# THE IMPORTANCE OF CULTURE IN CHANGE MANAGEMENT

Diane Gelman | Engagement Managing Director

In today's world, the rapid pace of change necessitates that organizations evolve constantly. Organizational transformation typically focuses on cost cutting initiatives; however, transformation value can also come from growth initiatives - which can be equally as transformative, if not more so. Unfortunately, about three quarters of corporate transformations fail, mainly due to "human issues" or "culture issues". Companies with a healthy culture consistently outperform their peers, as the success of any business transformation is predetermined by effective staff engagement.

## KEY FACTORS FOR SUCCESSFUL TRANSFORMATIONS

*Implementing Change Management Discipline that Understands the Impact on the "People Side of Change".*

### A SIMPLE AND CLEAR STATEMENT OF WHERE YOU ARE GOING

- **Define what success will look like when achieved:** If you do not know what you want to transform into, how can you motivate others to go along with you for the ride?
- **Create a simple narrative for the case for change:** If you cannot explain where you are going (and WHY) in simple terms, how will stakeholders (employees, customers, vendors) understand what you want to achieve?
- **Take an investors' perspective on where the value might be - and be specific about outcomes /targets:** How can you create momentum if you do not have evidence of progress or success?

### A CLEAR RATIONALE FOR WHY THE CHANGE IS NECESSARY – WITH A SENSE OF URGENCY

- **Align the rationale for change to day-to-day activities:** Especially critical for employees, the change must mean something to them; else they will resist.
- **Create a sense of urgency:** Help stakeholders to understand the risks and impact of not changing.

### A COMMITTED AND ALIGNED LEADERSHIP TEAM

- **Serve as a role model for change in mindsets and behaviors:** Employees should see desired behaviors in action by their leaders; they will not trust in the change if the leadership team does not "walk the walk" or "talk the talk".
- **Eliminate hidden agendas:** Employees easily identify hidden agendas – so eliminate any to build trust in a shared agenda.

## AN HONEST UNDERSTANDING OF WHERE YOU ARE TODAY

- **Understand your current state:** How do you know how far or how big your journey is or needs to be if you do not know your starting point?
- **Be honest:** Honesty is the best policy…and while it may hurt, it is better to be frank about where you are now and where you need to be.

## A FRAMEWORK AND CLEAR CRITERIA FOR PRIORITIZATION

- **Focus on a few things – and do them well and finish them:** Not everything can be a top priority; making all things equally important will result in slow or minimal progress. Prioritize the work - and mean it!
- **Demonstrably STOP doing things:** It is amazing how good and motivational this will feel - to everyone.
- **BUT adapt along the way:** Change direction or adapt as you learn about yourself, the market, your customers, or from your failures. Be open to learning from your mistakes.

## A SENSE OF HOW SUCCESS AND CHANGE WILL BE MEASURED (METRICS / DASHBOARD)

- **Develop the right metrics:** Tie them back to the definition of success and the value to be delivered by the change. Consistency with your simple story breeds trust and helps with maintaining momentum.
- **Keep the metrics to a small number:** Ensure to include measures for adoption; if you build it, will they come?
- **Celebrate progress and failures:** Support and maintain momentum...change is hard. Celebrating failures demonstrates a learning environment and transparency - which supports a culture of "we are all in this together".

# CRITICAL ELEMENTS OF AN APPROACH TO CHANGE MANAGEMENT

*Support your change with a thoughtful approach to change management and culture, keeping in mind the people implications.*

## SAMPLE TACTICS

## IMPLICATIONS

### A BROAD AND EXHAUSTIVE COMMUNICATION PLAN

- Hold town halls
- Institute regular leadership meetings
- Establish extended leadership teams
- Identify "change agents" or "change ambassadors"
- Brand the transformation/change program
- Launch leadership "listening tours" – that result in actionable outcomes
- Launch leadership "progress tours" – that transparently share progress with employees

**COMMUNICATE OFTEN AND BE CONSISTENT**

### TARGETED MIND SETS AND DESIRED BEHAVIORS

- Distribute case studies / real every-day examples of the sought-after behaviors – ones to which employees can relate
- Create "accountability partners" to hold each other accountable for the work, outcomes, and sought-after behaviors
- Create lists of DO's and DON'Ts (e.g., do not revisit decisions without data, do have meetings focused on issues rather than updates, do allow for healthy debates and challenges, do not penalize for failed experiments)

**DEFINE AND ROLE MODEL SOUGHT-AFTER BEHAVIORS FOR TRUST, BUYIN, AND ADOPTION**

### STAKEHOLDER AND CHANGE IMPACT ANALYSIS

- Segment your stakeholders (e.g., employees, customers, vendors, etc.)
- Conduct workshops / surveys / focus groups to understand segment views and challenges
- Discuss and validate the impact of the changes to each segment
- Incorporate segment ideas into design and implementation plans
- Create adoption plans for each segment

**INCLUDE STAKEHOLDERS IN DESIGN AND SOLUTIONING. ELIMINATE STAKEHOLDERS' BARRIERS (REAL OR PERCEIVED)**

### VISIBLE DASHBOARD

- Create a dashboard with the few measures that actually tell you whether or not the change is effective
- Democratize the data by centralizing it and enabling everyone to query it

**BUILD TRUST IN THE PLAN AND JOURNEY**

# QUESTIONS TO CONSIDER WHEN ASSESSING READINESS TO CHANGE

*Understand your culture, talent, and the supporting people, systems, and processes.*

**Do employees have the right skills to make change happen?**

**Do you need to retool or retrain?**

**Do you need to upgrade talent?**

**Are the right behaviors being rewarded? Can managers recognize the right behaviors? Are the wrong behaviors being coached - not penalized?**

**Focus on People Managers - should they be People Managers? Who can manage and think about career paths for Individual Contributors? Are these people in leadership roles?**

**Who are the change agents? Who has followership? Who are the real influencers?**

**What is the level of trust in the culture? Do people believe their leadership? Are people comfortable speaking up?**

**Are employee roles clear - or do too many people "jump in" to do something? Are individuals held accountable for results?**

**Are mistakes viewed as learning opportunities or are they penalized?**

## KEY ACTIONS

Define and develop processes and systems that will reinforce the behaviors sought after

Define and provide examples of the behaviors that are sought to a) make the change happen, and b) enable and sustain the new, transformed entity

## ABOUT REFERENCE POINT

Reference Point is a boutique strategy, management, and technology consulting firm focused on delivering impactful solutions for the financial services industry. We combine proven experience and practical experience in a unique consulting model to give clients superior quality and superior value. Our engagements are led by former industry executives, supported by top-tier consultants. We partner with our clients to assess challenges and opportunities, create practical strategies, and implement new solutions to drive measurable value for them and their organizations.

# STRATEGIC TRANSFORMATION AND CHANGE MANAGEMENT EXPERT

## DIANE GELMAN

Diane Gelman is a Engagement Managing Director at Reference Point with over 25 years of experiences in the financial services and technology sector. She is a strategic and innovative leader with multi-disciplinary experience and a proven track record of delivering high impact, cross-enterprise results.

Diane is a valued trusted advisor in the industry, leveraging her ability to optimize resources and create consensus around intended outcomes of strategic objectives and prioritize business initiatives accordingly. Highly successful in building relationships with C-suite decision makers, Diane fosters support for the business' strategic objectives and executes her vision clearly.

Prior to joining Reference Point, Diane held senior positions at TIAA, Credit Suisse, and JPMorgan Chase. She holds a Bachelor's Degree from the University of Pennsylvania and a Master's from Columbia.

### DIANE GELMAN
Engagement Managing Director

✉ info@referencepoint.com

🌐 referencepoint.com

## SAMPLE OF ACCOMPLISHMENTS

• **As Senior Managing Director** at **TIAA**, Diane refreshed the business' multi-year strategy with a focus on growth and modernization; led business development and coordination of execution roadmaps to strategic objectives; and established governance structures for business' annual $250 million strategic investment spend. Diane's governance implementation resulted in cost reduction, over $15MM of net new revenue per year, and the creation of innovative digital tools. She enabled and drove re-prioritization, resource allocation,and best practice propagation by developing relationships across the firm, keeping senior management apprised of strategic process, issues, and risks.

• As **Chief Operating Officer for Information Technology** at **TIAA**, Diane defined capabilities to track strategic initiatives by building a model business management function and creating a structured and transparent flow of data to the Chief Information Officer and Information Technology leadership teams –the results of which identified IT productivity and enhanced financial reporting. Diane also reduced risk by implementing technology controls and process clarity into the technology management process.

• As a **Director** at **Credit Suisse**, Diane enhanced roles accountability and clarity with the design and implementing of a new IT operating model and the successful alignment of underlying structural systems to new operating model. Diane also ensured completeness, operability, and adherence to technology standards and risk tolerances via the launch of a Project Review Board that mandated technical and risk subject matter expert reviews of technical skills.