

TRANSFORMATION & CHANGE

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TYPES OF CHANGE



Reactive



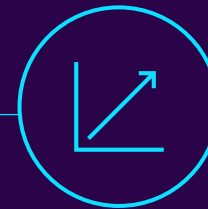
Embedded



Proactive



Sporadic



Constant



DRIVERS OF THE NEED FOR CHANGE

Internal drivers

Change of location
Centralisation vs decentralisation
Need for diversity, break silos

Technology

More efficient ways of operating
eg process automation, systems
implementation/upgrade

Reputation

Change to improve how the
organization is perceived by
stakeholders, inc customers

Regulation

Increasing requirements around
sustainability, equality, fraud and
corruption

Competition (reactive)

How to improve products or
organisation to beat competitors,
or deliver better returns

Creative destruction

Redesign the organization or
processes to drive innovation,
think differently

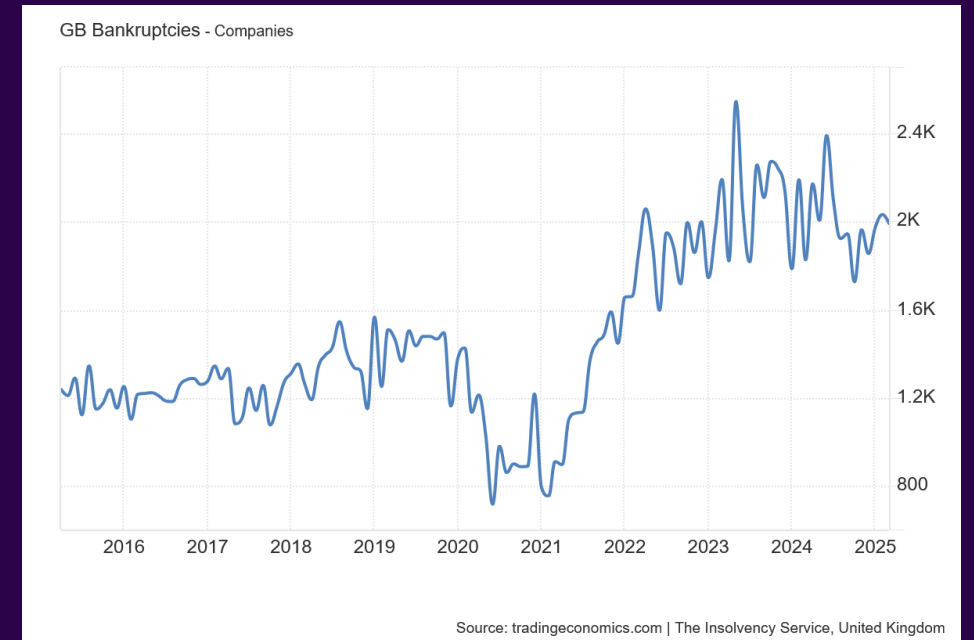
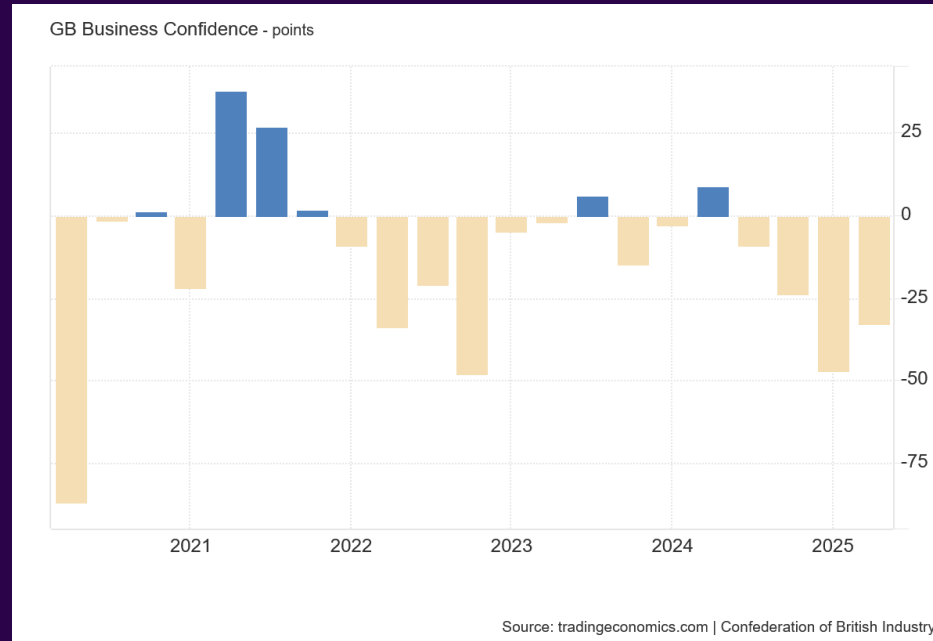
Profitability

Need for greater shareholder or
taxpayer value
eg cost base too high

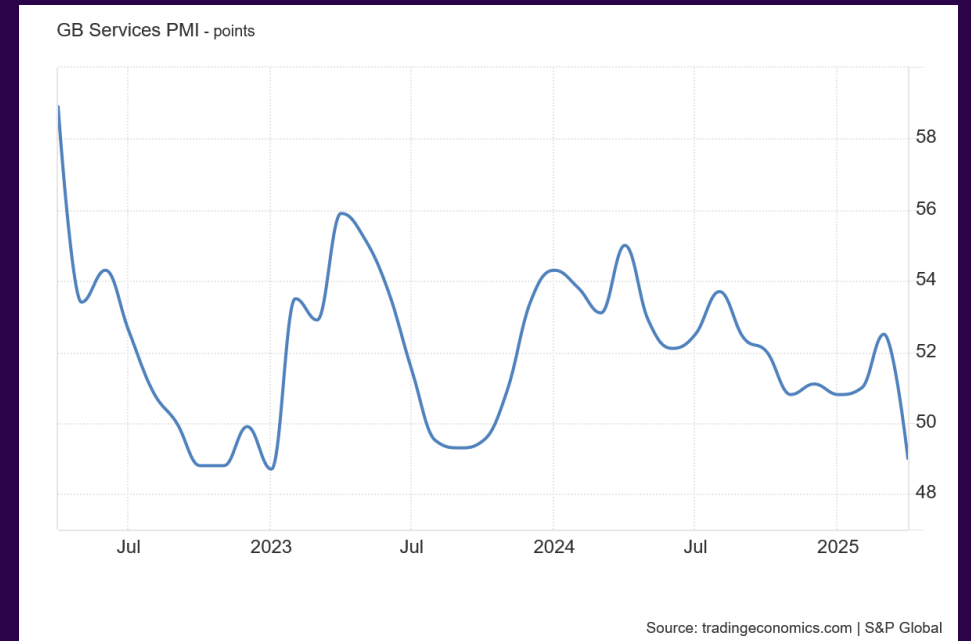
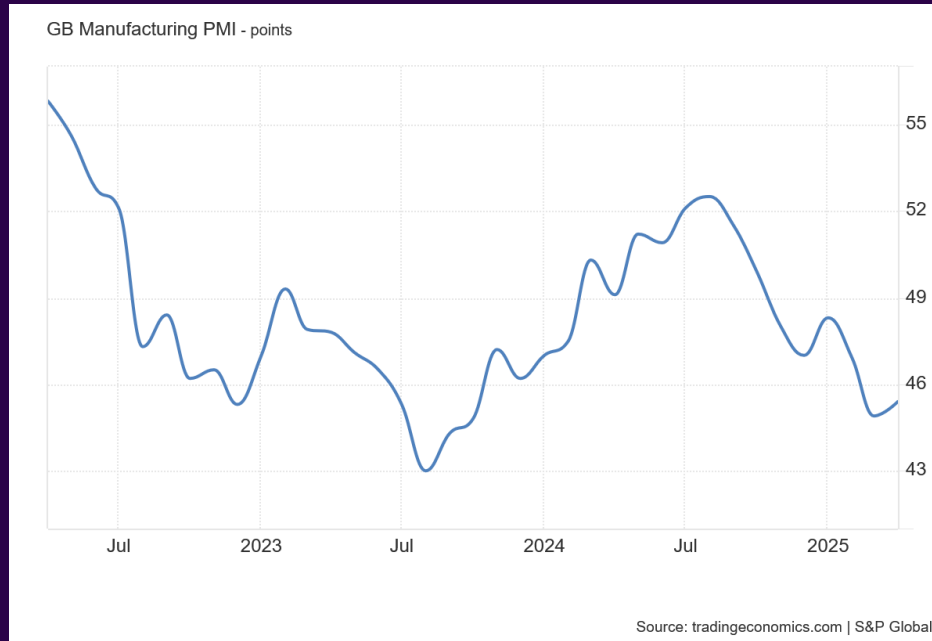
Economic landscape

Higher costs of business creates
need to operate differently eg NI
hike on employers

BUSINESSES ARE UNDER PRESSURE



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IS CHANGE NECESSARILY BAD?

NOTHING IS STATIC

Every species evolves to adapt to changing environmental factors such as predators, food sources, climate etc

Economic environments also continuously change such as recession, war, change in political leadership, disruption to world trade etc

BENEFITS OF CHANGE

Necessary for organisations to survive and thrive vs competition

Can improve shareholder/taxpayer returns

Can improve customer experience, increasing demand

Brings opportunities for employees to develop and grow careers

CHANGE HAS A COST

Economic costs of change – redundancy costs, consulting, distraction from day job, retraining

Reputational costs – organisation risks being seen as uncaring of its employees, or disrupting customer service

Impact on real people's lives

CHANGE IS HARD FOR EVERYONE

For people affected

Fear

Anger

Powerlessness

Confusion

For those leading change

Stress

Concern about workload

Emotional toil

Loss of friendships

For “survivors”

Guilt

Concern about workload

Concern about culture shift

Loss of friendships

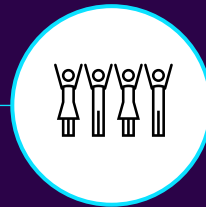
Jealousy

KEY STAKEHOLDERS DURING CHANGE



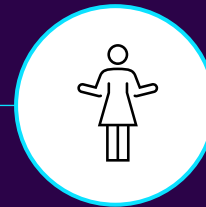
Shareholders / Taxpayers

As leaders, our job is to maximise long-term returns for shareholders/taxpayers



Employees

We owe a duty of care to employees – to treat them fairly, compassionately, respectfully and honestly



Change leaders

Those delivering change also require support to remain resilient and committed to seeing it through



The law

We have an obligation (morally and legally) to comply with all applicable regulation

THERE ARE PLENTY OF MODELS FOR MANAGING CHANGE...

Kotter's 8-Step Change Model

- Create urgency
- Form a powerful coalition
- Create a vision for change
- Communicate the vision
- Remove obstacles
- Create short-term wins
- Build on the change
- Anchor the changes in corporate culture

ADKAR Model

- **A**wareness of the need for change
- **D**esire to support the change
- **K**nowledge of how to change
- **A**bility to implement required skills and behaviours
- **R**einforcement to sustain the change

Lewin's Change Management Model

- Unfreeze – Prepare the organization for change
- Change – Implement the change
- Refreeze – Solidify the new state as the norm

McKinsey 7-S Framework

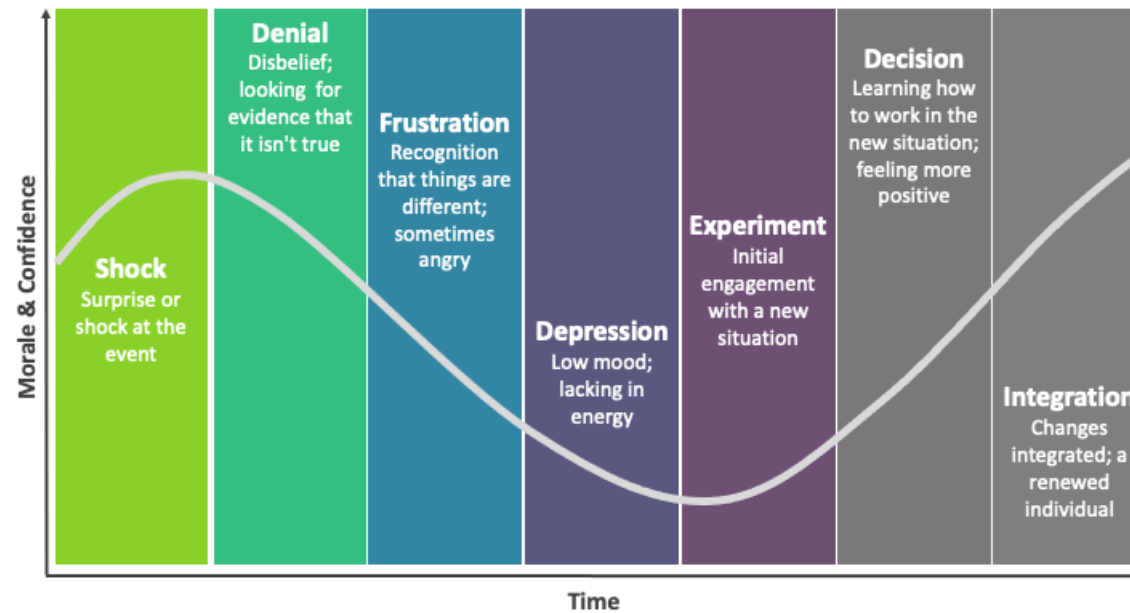
- Strategy
- Structure
- Systems
- Shared Values
- Skills
- Style
- Staff

Bridges' Transition Model

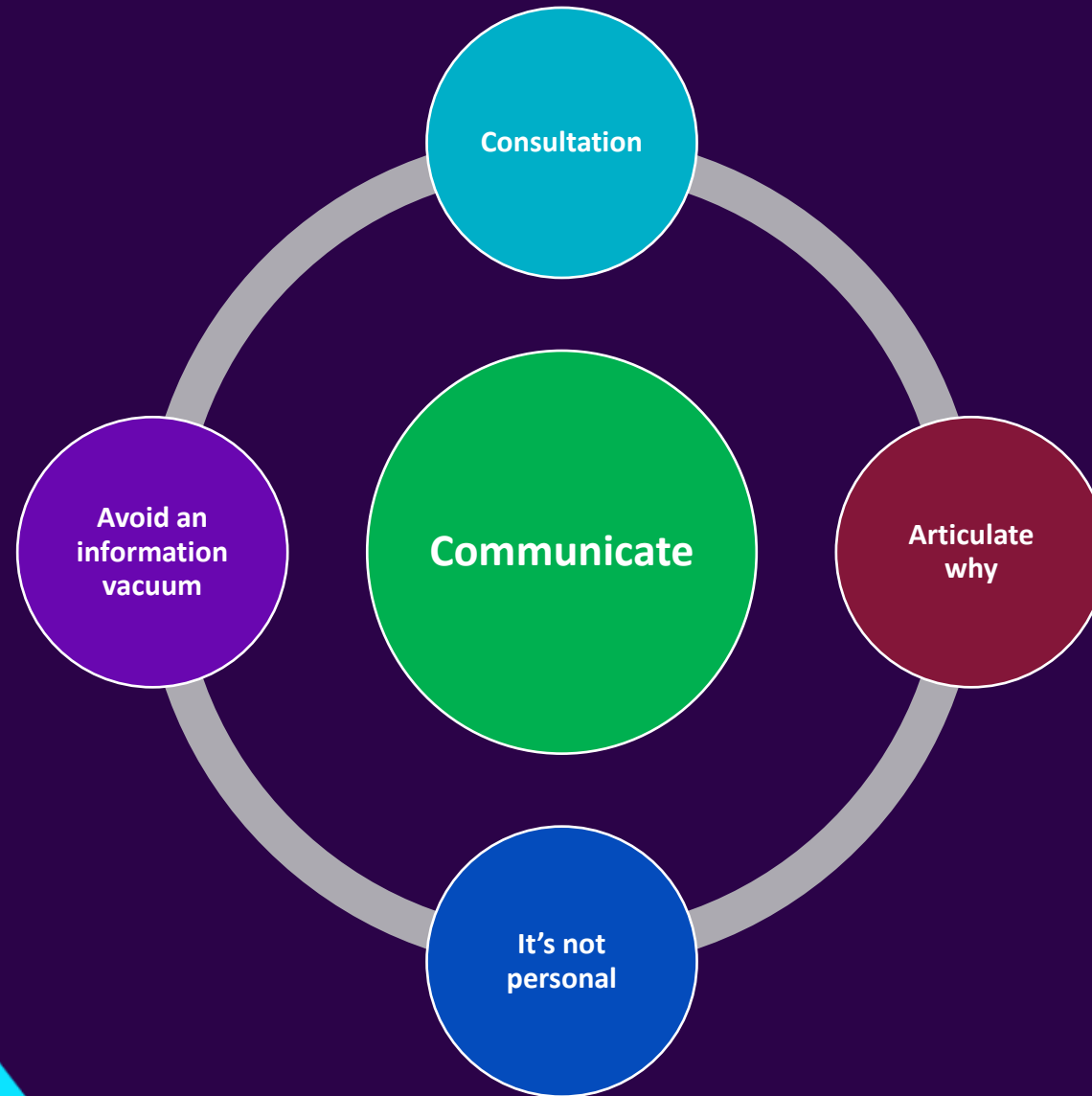
- Ending, losing, and letting go
- The neutral zone
- The new beginning

...AND MODELS FOR DESCRIBING THE EMOTIONAL JOURNEY

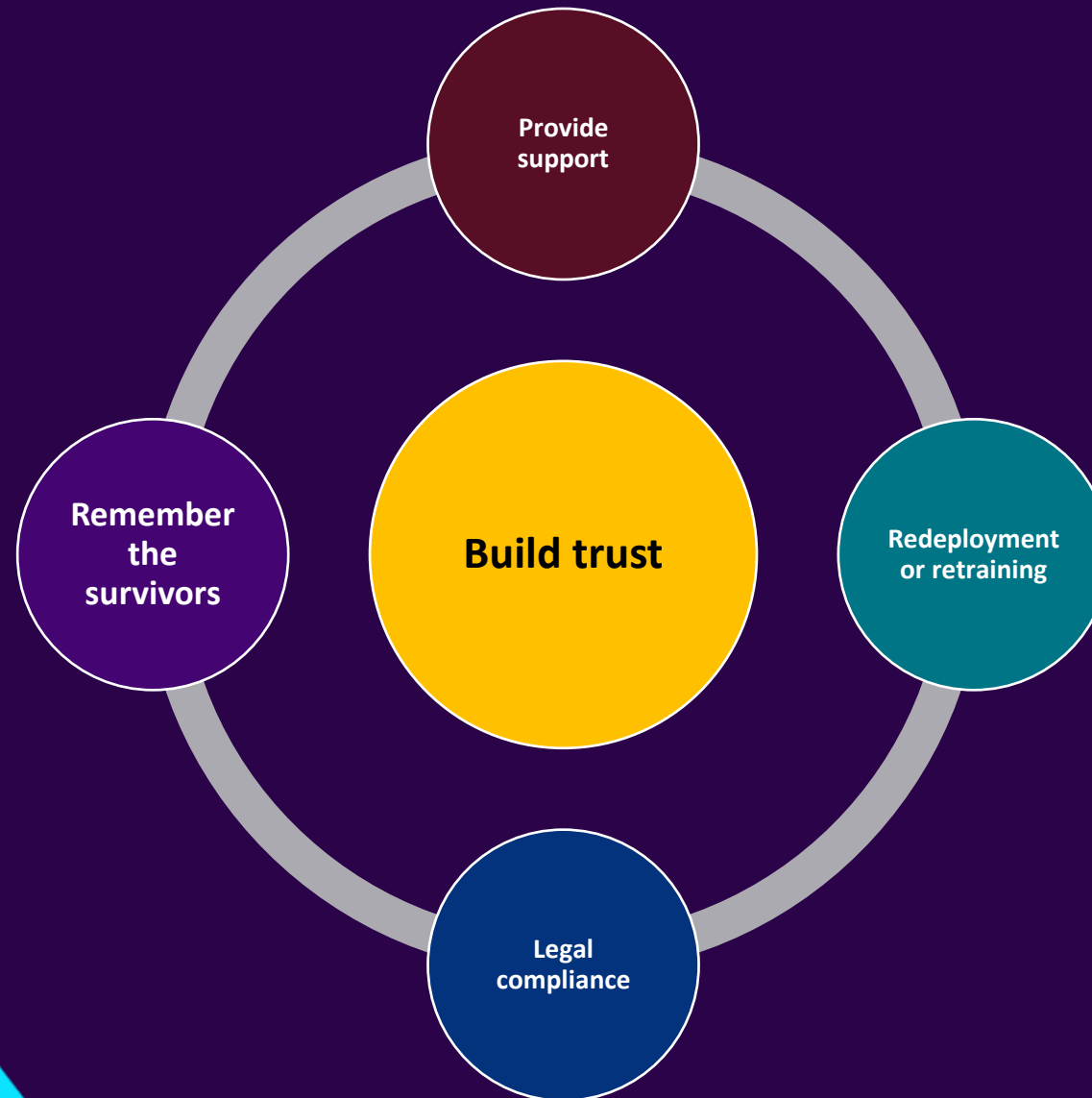
KUBLER-ROSS CHANGE CURVE



KEY PRINCIPLES FOR MITIGATING PAIN



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GETTING IT RIGHT FIRST TIME

Define and align around the end state with clarity

Perform due diligence to identify gaps in thinking, risk areas

Lay out the roadmap from present state to future state, with milestones

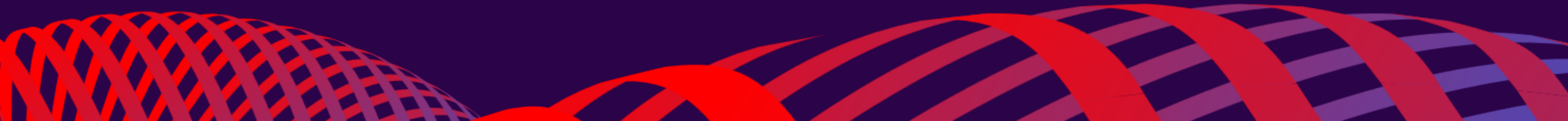
Define the change process

Develop the communications plan

Ensure everyone is fully briefed

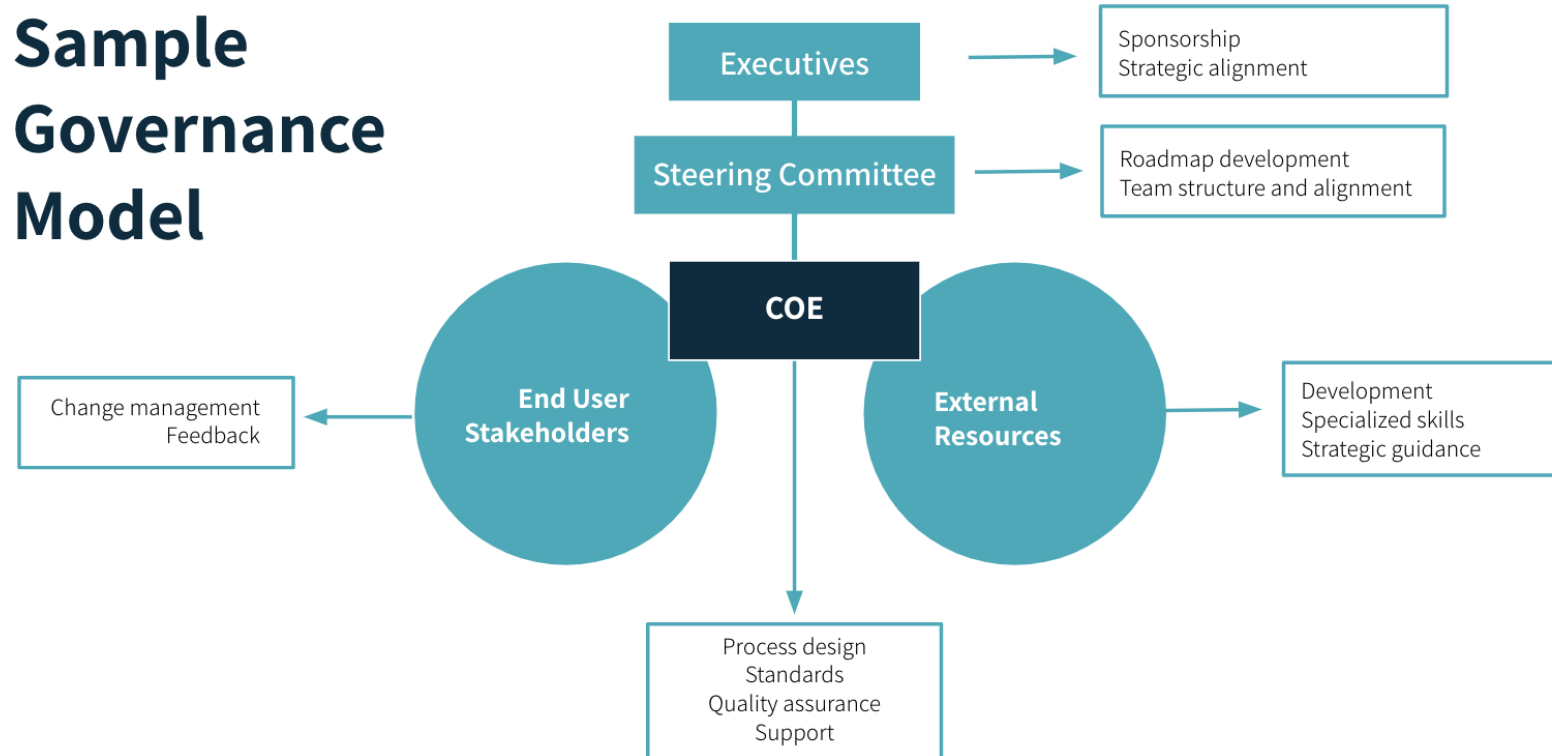
Destructively test the plan for robustness

Construct the change governance structure

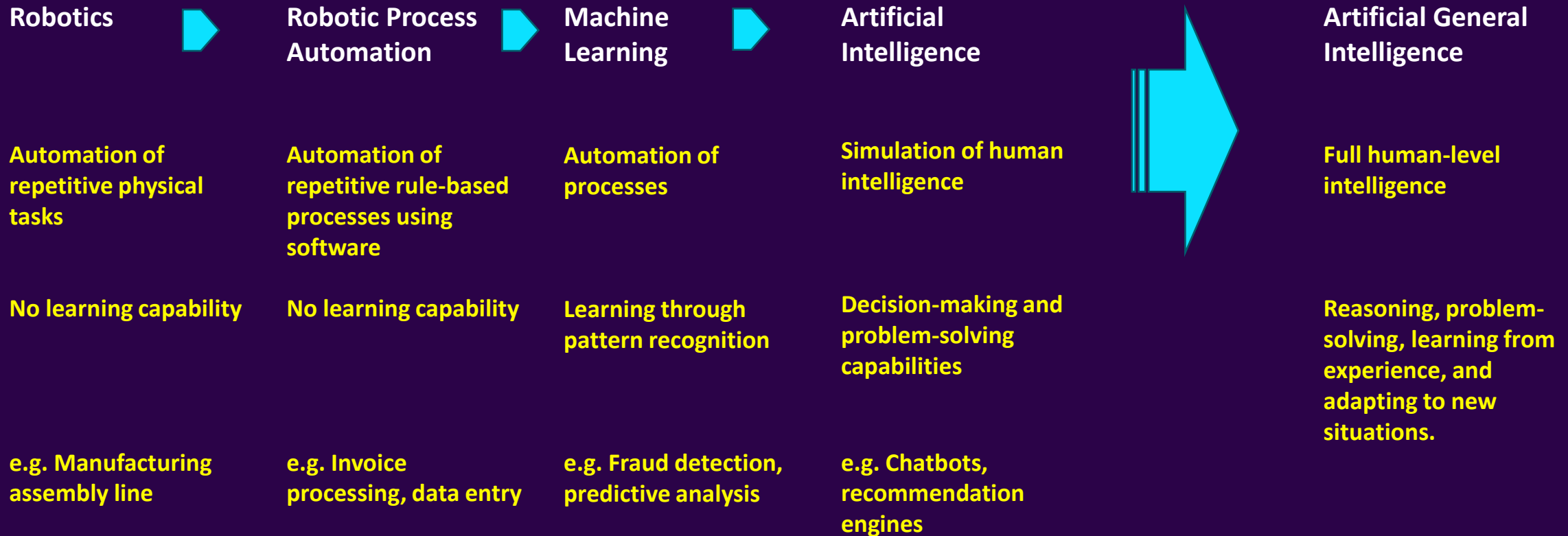


CHANGE GOVERNANCE

Sample Governance Model



WHAT ABOUT THE FUTURE?





SUMMARY

- **Change is inevitable - embrace it**
- **Anticipation of the need for change is better than reaction to it**
- **Delivering change is tough, but necessary to stay relevant and survive**
- **Deliver change with pace, but do it properly**
- **Be kind**

THANK YOU