and scope are remained constant during the project, this is not a viable option for modern corporations which run various types of business lines in different economies. A phased approach is employed for modern business in which departments of a company or subsidiaries of a corporation are dependent and any change conducted in this unit will absolutely have impacts on the remaining ones.

This paper will provide an oversight of the phased approach to a complex business transformation plan at Remploy – an organization established for disability employment. The report will clearly define the scope of the program, outline required projects and list out important tasks and necessary activities for a sample project in Work breakdown structure. A Gannt Chart is also provided to illustrate the project timeline and estimate cost. Finally, the management of benefits, significant risk and communication with stakeholders are discussed to have a full overview of the program.

SCOPE OF THE PROGRAMME

Remploy, an organization owned by the Department for work and Pensions (DWP) was established in 1945 with a mission to create sustainable employment for disadvantaged people. As the economy of UK at that stage was primarily manufacturing, Remploy opened nearly a hundred of factories which produced a wide range of products and recruited thousands of disabled people. In the late 20th century, after significant social, political and economic changes, the company shifted towards a service-oriented organization by promoting disability employment with other employers. Remploy, which was then rebranded as "Employment services", expanded to a network of branches and offices in 64 town and city centers.

Subsequent political views and economic trends, however, continued to going against the efforts of Remploy. The government was on the way to withdraw funding for the company while financial losses were reported at many of the factories. Additionally, the DWP placed its child under pressure when proposing a limited budget for operation of 55 million pound over a five-year modernization plan while targeting a surge in the number of disabled people supported into mainstream work from 5,000 to 20,000 annually at the end of the period.
In order to fulfil the conflicting goals, Remploy had to carry out a company-wide plan to boost its efficiency at a reduced operation cost. As UK was growing into a more service-based economy, the company would have to narrow down its manufacturing activities through the closures of unproductive business lines, merger of production plants and salesof business units. The remained factories had to be re-oriented to generate sufficient profits to sustain and quadruple the number of disadvantaged people at work.

MODERNISATION PROGRAMME

Having a long history of development in manufacturing area, Remploy owned a number of various independent business units in such fields as healthcare, furniture and construction products, protective clothing, electronics and recycling. In addition to the different business lines, the company's plants were located in almost every parts of UK, with plant size ranging from 12 to over 200 workers. The fact that these plants had no common in products, location and scale had added complication to the transformation plan.

As an organization founded for the long-term employment of disabled people, the shutdowns of Remploy's factories could provoke tension as it impacted directly on the lives of vulnerable people. This required the company to implement its restructure plan with due care and responsibility to meet the expectations of the citizens while remaining compliant with various regulations set by the government. The two key stakeholders of the company, namely Remploy's workers and the governing authorities, had add uncertainties to the changing plan with regards to the number of plants to be closed or the reactions of the employees.
The uncertainties and differentiation in business nature had prevented the company from initiating a straight-forward restructure. Changes would be carried out through consecutive projects, with the results of the prior one being the foundation for the following. Reaction from stakeholders would be in taken into consideration and alteration to the following project would be required upon necessity.

The intensive program would entail three important projects in sequential order. Project 1 dealt with closure of plant sites and transfer of remaining assets. Out of 84 factories of Remploy in 2006, those in declining trend would be in the list of consideration for shutdown.

Additionally, the company would compare the operation cost against the proceeds from the sales of the sites net of the exit cost to make decision. In order to arrive at the final decision, the list would be approved by the authority bodies, following an acceptable career arrangement for the employees.

Remaining assets, i.e. employees, equipment and commercial contracts of closed sites in Project 1 would be transferred to suitable ongoing plants, which paved the grounds for Project 2. The company would have to incorporate the transferred people and equipment and rebuild the business on the transferred sites. This required the co-operation between the delivery team and the sites receiving transfer to create a successful project.

Project 3 commenced when the merged sites in the prior phase had stabilized their operation. An overall assessment of each business line in the company was a must to re-orient and re-plan them to face the competitive commercial environment and generate additional employment. Meanwhile, strict enforcement of operation within budget would be introduced to the entire company.

As the two final projects of the modernization program had a number of uncertainties in the planning of tasks at the beginning, Project 1 could be outlined in details using Work breakdown structures model.

Team set-up: Given the diverse nature of Remploy's business and location in over 80 areas in the UK, a specific core team would be set up to take responsibility for the progress of the project. A director would be appointed in the highest hierarchy of accountability and authority. Following was a delivery manager and specialists in such areas as finance, legal, HR, public relations, etc. These position would be outsourced to capable people. A committee was set up for periodical meetings and generally managed the program. Lower in the team organization were project managers and change managers. The two positions were recruited from Remploy and received the same training, yet while project managers were transferred to the program, the change managers remained with their business.
To ensure the common goals being well understood, minutes were signed between projects manager, change mangers and head of the program. A standard reporting framework was also agreed amongst the parties and a project support office created to manage the paper work and assist in the control of risks.

*Selection of sites:*Project manager and onsite managers reported to finance experts about the business situation, who would then relied on various factors such as the economic trends and policies to assess each plant's development opportunities to propose the list of sites to close. Public relations and HR specialists would comment on the list with regards to the opinion from authority and reaction of employees of the short-listed plants. The reviewed list, with timeline of closures and estimated avoidance of cost, would be submitted to the committee for decision.

Communication to employees: Once the list had been finalized, the managers prepared compensation options for employees either in cash or employment opportunity in other plant. An official notice would be made and the opinions of affected employees would be taken into consideration. Once any disputes had been resolved and the employees were satisfied with the compensation options, the project could move to the next step.

Communication to authority: The company would make formal consultation with political department and trade unions, resolving any issues before the execution of shutdown.
Execution: Plants would be closed one by one. Equipment of these sites would be controlled as they would be utilized in project two. Documentation was necessary for any corrective action in further phase.

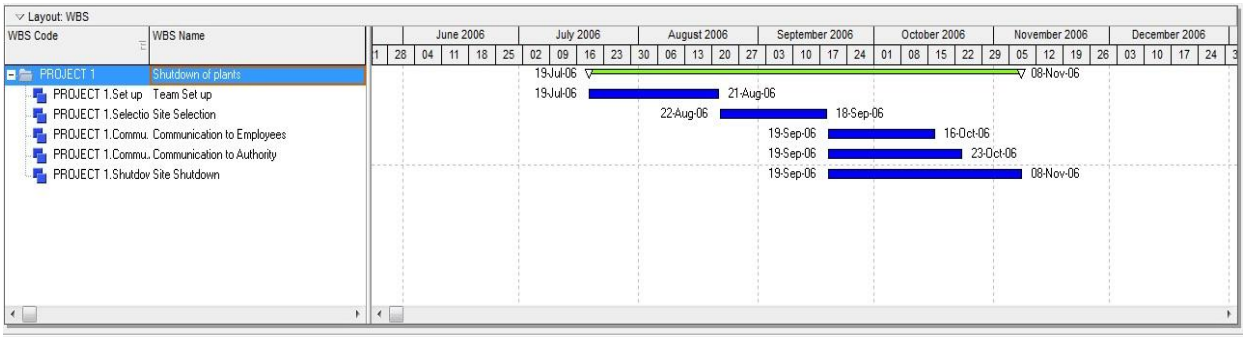


Figure 1: Work breakdown structure for Project 1

SCHEDULE OF THE PROGRAM

While Work breakdown structure is the backbone of a project planning, this needs to be developed in more details for better control of progress and avoidance of delay. One instrument for this purpose is the Gantt chart. Developed in 1977 by Henry Gantt, the bar chart displays "planned and actual progress for a number of tasks displayed against a horizontal time scale." Below are the Gantt chart for the projects in the program.

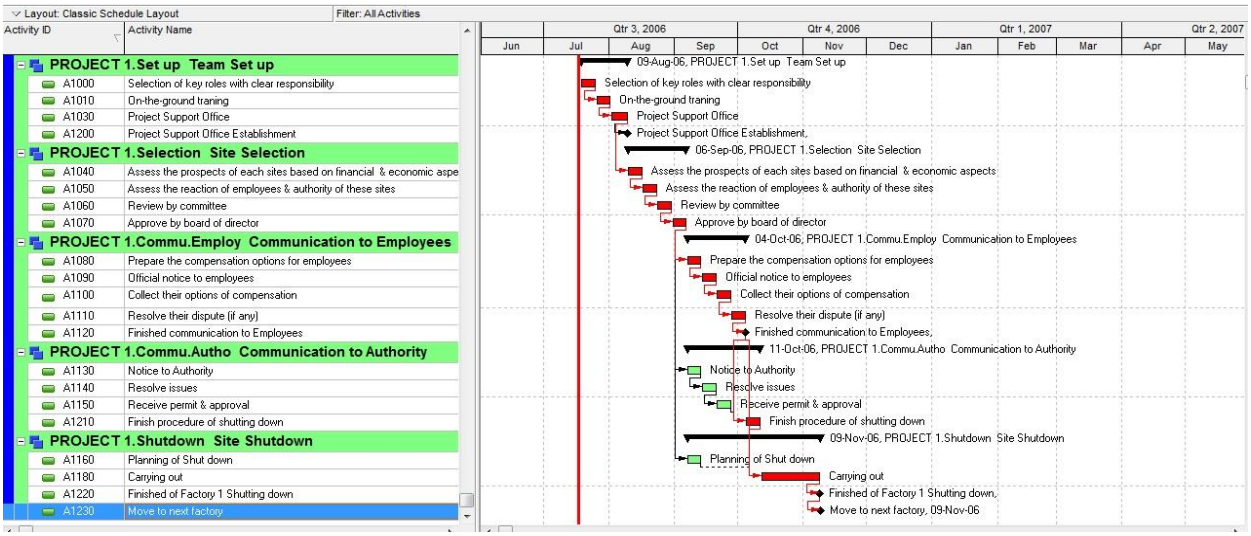


Figure 2: Gantt chart for project 1 (one by one factory)

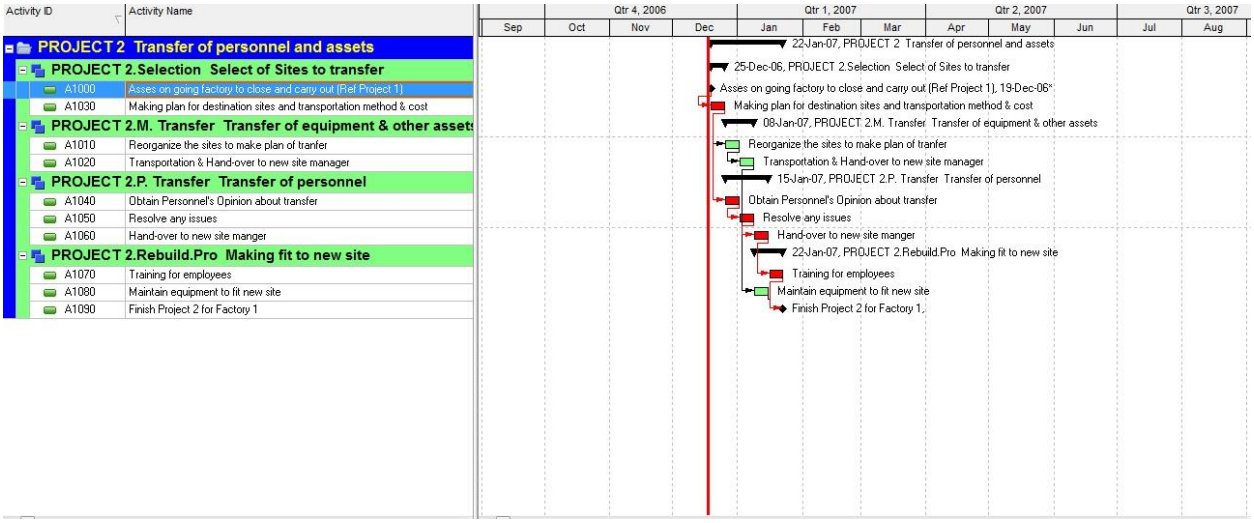


Figure 3: Gantt chart for project 2 (one by one factory)

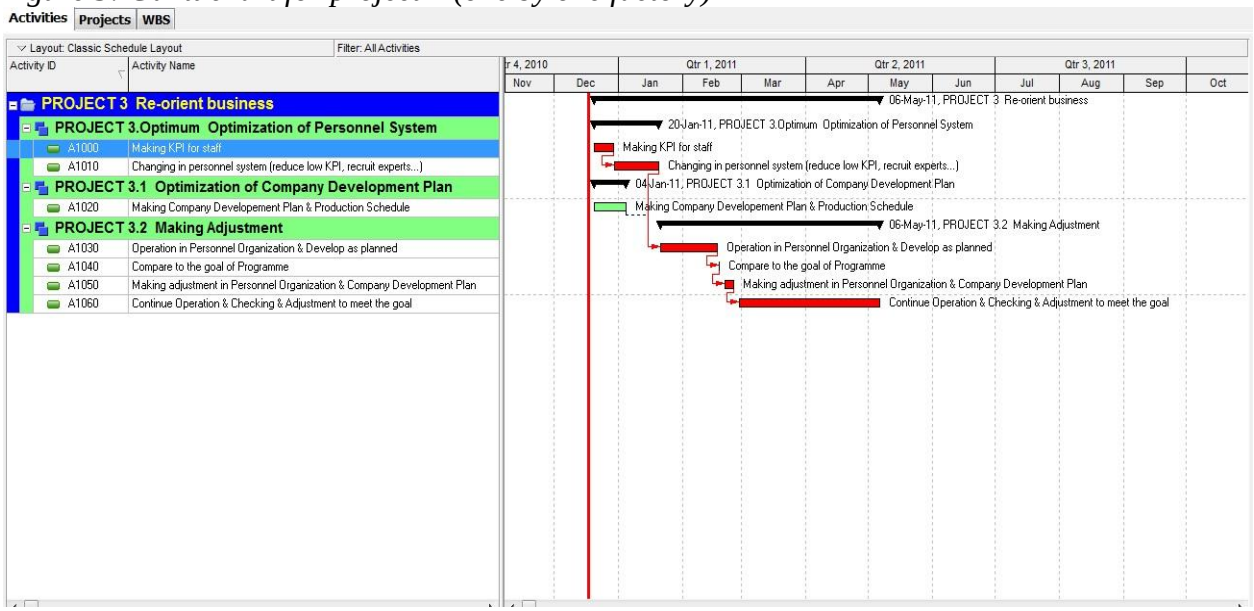
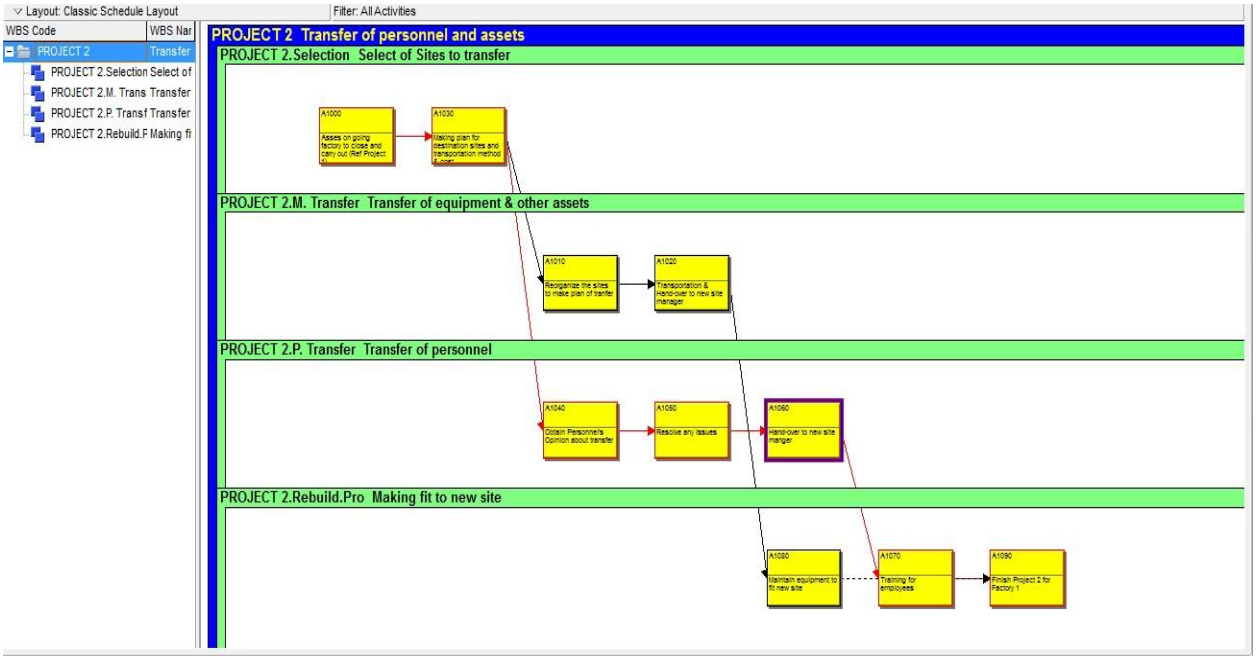


Figure 4: Gantt chart for project 3

Dr. Larry Bennett, a civil engineer, project manager, and author of four books, including a guide on critical path written in 1978 and titled, "Critical Path Precedence Networks," explains that the critical path method helps manage projects in two different ways: "*It produces a planned schedule to guide the project team, and it forms the basis for tracking project schedule performance by comparing actual with planned task progress.*" Below are the sample critical path for the project 2.



COST ESTIMATE

COST BREAKDOWN TABLE

REMPLOY MODERNISATION PROGRAMME

No.	DESCRIPTION	STANDARD	UNIT	Q'TY	COST		REMARK
					UNIT	AMOUNT (Pound)	
	TOTAL COST ESTIMATION					**3,556,000**	
1	**PROJECT 1**					**3,190,000**	
1)	Set up team and Salary payment in whole programme	10 persons * 12 months	man* month	120.00	4,000	480,000	
2)	Traning & Education for the team	6 months/1 time	time	2.00	5,000.00	10,000.00	
3)	Compensation fee for layoff worker	1000 wokers	1 month salary	1,000.00	2,500	2,500,000.00	
4)	Cost for closing of factory	20 factories	ea	20.00	10,000	200,000.00	
2	**PROJECT 2**					**350,000**	
1)	Transfer equipement from closed factory	20 factories	ea	20.00	10,000	200,000.00	
2)	Transfer worker from closed factory	500 wokers	per	500.00	50	25,000.00	
3)	Maintain for equipment to fit new work	20 factories	ea	20.00	5,000	100,000.00	

4)	Maintain for equipment to fit new work	500 wokers	per	500.00	50	25,000.00	
3	**PROJECT 3**					**16,000**	
1)	Expert Fee for Company Restructuring	First Investigation	time	1.00	10,000	10,000.00	
2)	Rechecking and adjustment for better operation	2 more times and advice	m3	2.00	3,000	6,000.00	

Cost estimate

BENEFITS MANAGEMENT

As defined in the book "Managing successful programmes", "benefits is the measurement of an outcome or part of an outcome. An end benefit is direct contribution to a strategic objective." As such, they should be managed for the project to achieve the highest outcome. Benefit management starts with the identification of benefits prior to the program initiation, which continues with measurement when the project has been delivered. In order for benefit realization, benefits should be measured and quantified, followed by mapping with other benefits and close monitor.

Remploy's modernization program included three dependent projects where the outcomes of the prior project laid the foundation for the following one. Project one attempted to close or sell a number of factories. As a consequence, the benefits would be reduced operational cost and demand for funding, added revenue from sale of equipment and plants, which directly contributed to the budget control of the restructure. A number of trained workers, available equipment and commercial contracts from closed plants were economic resources for ongoing businesses. Unlike the lower cost, the latter benefits would made contribution to the second project.

In project two, retained sites were supplemented with labour and assets. Re-organizing efforts were carried out to create joint benefits. As such, higher production capacity and increased sales volume were the strategic outcomes of the second phase, which contributed partially to the program's goals and partially paved the way for the final phase. Merger sites would hold responsibility of the benefits in phase two.

Project three was concerned with the re-orientation of the whole enterprise. While increased revenue, satisfied budget limit would be the financial benefits, this phase generated a number of strategic intangible assets. They may range from increased employment opportunities for the disabled, specialized business with higher development prospects and, last but not least, the capability to enforce changes in the dynamic, changing economy.

RISK MANAGEMENT

Project risks are imminent events or conditions with its origin from the uncertainties which are present in every project. They would ultimately have impacts on the project such as modified scope, delayed sequence or increased cost. Although risks are unavoidable, they can be managed in a number of ways to mitigate the undesirable consequences.

A fundamental risk management plan is often comprised of four stages. Leaders identify the threats from every elements of the project such as scope, resources or stakeholders. Subsequently, thorough analysis of possibilities and results of imminent threats will be carried out. Project executers will rely on the analysis to develop a plan to lower the likelihood and mitigate the consequencesof negative scenarios. Such risk control remedies will be implemented and lessons are documented for further projects.

A useful instrument of risk management is the risk register. ISO Guide 73 defines risk register as "the document used for recording risk management process for identified risks". Accordingly, the risk register is a record of significant risks which have been detected with regards to their nature, consequences, possibility and impacts.Also, it provides information about the activities currently undertaken to control the threats. Despite no fixed format of the document, the following table illustrates the fundamental risk register for the Modernization program.

Risk index	Risk description & possible consequences	Level of risk			Actions in place
		Probability	Impact	Overallrisk	
Budget overrun	Operational cost of the project exceed budgeted cost, resulting in the failure to meet the budget set by DWP	2	3	6	Strict budget control plan Close supervision Centralized approval system of expenditure
Mismanagement of benefits	Benefits of a project is ineffectively used in following one, likely leading to failure of the program.	2	2	4	Training of key personnel Close supervision on the realization of benefits
Delayed schedule	Project is prolonged than budgeted time. Delay means added cost and time for restructure.	3	1	3	Training of key personnel Control over project implementation Prepare various version of schedule Consider constraints & dependencies in preparation of timeline
Political/media pressure	Authority voices their disagreement against the program, causing delay or modified scope	2	2	4	Prioritize communication with authority/ media Consult like-minded organizations
Loss of key personnel	Important positions such as project managers resign may lead to delay and disbeliefs of stakeholders	1	3	3	Competitive retention and bonus Effective communication to understand and meet their needs

Table : Risk register for Remploy's Modernization program

Risk matrix is an illustrative method which assess the potential effects of a risk over the course of the project. Another benefit of this instrument is to assist project managers in

prioritizing tasks when various risks occur at the same time. Since Remploy was an organization owned by governmental organization and founded for the improved life of the disadvantaged, its' transformation went under strict scrutiny of authority and the media. As a result, the threats of disapproval from the two parties were imminent throughout the project with considerable influence. Delayed schedule and budget overrun were often found in the execution stage of every project. While the project might be prolonged, the budget was strictly set by DWP and thus the latter would exert more significant impact once occurred. As the project progressed further, the loss of human resources and misuse of outcomes were increasingly prominent.

		Consequences		
		Insignificant (1)	**Medium (2)**	**Significant (3)**
Possibility	**High (3)**	Delayed schedule		
	Moderate (2)		Mismanagement of benefits Political/ media pressure	Budget overrun
	Low (1)			Loss of key personnel

Table: Risk matrix of Remploy's Modernization program

STAKEHOLDER MANAGEMENT

Every organizations are faced with the challenges in managing their relationships with external and internal stakeholders. A stakeholder can be individual or collective group who have one commonality in nature: they are or will be affected by the deliverables of a project. They are, however, different from each other regarding their perception and reaction to the ongoing changes. As such, project leaders are required to identify and analyze the stakeholders carefully to build a proper action plan for each group of them.

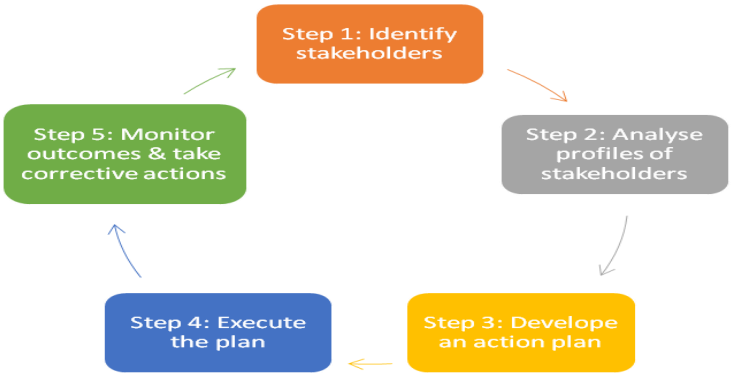


Figure: Stakeholder management cycle (Source: Tata consultancy)

Stakeholder management cycle is amongst a number of method to develop a stakeholder management plan. Stakeholders are initially detected through brainstorming or causes and consequences reasoning. The identified stakeholders are categorized according to their power and interest in the project, based on which project leaders can develop a proper action course for corresponding group. Finally, the plan is implemented. The results will be recorded for corrective actions if required.

From the viewpoint of Remploy, their major stakeholders could be categorized as disabled employees, political authority, leading advocates and the media. While the disadvantaged were the mission of the company and part of the reason behind the changes, they could have

disbeliefs, negative viewpoint and unwillingness to co-operate. The authority ignited the transformation yet setting regulations which Remploy had to comply with. Important supporters were like-mindedorganizations such as charities, vocational programs for the disabled who might either provide advice or voice disagreement. The media had close observation of the program and significant influence on the viewpoint of the public.
The analysis of Remploy's stakeholder could be summarized in the following matrix:

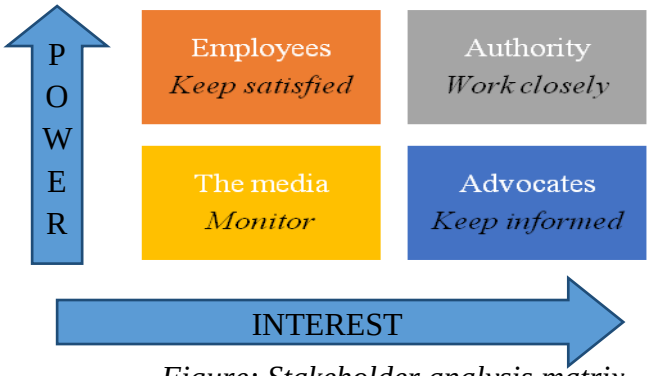


Figure: Stakeholder analysis matrix

Regardless of the position which the stakeholders stand to a project, they are human by nature. As such, their actions are rooted from emotions and perceptions, which leads to the importance of communication. In order for key messages being conveyed correctly to targeted audiences, a step-by-step communication plan should be drawn down. First of all are the general objectives and key message of the project. Second come the defining of audiences and additional messages to address their particular concerns. Communication tactics, allocation of budget and responsibilities are subsequently discussed, and the final steps are execution and feedbacks.

For the case of Remploy, as political departments and trade unions held the highest power and interests in the project, they should be prioritized in the communication plan. Project managers should perform formal and frequent consultation with these stakeholders and their opinions should be seriously taken into account. The employees were disabled people, as such they should be communicated with due care. Proper schemes should also be built for other supporters and the media.

PRINCE2 AND AGILE PROGRAMS FOR THE MODERNISATION PLAN AT REMPLOY - COMPARE AND CONCLUSIONS

This is widely known that a project without proper management will grow into a failure. However, the choice of management framework for a project is another conflicting story. Parallel with the dynamic transformation of the economy, project management framework also develop to meet the needs of young or global company. In this paper, we will compare and contrast two popular frameworks, PRINCE2 and Agile and select the most suitable one for the Modernisation program at Remploy.

Originally developed by a UK government agency, PRINCE2 is a project management method with the grounds of process-based approach. Not only does it depict the roles and responsibilities of project members and stakeholders, it also mentions important processes within a project from beginning phase to the end. The seven principles included in this framework are business justification, learn from experience, clear roles and responsibilities,

work management by stage, manage by exception, quality-focused and adaptable to different environment.

Agile, on the other hand, was developed in the era of Silicon Valley. The set of principles for this framework is similar to those of software development. It ranges from adaptive planning, continuous development to flexibility in response to changes.

Both Agile and PRINCE2 are amongst the most popular methods for project management in the world. However, there are a number of differences between the two frameworks. While PRINCE2 is a traditional approach, Agile is a newly-developed one which promotes increasing interface with clients. PRINCE2, on the other hand, is a method which focuses on better management and control of a project. Another key difference the two methods is that in general PRINCE2 is a plan-based approach, while agile promotes quick response to changes.
Remploy is a traditional businesses with a number of production plant. The employees of the company are mainly disabled people, as such their reaction to changes is likely lower. As the company has plants nearly all over UK, with twelve different business lines, the transformation plan need close control to ensure uniform perceptions and reaction, thus reaping the intended benefits. Taking these background into account, the PRINCE2 is the more suitable approach.

PRINCE2 and Agile are important project management framework. They both have distinguished strengths and can provide great support for project managers. Depending on the scope of work and human resources of the company, as well as intended outcomes, project manager will opt for a suitable one. For the case of Remploy, PRINCE2 is the most favourable.

Remploy modernization program was a historic change in the world of disability employment and an intensive project management. Although there were a number of challenges and pressures from stakeholders, with proper planning, the objective of the program would be fulfilled and benefits, both financial and strategic, would be realized.

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