

## **Managing Change**

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The financial services industry is at an inflection point, with more change anticipated in the next five years than experienced in the last twenty. Consider the many dynamics at play, including continued margin compression, increased regulatory activity, and the introduction of both new product types (state-mandated IRAs) and new markets. The firms that thrive in the face of these disruptions will not only be successful in adapting their business strategies and models, but will also be adept at managing organizational change.

Being able to effectively plan and drive change has become a critical business capability, yet from our perspective, it remains a relatively immature practice at most firms.

This challenge was highlighted in BridgePoint's 2016 Industry Evolution Study, in which the majority of

CEOs stated that the number one concern they had in meeting their strategic goals was their firm's ability to successfully execute key initiatives.

### **Leverage Change Management Techniques to Ensure Success**

Successfully managing change of any magnitude often requires careful planning and an ongoing awareness of unforeseen challenges. Our experience has shown that a solid change management approach is just as critical to success as having a focused business strategy, a prioritized portfolio of initiatives and solid project management.

We have found that firms who employ a structured change management approach have been most assured of delivering the intended outcomes. When guided by strong leadership and a solid action plan, a structured approach can equip management teams with the tools to succeed.

### **The Role of Leadership in Change Management**

BridgePoint defines Change Management as the application of a structured process that includes a set of tools for leading people through change to achieve a desired result. Ultimately, change management is the responsibility of all levels of leadership throughout an organization.

Our approach is to partner heavily with senior leadership to set and reinforce the change vision, then coach and mentor the middle-line managers who will be driving the day-to-day success of the initiative. When executed correctly, change management will increase the probability of initial success in complying with the new requirements and

also ensure ongoing adoption of new operating procedures.

The first step is for senior leadership to develop a clear vision for change and then share it with managers and employees, and customers as appropriate. The vision should communicate the future state of the organization, explain the strategic intent of the change, and outline details as to when the changes will be occurring. Often we find that the “why” and the “when” are relatively simple for leaders to articulate. The difficulty lies in clearly describing the future state.

### Communication is a Core Component

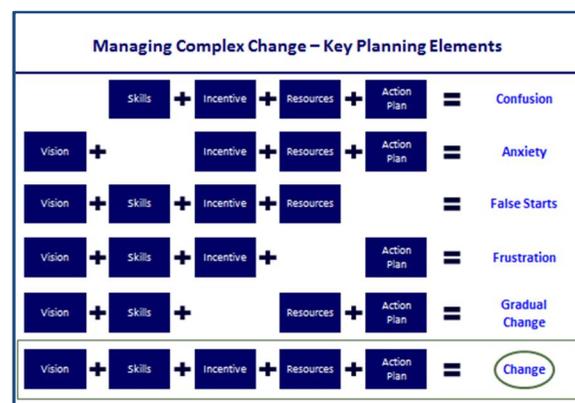
An overarching theme of effective change management is an effective communications plan. In order to gain the necessary buy-in that leads to success, corporations must not only convey what change is taking place, but also share the process for implementation to all affected stakeholders, both internal and external.

Perhaps as important as the message is its delivery. The most effective strategy is for senior leadership to deliver communications regarding change rather than leaving dissemination to HR or Marketing. Having the communication come directly from senior leadership lends credence to the message and leaves no doubt as to its veracity and importance.

Here are some ways to use communication to build commitment to the change:

- Offer avenues for two-way communication. Uncover resistance and address it quickly by encouraging open dialogue and feedback.
- Share progress, short-term wins, and successes regularly to maintain an engaged and energized team.

- Say it often. Frequent repetition of the vision and company goals will keep the change plan top-of-mind.
- Be specific. Clearly explain to each applicable group what is and is not changing.



Source: Adaptation of the Knoster Model for Managing Complex Change

### Supporting Associates Through Change

For a variety of reasons, people naturally are opposed to change. It is important to recognize this fact and to develop a plan to help people through the stress and uncertainty. Again, communication is a vital factor.

Make sure that your associates have the tools they need to cope – a clear vision of the desired end result, education, training, and a management team committed to supporting them through the adaptation of new service models and compliance protocols.

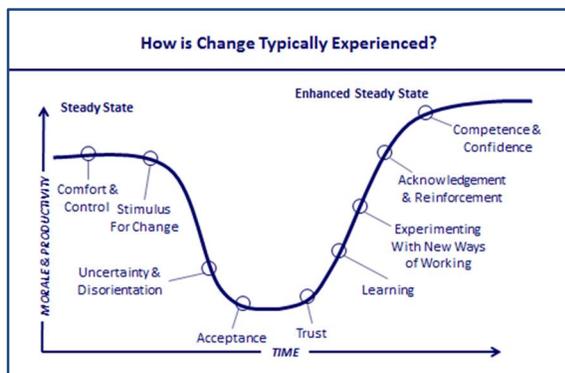
- Encourage associate input and take it seriously. Sometimes the best ideas come from those closest to your customers.
- Acknowledge feelings of frustration – do not try to talk associates out of their feelings.

- Acknowledge hard work and successes throughout the processes of migrating to new ways of working.
- Reinforce and reward new behaviors.
- Give associates permission to take risks and find their own solutions.

### When Change is Managed Well

Leadership understands that change management requires special attention. An initial step as we engage with new clients is to establish change readiness teams.

Success rates for implementing change are drastically higher when specially selected teams are leading the charge. Project management offices alone cannot be the sole driver of effective change management. We have found the drive for maintaining the project schedule and deliverables can often overshadow the human objectives aimed at acceptance and engagement, putting the initiative at risk.



Source: Adaptation of the Kubler-Ross Change Curve

*Leadership establishes a clear vision and effectively shares with managers and employees.* We recently witnessed a leadership team of a large financial services organization successfully relay

communications through Town Hall-style meetings where they were able to transmit the vision and plan for change with their employees in smaller, intimate settings. Through these meetings, senior leaders were able to spell out why the business was changing, what they were changing to, and what would not be changing, while also providing an interactive forum for employee questions.

*Companies listen to their employees and shape change plans accordingly.* One insurance company recently conducted employee focus groups to aid in the development of its successful change management plan. During these focus groups, leaders identified how prior changes were experienced and leveraged the insights to better plan for upcoming changes.

*Special attention is given to employees who resist change – and those who are on the fence.* When individuals are identified as possible resisters to a necessary business transformation, individualized strategies can be developed to cultivate a personal relationship with the project and to drive a greater degree of acceptance through participation. Meanwhile, be careful not to lose sight of those who seem to be “fence sitters.” By addressing their objections, management can positively influence this group, and they can become enthusiastic adopters.

### Competing in an Evolving Market

Strategic planning and careful implementation are the keys to successfully driving organizational change. For example, while the final outcome of the DOL's fiduciary rule remains uncertain, we still anticipate firms will move forward with fundamental changes to their product offerings and operating environment. A majority of the DOL implementation plans we have seen lack a



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holistic approach to change management, thus reducing overall confidence in the business outcomes.

Firms that have developed strong change management capabilities, and have allocated both the resources and timing to successfully integrate them into transformation plans, will be best positioned to effectively compete in a dynamic and rapidly evolving industry.

### Connect With Us

For more information about how BridgePoint can support your Change Management efforts, reach out to us at:

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