Commercial Insights with Regions Bank

Episode #24: How to Thrive When Change is the Only Constant

Talk to any business leader about the events of recent years, and one word is likely to come up: change. It's true for the supply chain, for navigating a pandemic, for fraud and security, for shifting labor trends. So what should companies do to not only survive change, but also thrive during it? On this episode, we take best practices and key lessons from the field of change management — and apply them to the various forms of change a company might face, from internal expectations to external pressures.

Transcript

Jared Rorrer, Managing Director, Accenture:
I think that the simplest way to think about when you need a change management program is, are you making a change that will have an emotional response, either good, bad, or neutral, to customers or employees? If you are, then you should think about what it is that's going to be the message around why you're making change, how you ensure people are adopting that change, and how they're prepared for that change through training and support.

Chris Blose, Host:
That's Jared Rorrer, Managing Director for Accenture, describing when a company needs to strategize around change.

Now, if you've lived through the past three years, you might think a company always needs to strategize around change, and that's true to an extent. But certain types of change especially benefit from a commitment to change management techniques.

Welcome to Commercial Insights with Regions Bank. I'm your host, Chris Blose, and today we're talking about those change management techniques, with help from both Jared Rorrer and Scott Stone, CFO of the Alliance for Multispecialty Research, or AMR.

Rorrer leads Accenture's global practice around corporate and commercial banking, a practice often dealing with change management related to technology. Stone has experience both as a consultant and, more recently, at AMR, where he led not only a restructuring of 10 separate companies into one network of clinical research sites, but also did so during a time of unprecedented demand brought on by the pandemic.

Both are well equipped to talk about how companies can handle change with smart strategy, communication, adaptivity and transparency.

Chris:
Jared and Scott, thank you both so much for joining us today. You're both clearly grounded in change management. Do you have a guiding philosophy that you use when faced with change?

Scott Stone, CFO, Alliance for Multispecialty Research:
I do. Before I started with AMR, I was a consultant for quite a while with a company called Butler Snow Advisory. And in our engagements as consultants change management was really at the core of why we were brought in. That's been really helpful to me in my current role. And I really think there are four things to think about. The first one is to be sure that you develop as good of an understanding of the environment as you can.

Second is to make sure that you know who the sponsor is and that the sponsor is solidly on board with what you're trying to do. That means really understanding how much the sponsor's willing to change, as opposed to any areas that you feel like they're gonna be very hard pressed to be open minded to. I think the third one is don't assume that there is a level of sophistication around change management philosophies or change management techniques. A lot of times, a person who's running a very large company may be an expert at that company, but may have been in that job so long they've never really had to tackle any significant change management initiatives. And I think fourth is, it's very important to be willing to engage outside resources.

Jared:
Well, I think Scott's spot on, first of all, and when I think about what is most essential around change management is recognizing upfront that there's meaningful business value that can be indeed articulated through financials, that's important to identify, but importantly it's not optional,The simplest thing I would say is that any large program, whatever it is you're implementing, whether that's an operating model change, um, or you're, you're, you're putting in a new clerical system, or replacing a large piece of technology, at the end of the day, the change, the training, the adoption, those things are not optional.

Jared:
Forgive me for a few statistics, but when I think about the importance of the activation of the workforce through change, through adoption, through training there are very important tangible metrics that can be identified. Our research suggests time to competency being 20 to 30% faster. Your overall learning and development cost being 20percent lower, your retention improving by five to 7% because people are more confident and comfortable with what they've been asked to do, an increase in workforce engagement of 15 to 20%, and a reduced overall cost for talent acquisition, right? This may cost extra money to go get done but the overall value of doing it right the first time will allow you to get the return that you hoped on whatever it is that your change initiative is, you know, faster with better buy-in and better support.

Chris:
So, Jared, you mentioned one example, right, of the purchase of a new piece of software that's maybe gonna be rolled out across an enterprise. Let's back up a little bit and talk about other sort of trigger events or reasons that a company might need a solid change management plan.

Scott:
The first one is when there are problems with the financial performance of the company. I think oftentimes especially lower middle market, middle market, family owned, closely held companies, financial performance can start to suffer, and it's easy to say, ah, everything's gonna be okay. If you say that too long, you may have often waited and passed the time when you could change the outcome by implementing change.

I think a second one is when market factors start to indicate something that does not manifest itself in the business. In that case, it could mean one of two things. It could mean that the business is outperforming the market, in which case a change management effort could help the business further outperform the market if they've truly figured something else out, or if the business is underperforming the market, then that's clearly a sign that someone needs to look at what's going sideways or in the wrong direction with the business that may need to be changed.

Jared:
The two primary groups that you're looking at are either employees or customers, right? So any time that you've made any type of material change to the way in which they're expected to operate, there's a change in adoption approach that's required. I talk about technology quite a bit because it's a fairly tangible example, right? Whether you're asking folks to log into a new piece of software, right? Or you're asking them to potentially self-service, right? Those things can be valuable and important to a customer, but if not communicated effectively, it looks like a cost cutting measure.

So it truly can be as simple as we've made a change in organization structure, we've made a change in the way we make decisions, or we have, you know, closed site, and here's why. I think that the simplest way to think about when you need a change management program is, are you making a change that will have an emotional response, either good, bad, or neutral, to

customers or employees? If you are, then you should think about what it is that's going to be the message around why you're making change, how you ensure people are adopting that change, and how they're prepared for that change through training and support.

Chris:
And once you've identified the need for change management, where are the potential pitfalls?

Scott:
I've lived through that in my current engagement where we purchased a software to help us with a specific part of the business, and mid implementation, one of my colleagues said, "Oh, well, I know we wanna implement this software, but we can't let it change how we do this." Well, that caused us to go sideways for a while and we ultimately wrestled it down. But I think it's very common that the commitment to move forward with a change management effort is made and then halfway into that process, someone raises their hand and says, "oh, but." So I, I think being aware of that as early as you can and, and making sure that everyone is committed to the full implementation is a great way to help ensure success. Conversely, if you don't do that, it's a great way to be sure that you're not gonna maximize your investment in time or other resources.

Jared:
Well, Scott, let me add to that because your point couldn't be any more important. One example that comes to mind, that I've seen unfortunately too often is around this idea that you're driving towards around, I'm making a technical change or I'm implementing new software, but the software is really just the enabler and the process and the roles around that are really the biggest driver for the need for change, right? And not recognizing that initially can be very problematic.

Chris:
Well, I think it's interesting. You've both brought up some challenges here, right? What advice do you have for actually identifying those things very early and making sure that you're out ahead of those?

Scott:
I think that you've gotta really look at this from two perspectives, right? You've gotta look at it from the perspective of, are you a consultant who's coming in to do this, or are you currently a member of the management team who, who feels like they see a need for change but they don't really know how to bring it forward? And so I'm gonna start with that one first, because it's much easier for a consultant. I mean, a consultant's hired because someone's already decided there's a problem, and if you hire the right ones, they're able to come in and be very frank and to the point and say, here's your problem. But much more common, I think, are the situations in which they're members of the management team who either clearly see a problem or think they see a problem.

And those are the ones that you have to approach a little more delicately. I know in my current engagement I noticed very quickly that this team of 10 business owners all were very sure that they knew how to do things the best way. And I realized that I couldn't just sort of bust up in there and say, "Hey guys, great news, here I am, and I'm gonna tell you you're all wrong." So I had to take a little bit more of a deliberate approach, and one in which I kind of teased the facts forward. We did that by reading a book together called The Five Dysfunctions of a Team. And as we went through the book and started to talk about what was in the book, and I can assure you, none of them were really excited about this, but I promised them that A, they would enjoy it, and B, we would get something good out of it.

Scott:
But as we went through the book, it was kind of a situation in which they started to realize, maybe I am behaving like some of the characters in this book who aren't the best team members. And so the point of that is if you're a manager, if you're an employee of the company and you're trying to enact change, you may not be able to charge in through the front door and blare out the news to everyone, you may have to take a little bit more deliberate approach, you may have to take a more strategic approach and really understand the problem, and also understand your audience and figure out how can I creatively get the team to start thinking around the edges of what I think might be a problem. If you can get the team to help identify it, the battle is pretty much won at that point, and you're not, you're not tackling it solo.

Jared:
There's a couple things I might add. I can think of a time when I worked inside of a large global bank. We had 11 different lines of business who all had their own and separate processes for loan origination, right? So thinking about the process that businesses would go through to apply for and then ultimately be approved and get a loan funded through a bank. Um, it was so different across each of these lines of business, even though at the end of the day, we were all just trying to do those three simple things.

And it was so emotional to try and drive towards some level of consistency across that we couldn't even start the conversation. By bringing in an external consultant what we were able to accomplish was driving a high level of clarity that we all did indeed have the same objectives in mind, and we could indeed work towards something that was much more common. it was so important at that time to have someone come in externally and reinforce those points, because we just couldn't, we couldn't get past ourselves internally to do that.

Chris:
Now, that's interesting, you're talking about examples where it's a pretty concrete case where you're either ready to move forward, or you're not, you know, based on, on looking at all those factors you mentioned. I'd like to talk about an example, Scott, in your world that I think you probably had to make change, whether (laughs) whether the company was ready or not. You've mentioned obviously all the restructuring that the company has done, but obviously the pandemic has had an effect on the practice of clinical research here in the past couple years. So tell me a little bit about how that changed your approach or how you navigated all of the influx of new needs coming from the pandemic?

Scott:
Profound would be the best way for me to describe how that impacted us. So at the beginning of 2020, the pandemic was staring us in the face. It was obvious that both the pharmaceutical companies and the government wanted to have a vaccine developed as quickly as possible, which meant a level of clinical research never before imagined was gonna have to be done. It's the first time I can tell you that we had five or more companies trying to bring essentially the same type of drug to market at the same time to test across the same segment of the population.

Scott:
So really the change we had to face was how do we run our business in environment in which we have an unheard of volume of people coming in the door, how do we make sure our employees aren't burned out and overworked, and how do we deal with the people who are volunteering to participate in the studies, all of whom were hoping that they did in fact receive the vaccine as opposed to a placebo? So we had a volume of work change, we had an employee morale and stamina change, and we had a mindset change of the people that we were interacting with to conduct the studies. I think what positioned us well to do that is that we were in a business in which we were accustomed to remaining calm under pressure, healthcare, and in dealing with people who were nervous, again, healthcare. So this was a change in which we were very well prepared to deal with it, at least as well prepared as we could be.

Chris:
Scott, you mentioned the stress factor of change in that case. I have to assume a lot of that was felt on the frontline with the medical professionals running the trials. How important was communicating them throughout this time?

Scott:
We all made it a point to be right there. The way that a clinical research facility works is there is a physician who is the principal investigator and they're responsible for that trial. We made sure that all of our principal investigators were very much on the front line, they were available not only to support our team members, but they were there to talk to subjects, the people who volunteered to come in and participate in the trials, that they were there to talk to them and help them understand what the trial was, seeking to accomplish and how we were doing the trial. We also did some extra preparation for our clinical research coordinators to be sure that they knew, let's just say a bit more about this trial than they might otherwise typically know, so that when they interacted with the subjects, they could also properly inform them.

And I think if you tried to extend that into sort of any other situation in which you had enormous change, what you saw there was really two things, commitment and visibility from the very top, and almost over educating the remainder of the frontline group so that they knew how to talk to the customers, if you will, in a manner that they might not know how to talk to them about every other product or services that they were selling.

Jared:
Scott, you mentioned two things that are very important there that I wanna kind of dial back into for just a second. It's commitment and engagement, right? Ultimately, if you have the senior sponsorship and the commitment to be successful and you engage your employees or your constituents effectively, you are more likely than not to be successful. If you do those two things, you're gonna be successful regardless if you miss some of the other things, frankly.

Chris:
Something that's coming through to me is that you've both mentioned the importance of communication, right, and how that might differ for different groups involved in a major change. So how do you go about creating a communication plan, you know, when you're looking at change management as a whole, and what makes communication successful for different types of stakeholders?

Scott:
So two things there. The first one I believe is early on commit to overcommunicate, because if you don't do that people, when they know change is coming, they are hungry for information. And if you don't provide that information, they will assume probably the worst, certainly they will assume enough information to fill in the gaps that you're not filling. I think the second thing is, you've gotta identify and commit to early on who you're gonna communicate what to. And oftentimes that means we're gonna tell people deeper in the organization the details, the objectives, the metrics, we're gonna tell them more than we might otherwise tell them, because we need to reassure them that this is all being done for the right reason, and we need to tell them what is the expected outcome.

Chris:
So communication is clearly one of the major elements of a solid change management plan. In your mind, what are the other elements of such a plan, Jared?

Jared:
I'll put it into kind of three high-level categories. First is alignment, the second is ability, the third is adoption, right? So you can kind of see how important it's to think about alignment, right? And this is a bit about, you know, do we understand the value statement? Do we have the sacred cows identified? Do we have commitment from leadership? And do we have a clear understanding of what we're going to achieve and when we're going to achieve it, do we understand the outcomes, right?

If you're thinking about alignment effectively, you have the right vision, the right purpose, the right outcomes, you have the right culture around change, you have the right leadership support, right, and you put a strategy around change in place, then you'll be successful at the next phase,? But ultimately, I think, important to reinforce that last point around defining a strategy, documenting that strategy, holding people accountable to deliver on that strategy, a specific team or individual.

The second component around ability is really important, right? Thinking about, do I have the right talent? Do I have the right skills to affect this change? Do I understand, do we have the ability, and if I don't have the ability, how will I train or identify those skills or reassess my approach if I have a gap there and I can't achieve, right? All of those things need to be thought through rather pragmatically to make sure you're successful.

If you do those couple of things effectively, you're gonna be into the adoption phase, right? And that's just where you are actually doing effective training, right, you're doing the right learning plans. You're doing coaching constantly throughout those processes. Really think about engagement, communications and listening.

Scott:

I would agree with the things that Jared has pointed out. I'm gonna offer a little bit different look at this. I've written down some things that I think are key to this success of the plan. The first one, know what the objective is and be willing to test it early. So if the sponsor says, "This is what I want," I think that a good leader of the change management initiative is gonna test that and challenge the sponsor to be sure that that's really what the objective is. I think the next step then is to know what to measure, and again, test that and be sure that's really what to measure. Once you've validated those, I think the next step is to involve and engage team members within the company. They're the ones that have the institutional knowledge. They're the ones that really know the business. And there's a lot that they can add to the process if you can unlock it.

The next one is to be open-minded and to be learning. The last two are, be willing to be decisive and to get commitment from all the people that are involved.

Chris:
Be open-minded and be decisive. This last bit of advice from Scott Stone might sound contradictory, but the two are not mutually exclusive. Being open-minded means understanding the issues driving change, surveying the landscape, and listening attentively to your many stakeholders. Being decisive means taking all those inputs and creating a real, actionable commitment to change.

Thanks to both Scott Stone and Jared Rorrer for joining us and sharing their insights today, and thank you for listening. Get related resources for your business and listen to future episodes at regions.com/commercialpodcast. And subscribe to this podcast on your favorite podcast service.