

THE SOFT SKILLS

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BUILDING AND SUSTAINING COMMITMENT TO CHANGE

Any process of change depends not just on hard facts and figures but on ‘softer’ issues also. Here, author and consultant **David Axson** highlights commitment to change as being central to ensuring a successful programme.

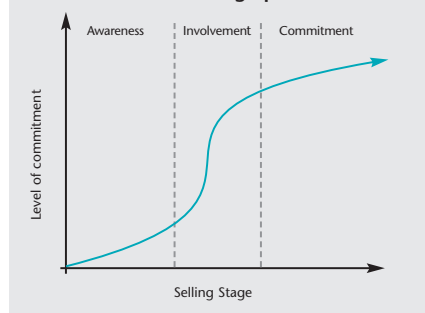
Beyond the numbers

As finance professionals we tend to focus on the numbers. Any project that offers a compelling net present value or internal rate of return is obviously a great investment and the whole organisation will see it – won’t they? Unfortunately the answer is often, ‘No.’ Simply because the numbers are attractive does not automatically ensure that everyone will buy into a radical change programme. After all everyone knows that smoking is bad for their health yet many happily ignore the facts.

Many finance professionals see change management as ‘soft’ or ‘fluffy’ and they feel uncomfortable devoting time and effort to such a nebulous subject. They should not. Selling and sustaining commitment to change is one of the most important skills of a successful finance professional and it is not nearly as intangible as many think.

Selling change is always cited as one of the top two or three critical success factors for any project. In today’s finance organisation change is the only constant: be it deploying new systems; integrating acquisitions; implementing international financial reporting standards; or designing new global risk management processes. Building commitment to change is a sales process where

FIGURE 1 The three-stage process



the result is that an individual or organisation actively supports and embraces change to long-standing practices.

Let us review some of the key elements of a successful approach to building and sustaining commitment.

First, there are four basic rules regarding commitment:

- commitment is earned – it is not an entitlement;
- once earned, commitment must be constantly renewed;
- different audiences require different approaches; and
- not everyone can be converted.

Securing commitment is best achieved by transitioning key constituencies through a three-stage process of creating awareness, securing involvement and then gaining commitment (see Figure 1, above). Creating awareness seeks to educate the target audience of both the opportunity that exists and the benefits of making the change. This is really a marketing programme for the changes and seeks to communicate that there is a better way of doing things thereby generating enthusiasm and excitement. Different audiences require different approaches. Senior executives may focus on the cost/benefit analysis; middle managers will worry more about the impact on their people and the ability to get the job done while implementing the changes; and suppliers and customers may focus more on the risk of communication breakdowns. Crafting the right message for each audience can greatly smooth the path.

Having made people aware of the potential that exists; the next, and most important, step is to engage them in the

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David AJ Axson is an author and consultant. His most recent book is *Best Practices in Planning and Performance Management* (John Wiley 2007).
www.davidaxson.com
daxson@sonaxgroup.com

effort. Using a combination of workshops, collaborative design sessions and educational programmes it is possible to move key players from being simply observers of the process, with little or no stake in the outcome, to participants who have a vested interest in the programmes' success. Engaging a broad range of stakeholders reduces the risk of the full benefits not being realised. Once people are both aware and engaged it becomes a lot easier to secure their commitment. Once earned, commitment must be constantly sustained not just during implementation, but also during subsequent operation, if the projected benefits are to be realised. It does not stop on the 'go-live' date.

Most change programmes require changes in four areas:

- behaviour;
- processes;
- information; and
- systems.

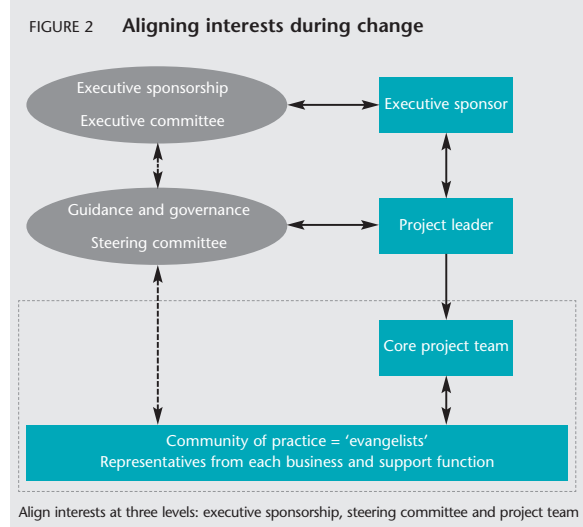
Of the four, by far the most critical is changing behaviour – getting people to think and act differently. One of the most effective ways to change behaviour is by example. Seek to identify those people who combine enthusiasm for change with credibility amongst their peers; these will be the most effective change agents. Identify people that 'get it'. They can see the problems with the current process and are eager to help effect change. Engaging this group early in the process creates a cadre of 'evangelists' who can serve as the programmes' sales force out in the organisation.

For example, while leading a major effort to revamp the budgeting and forecasting processes at Bank of America, I identified a group of 20 or so vice-presidents across all the banks' business and functional units who shared a common view that major change was needed. Through a programme of working sessions, conference calls and other forms of interaction my team worked to equip this group to work within their own organisations to educate and sell the change.

More importantly they served as a vital communication link to senior management ensuring sustained support for the programme and helping remove barriers to progress as needed. Figure 2 (above) illustrates how this technique can be incorporated into the project organisation. The group of 20 (the 'community of practice' in Figure 2, above right) represented respected managers in each division who served as a powerful lobbying force for change to their bosses who were members of the steering committee. This in turn allowed the steering committee to make a compelling case to the executive committee, ensuring strong support for the changes being proposed.

Deliver results fast

Regardless of how well commitment is built it will rapidly dissipate if results are slow in coming. Getting off to a fast start is essential. Too many projects create a lot of excitement at launch time but deliver little of tangible value for months thereafter; as a result the momentum gained during the project launch dies. Momentum is a function of two things – activity and delivery.



There must be meaningful, tangible deliverables produced at least every 90 days. At Bank of America our first objective was simply to reduce the five different calendars that governed the planning and forecasting process to one that everyone could work with. This seemingly small victory demonstrated the ability of the project team to get all parts of the organisation to collaborate and agree on a course of action; a vital step for the tougher challenges that lay ahead.

Setting realistic expectations is crucial; it can take two to three cycles for behavioural change to stick. Constant reinforcement and progressive introduction of new changes helps create a climate of permanence and reduces the risk of the organisation slipping back to the old way of doing things.

Finally, no change will be successful if an organisation's management and compensation practices do not reinforce and reward good behaviours while discouraging unproductive ones. Configuration of these systems is as much about influencing behaviour as it is about delivering functionality. For example, if performance incentives are tied to meeting budget, do not be surprised if budgets are constantly conservative or 'sandbagged' as people seek to maximise the probability of meeting incentive targets.

Success is not about 'managing' change it is about selling and leading change. The true measure is the acceptance and use of new behaviours, systems, processes, or practices. No finance professional can be successful without consistently demonstrating the ability to build and sustain commitment to change. Good Luck! ■