Managing through unrelenting change
2019 WHAT’S NEW IN NEW ENGLAND BANKING WORKSHOP
<table>
<thead>
<tr>
<th>AGENDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introductions</td>
</tr>
<tr>
<td>What is change?</td>
</tr>
<tr>
<td>Building a foundation for effective change management</td>
</tr>
<tr>
<td>Wrap-up</td>
</tr>
</tbody>
</table>
What does change look like?
Examples of change

- Location
- Teamwork
- Tools
- Consolidation
- Processes
- Systems
- Behaviors
- Customer expectations
- Workflow
- Leadership
What change are you experiencing?
What is change management?

Change management is the application of a structured process and set of tools for leading the **people side of change** to achieve the desired outcome.
Prosci® Research History

1998
1st Change Management Benchmarking Study
102 participants

2000

2003
2nd study
152 participants

2005
3rd study
288 participants

2007
4th study
411 participants

2009
5th study
426 participants

2011
6th study
575 participants

2013
7th study
650 participants

2015
8th study
822 participants

2017
9th study
1120 participants

2018
10th study
1778 participants
Percent of Study Participants Who Met or Exceeded Objectives

Change Management Effectiveness

- Poor (n=496): 15%
- Fair (n=1441): 43%
- Good (n=1796): 77%
- Excellent (n=354): 93%

Prosci 2018 Benchmarking Data
Percent of Study Participants Who Were On or Below Budget

- Poor (n=587): 49%
- Fair (n=1778): 62%
- Good (n=2248): 70%
- Excellent (n=391): 78%

Change Management Effectiveness

Prosci 2018 Benchmarking Data
Percent of Study Participants Who Were On or Ahead of Schedule

Change Management Effectiveness

- Poor (n=527): 14%
- Fair (n=1626): 31%
- Good (n=2139): 51%
- Excellent (n=387): 69%

Prosci 2018 Benchmarking Data
Successful change requires both the technical and people sides.
CURRENT  \(\rightarrow\)  TRANSITION  \(\rightarrow\)  FUTURE

= BENEFITS

CURRENT  \(\rightarrow\)  TRANSITION  \(\rightarrow\)  FUTURE
ORGANIZATION

CURRENT STATE
How I do my job today

TRANSITION STATE

FUTURE STATE
How I will do my job after the change is implemented

INDIVIDUAL

CURRENT STATE

TRANSITION STATE

FUTURE STATE
The five building blocks for successful change

A - Awareness
D - Desire
K - Knowledge
A - Ability
R - Reinforcement®
Preferred Senders of Change Messages

- **CEO/President**: 45% (Business), 3% (Personal)
- **Executive Manager**: 28% (Business)
- **Senior Manager**: 9% (Business)
- **Department Head**: 8% (Business)
- **The Employee's Supervisor**: 11% (Business)
- **Communication Specialist**: 1% (Business), 1% (Personal)
- **Human Resources Representative**: 3% (Business)
- **Project Team Member**: 1% (Business)
- **Project Team Leader**: 3% (Business)
- **Change Management Team Member**: 1% (Business)
- **Change Management Team Leader**: 4% (Business)
- **Other**: 0% (Business), 0% (Personal)

Top Contributors to Success

1. Active and visible executive sponsorship
2. Dedicated change management resources
3. Structured change management approach
4. Employee engagement and participation
5. Frequent and open communication
6. Integration and engagement with project management
7. Engagement with middle managers

In all ten reports, sponsorship was #1 on the list
The Top Reasons for Employee Resistance

1. Lack of Awareness of Why a Change is Needed
2. Change Specific Resistance
3. Change Saturation
4. Fear
5. Lack of Support From Management or Leadership
The Top Reasons for Manager Resistance

1. Organizational Culture

2. Lack of Awareness and Knowledge About the Change

3. Lack of Buy-in

4. Misalignment of Project Goals and Personal Incentives

5. Lack of Confidence in Their Own Ability to Manage the People Side of Change
What resonates with you?
Examples of tools
PROSCI® RISK ASSESSMENT GRID

- **Change Resistant**
  - **Organizational Attributes**
- **Change Ready**
- **Change Characteristics**
  - **Small, Incremental**
  - **Large, Disruptive**

- **Risk Assessment Grid**
  - **Low Risk**
  - **Medium Risk**
  - **High Risk**

Legend:
- 35 units of measurement
## Change characteristics assessment

1) **Scope of change**
   - 1 = Workgroup
   - 5 = Enterprise
   - 5

2) **Number of impacted employees**
   - 1 = Less than 10
   - 5 = Over 1000
   - 3

3) **Variation in groups that are impacted**
   - 1 = All groups impacted the same
   - 5 = Groups experiencing change differently
   - 5

4) **Type of change**
   - 1 = Single aspect, simple change
   - 5 = Many aspects, complex change
   - 4

5) **Degree of process change**
   - 1 = No change
   - 5 = 100% change
   - 4

6) **Degree of technology and system change**
   - 1 = No change
   - 5 = 100% change
   - 5

7) **Degree of job role changes**
   - 1 = No change
   - 5 = 100% change
   - 3

8) **Degree of organization restructuring**
   - 1 = No change
   - 5 = 100% change
   - 1

9) **Amount of change overall**
   - 1 = Incremental change
   - 5 = Radical change
   - 5

10) **Impact on employee compensation**
    - 1 = No impact on pay or benefits
    - 5 = Large impact on pay or benefits
    - 1

11) **Reduction in total staffing levels**
    - 1 = No change expected
    - 5 = Significant change expected
    - 1

12) **Timeframe for change**
    - 1 = Very short (<month) or very long
    - 5 = 3 month to 12 month initiative
    - 5

**CC Score**: 42
## Organizational attributes assessment

1) Perceived need for change among employees and managers (score 1 to 5)
   - 1 = Compelling business need for change is visible - employees and managers are satisfied with the current state
   - 5 = Employees do not view change as necessary - employees are dissatisfied with the current state

2) Impact of past changes on employees (score 1 - 5)
   - 1 = Employees perceive past changes as positive
   - 5 = Employees perceive past changes as negative

3) Change capacity (score 1 - 5)
   - 1 = Very few changes underway
   - 5 = Everything is changing

4) Past changes (score 1 - 5)
   - 1 = Changes were successful and well-managed
   - 5 = Many failed projects and changes were poorly managed

5) Shared vision and direction for the organization (score 1 - 5)
   - 1 = Widely shared and unified vision
   - 5 = Many different directions and shifting priorities

6) Resources and funding availability (score 1 - 5)
   - 1 = Adequate resources and funds are available
   - 5 = Resources and funds are limited

7) Organization’s culture and responsiveness to change (score 1 - 5)
   - 1 = Open and receptive to new ideas and change
   - 5 = Closed and resistant to new ideas and change

8) Organizational reinforcement (score 1 - 5)
   - 1 = Employees are rewarded for risk taking and embracing change
   - 5 = Employees are rewarded for consistency and predictability

9) Leadership style and power distribution (score 1 - 5)
   - 1 = Centralized
   - 5 = Distributed

10) Senior management change competency (score 1 - 5)
    - 1 = Business leaders demonstrate effective sponsorship on change projects
    - 5 = Business leaders lack sponsor skills and knowledge

11) Middle Management change competency (score 1 - 5)
    - 1 = Managers are highly competent at managing change
    - 5 = Managers lack knowledge and skills for managing change

12) Employee change competency (score 1 - 5)
    - 1 = Employees are highly competent at managing change
    - 5 = Employees lack the knowledge & skills for managing change

**QA Score: 38**
Examine impacted groups

<table>
<thead>
<tr>
<th>Group name</th>
<th>Number of employees in group</th>
<th>Processes</th>
<th>Systems</th>
<th>Tools</th>
<th>Job role</th>
<th>Critical behaviors</th>
<th>Mindset/Attitude/Beliefs</th>
<th>Reporting Structure</th>
<th>Performance Reviews</th>
<th>Compensation</th>
<th>Degree of impact (avg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Branch Managers</td>
<td>50</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1.8</td>
</tr>
<tr>
<td>2) Tellers</td>
<td>250</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2.1</td>
</tr>
<tr>
<td>3) Vice Presidents</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1.8</td>
</tr>
<tr>
<td>4) Loan Officers</td>
<td>25</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2.3</td>
</tr>
</tbody>
</table>

It is not always the obvious impact of the change that causes the most resistance.
Questions

DAN VOGT, PMP, CPHIMS, COBIT, LSSGB
Prosci® Certified Change Practitioner

Senior Manager
dvogt@berrydunn.com
207.541.2279