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PEOPLE: *The “Make or Break” of Finance Delivery Change*

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Resources for Outsourcing and Shared Services Change Management

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Today's discussion

- Understand the relationship between people issues and successful finance delivery transformation
- Manage change effectively
- Facilitate effective communication

Is finance comfortable with change?

“Accountants live for rules. Take them away and they are like fish out of water. They don’t adapt well to shared services and outsourcing.”

Finance Director

With over 80 percent of F500 companies adopting remote delivery models for finance, is change problematic for accounting professionals? And does it matter?

Why are people issues so difficult?

- Change of ***control/new rulers*** impact behaviors
- Many ***changes*** at once—enablers, outcomes, rules and culture
- Missing ***skills*** to behave in new environment
- ***Not properly addressed*** throughout most transformation initiatives
- ***No “cookbook” methodology***-not all companies “change” same way
- Business is ***uncomfortable with “soft stuff”***

...and so important?

- Compliance
- Motivating retained team
- Keeping outgoing employees to stay through transition period
- Effective knowledge transfer
- Creation of right culture and values
- Institution of new ways of working post go-live

Why does change fail?

- Tell, rather than engage, stakeholders
- Do not equip finance professionals with skills to change/behaviors
- Do not position new “rulers” optimally
- Do not harness “self interest”
- Ignore the underpinnings of culture
- Do not acknowledge “taking” of power and use it effectively

LOCATION **GOVERNANCE** **SCOPE**
FLEXIBILITY **RELATIONSHIPS**
COLLEAGUES **SATISFACTION** **TEAM**
PRODUCTIVITY **SERVICE**
QUALITY **LEVELS** **OWNERSHIP**
CAREER **TECHNOLOGY** **SPEED** **POLICIES**
WORK FLOW **COST** **SOCIAL NETWORKS**
CONTROL **ORGANIZATION** **WORK GENERATION**

Not convinced ?

Risks throughout transformation

- Solution
- Announcement
- Transition
- Steady state

What's the solution risk?

- Suboptimal deployment strategy and pace of transformation
- Scope diminution
- Unrefined organization structure
- Inadequate response models
- Insufficient championship and commitment
- No defined incentives for change

What's the announcement risk?

- Grief
- Lack of trust
- Flight of top performers
- High noise levels
- Business lines and geographies pulling out
- Loss of productivity, staff malaise and low morale

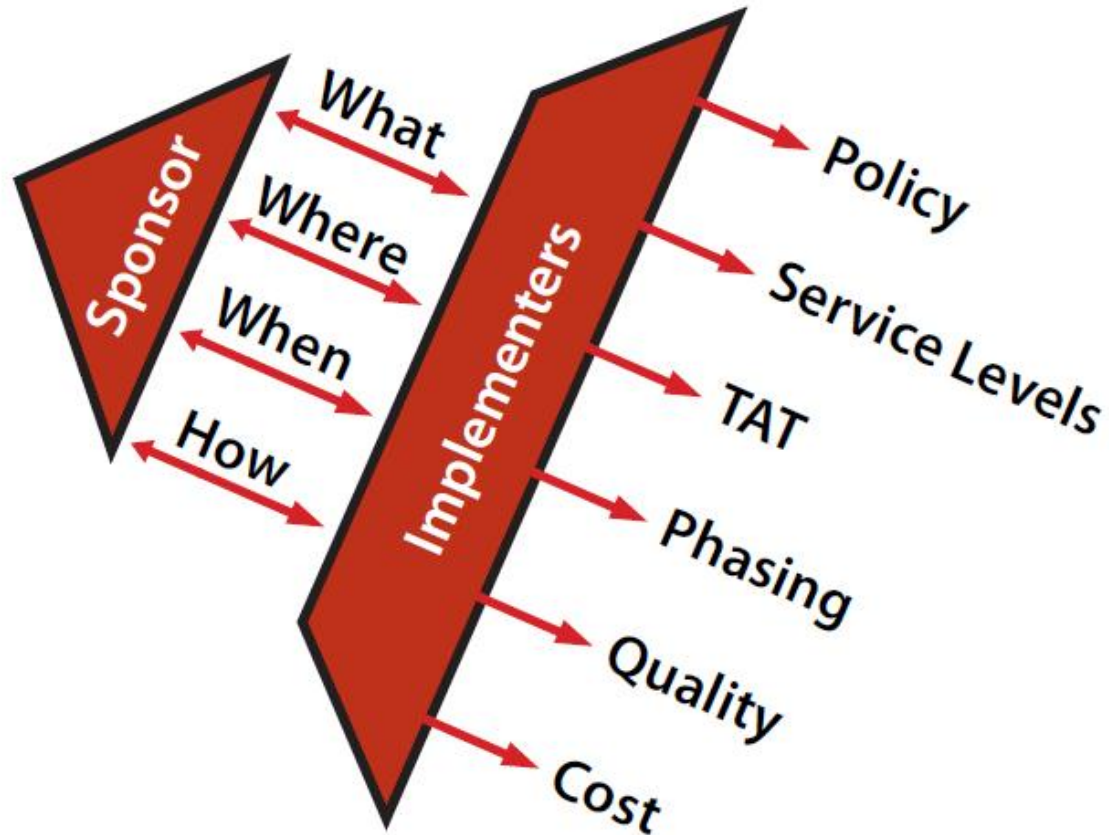
What's the transition risk?

- Insufficient knowledge transfer
- Loss of productivity and low morale during change
- Delays and rework
- Insufficient training for the new finance environment
- Inadequate response models
- Improper staff reassignment/exits

What's the steady state risk?

- Passive resistance
- Solution corruption
- Inability to expand scope
- Lost sponsorship
- Suboptimal performance
- Duplicate organizations
- Non-compliance
- Open warfare with provider/SSC management
- Business line rejection/workarounds

Most change goes one way



"Change is what the top orders the middle to impel the bottom"

With suboptimal approaches

- ***“Soprano”*** plan – communicate as drive-by shooting
- ***Moses comes down from the mountain***– execs pronounce once and hide
- ***One size fits all*** - no “walk a mile in my moccasins” for each group
- ***Wallpaper hanging*** - talking at, not communicating and understanding
- ***Valentines Day*** – assume stakeholders are rational

Successful change not impossible

- “Nothing new under the sun”; all challenges have been experienced by peers
- Can eliminate 90 percent of the guesswork through change planning
- Possible to “industrialize” change based upon predictable responses or patterns
- More than an HR/corporate comms exercise


















































There is a better way

- Always start at program inception
- Ensure message and messengers are credible
- ***Develop change principles***
- ***Understand what really changes***
- ***Work within culture***
- Define timelines, deliverables, roles and responsibilities, response models

Develop change principles

- Is finance transformation optional or mandatory?
- Are employees assets or commodities?
- To what degree should strategy be inclusive?
- Is the voice of the stakeholder embedded in solution/phasing?
- Should communication be ongoing or on a “need to know” basis?

Understand what really changes

CONTROLLER	ENABLER		OUTCOMES				
	PROCESS	TECH-NOLOGY	COST	QUALITY	SERVICE LEVEL	SPEED	FLEX-IBILITY
US							
SWITZERLAND							
IRELAND							
UK							
ITALY							
SWEDEN							
POLAND							

 BETTER
  SAME
  WORSE

Work **with** culture

High Growth Company

Characteristics

- Rapid globalization
- Cost conscious
- Low technology
- Sub scale back office

Culture

- Inclusive
- Sense of founder
- Flat organization
- Low bureaucracy

Challenges

- No rules
- Phantom sponsorship
- Impatience
- Familial approach to staff

Change

- Push from the top
- Improve by phases
- Communicate aggressively
- Shift then lift

Communicate the right way

- Articulate clear, consistent reasons for change; paint a future vision
- Keep stakeholders appropriately in the loop but message to their particular needs
- Demand their support and participation
- Don't ignore backlash
- Always answer “what's in it for me?”

Keep it simple

- We are doing this
- This is why
- This is with whom
- This is when
- This is how it will affect the organization
- These are the details that are known: others will be communicated as and when
- In the meantime, we are business as usual

Change people by the numbers

6 MONTHS TO ADOPT/**12** MONTHS TO EMBRACE/**18** MONTHS TO EXPAND. No **2** organizations change the same way. **Organization to speak with 1 voice. 3** stages to sourcing change. **Infinity = number of opinions. 10+ POTENTIAL STAKEHOLDER GROUPS.** REINFORCEMENT OF BEHAVIOR **3** TIMES MORE POWERFUL THAN **1** ANNOUNCEMENT. **Maximum attributes to change at once is 5. CHANGE PROGRAMS IN EFFECT 24/7. 3** COMPONENTS OF INITIAL MESSAGING IN **4** PHASES. **2** most important messengers are sponsors and managers. **Majority of change efforts spend only 5 percent on employee concerns.** Communication is a **2** way street. **Effective change results from communicating 7 times and in 7 ways. 1**

CHANCE TO GET IT RIGHT.

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