CARSON COACHING

Change Management

As advisory firms grow, the CEO/Advisors and team members need to be able to successfully navigate both self-imposed and externally driven change. Planning for a change is important, but a good first step is to understand how change affects people is an important component of successful change management. Without understanding and empathy, leaders can inadvertently sabotage desired change. This course will help you and your team understand how changes affects people and the best practices of navigating the two big categories of change: *planned* and *unexpected* change.

Overview:

Greek philosopher, Heraclitus said, “change is the only constant.” As it turns out, Heraclitus was right; 2,500 years after his observation, we are still working through ever-accelerating change! Most of what Carson coaching does is helping advisors and their teams decide what changes to make, increase efficiency and improve client experiences. Changes can be small, like adding a smart board to your conference room, or they can be almost overwhelming, like working through the COVID-19 shutdown. No matter the size and impact of the change, there are steps you can take to better navigate change and intentionally drive positive outcomes.

Here are the three steps to take to incorporate a culture of change in your firm:

- **Step 1:** Develop an understanding of how change affects people.
- **Step 2:** Design and execute a planned change.
- **Step 3:** Prepare for unexpected change

Step 1: Develop an understanding of how change affects people.

Organizational change is necessary, but it is also disruptive to the people who have to navigate through the change. One of the primary problems in working through organizational change is that the change planners often only focus on the “change plan,” without considering the impact of the change on team members. There are often months of planning that go into a change plan that “assumes” that everyone in the organization will be immediately on board.

However, change affects team members. Some good news is that the effects are predictable, like the grief curve. When experiencing organizational change, team members move through predictable phases. The phases are:

1. Shock
2. Anger
3. Resistance
4. Acceptance
5. Hope

The important thing to understand as you lead your team through change is that people need at least some time and support to effectively make their way through change. Leaders can negatively impact desired change by pushing too hard and not accepting the fact that team members will need the time to adjust. Acknowledging and planning for the predictable ways people react to change improves outcomes.

Two critical tools that you should use to improve change plan outcomes are communications and stakeholder involvement. The more you communicate and the more you involve team members in the change process, the greater their clarity and buy-in as you work through the change.

The best way to support team members through change is to make sure they:

- Know why the change in necessary
- Have clear direction
- Receive proper support – such as training or technology.

Now that you have a better idea of how change predictably affects people, move onto the next lesson to learn about leading through a planned change initiative.

Step 2: Design and execute a planned change

Understanding that change affects team members in ways similar to the grief curve is the foundation of driving change. This lesson builds on the understanding of change with a review of the best practices of leading your team through a planned change.

There are many change management models to choose from. Most of them are fairly complicated, requiring multiple steps. In large organizations with lots of employees, the complicated change models can work, because dedicated change agents can actively manage the process. However, one model - *Lewin's Change Model* is well-suited to smaller organizations.

Lewin's model consists of only 3 main steps:

- **Step 1**: Unfreeze
- **Step 2**: Change
- **Step 3**: Refreeze

In the **Unfreeze step,** the leader(s):

- Determine what to change (what by when)
- Explain the need for the change to team members
- Acknowledge team member concerns
- Get input from team members

In the **Change step**, the leader(s):

- Communicate the vision and process for the change (also listen to team-members for potential stumbling blocks)
- Involve and empower team members through the process
    - Provide resources
    - Train on new processes

In the **Refreeze step,** the leader(s):

- Measure progress toward full change
- Watch for backsliding and workarounds
- Make the change part of the firm's culture
- Celebrate successes

Use the CCO resource: ***Change Planning Worksheet*** to work through the next change your team will work through. The worksheet follows the steps of Lewin's model. Work with your coach if you have any questions.

Coach Tip: For more complicated changes we suggest the use of project management software, such as Asana or Monday.com to track the individual action steps and individual accountability necessary to make the change happen.

Through the entire change process, communication and transparency are very important. Make sure team members know the what, how and why of the change. Additionally, make sure everyone is clear on the ultimate benefits the change will bring to the firm and to individual team members. Benefits can be enhanced client experience, saved time, and a potential increase in bonuses, due to increased revenue. The greater the communication and support you provide to team members during change, the better the results.

At the beginning of the change, communicate clearly, but, don't barrage your team with too much information. Start with the big picture and key points. Your team members are likely looking for the answer to a few basic questions, such as:

- What changes are happening?
- How will I be impacted?
- Is my job safe?
- Will I have to learn new skills or do more work?

There is, however, a potential dark side of change management… some people are so resistant to certain changes that their reactions result in you having to make tough decisions. One example of a "tough decision" happened to one of our coaching members following a simple seating location change in the office.

The advisor had a licensed assistant who worked with the him for 15 years. They knew each other and got along well. In the past, the assistant even helped the advisor through a successful change from a life insurance practice to an RIA. That change went fine, and the assistant was engaged through the process. However, as AUM increased and the team grew, and the advisor needed to rearrange the seating in the office to optimize workflow.

The licensed assistant was asked to move from a private office to a cubicle. The assistant was so angry with the move that she made life miserable for the advisor and the rest of the team. She felt entitled to the office because she had worked with the advisor for such a long time. She couldn't accept that a newer person would get the office, even though the work-flow logistics made perfect sense.

Ultimately, after many discussions and several documented warnings about the negative behavior, the advisor had to make the tough decision to let the long-time assistant go.

Step 3: Prepare for unexpected change

Preparing for and navigating planned change is one thing; working through unexpected change is another. The biggest issue with unplanned change is the unpredictability of the change. COVID-19 was as drastic a change as most of us could have imagined but there are lots of much smaller changes.

Coach Tip: For the more extreme unexpected changes (such as the COVID-19 shut down or the death of a key team member) consider reviewing the CCO course on contingency plans. It provides a full, in-depth explanation of the process of contingency planning.

Independent of the actual change, the key to successfully navigating an unexpected change is the difference between reacting and responding. A reaction is instant, happening without much thought. Alternately, a response involves thinking about the outcome, and includes consideration of multiple options and their likely outcomes. A reaction can have a positive or negative outcome. Whereas, a response is specifically designed to have a more predictable positive outcome.

The most important factor in creating a response with a positive outcome is to be as clear as possible on the:

- *issue/change* that needs to be addressed
- *timeframe* involved
- *obstacles* that you and your team are likely to face
- *resources* you have available as you move through the change.

As you can see, the key is gathering the information you and your team will need to successfully navigate the change. Gathering information allows you to shift from:

- Ready – Fire – Aim

  TO

- Ready – Aim – Fire

Too many teams inadvertently choose the Ready – Fire – Aim model because they don't gather the appropriate information before moving forward. The result can be lots of action, just in the wrong direction. Taking just that little bit of extra time to get the *Aim* right can save lots of time in the future. You may have heard the adage: We never seem to have the time to get it right the first time, but we always seem to have the time to fix it later. Admittedly, there is a balance point between gathering too much information (which can paralyze) and too little. If you at least start with the issues, timeframe, obstacles and resources, you can move forward knowing that you have a solid foundation from which to move forward.

An example of an unexpected, externally imposed change that one of our coaching members needed to address was that his B/D made an internal change. The change resulted in the B/D requiring all affected clients to sign a change form. Here's how the coaching member addressed the change:

- **Issue/change:** get all non-advisory clients to sign the change form
- **Timeframe:** B/D gave them 3 months to complete project
- **Obstacles:** little direction from the B/D and many clients who wouldn't respond to emails or calls because the change was rolled out right at the beginning of the summer (these two issues caused the team the most stress as they made it through the change)
- **Resources:** team divided responsibilities, set weekly progress goals, and the advisor offered bonus opportunities for hitting the monthly and overall goals

Coach Tip: You can use the Change Planning Worksheet from the last lesson to help navigate unexpected changes. However, the worksheet is primarily for use during planned change. We suggest that you use the worksheet for larger/higher impact unexpected changes.

Summary:

The word "change" can strike fear into team members. It's usually because they have experienced terrible change implementations in the past and they are gun-shy about anything having to do with change. If you approach future changes with better change awareness, you can better lead your team through the inevitable changes you and your team are going to face in the future. Here are the basic steps of change awareness:

- **Step 1:** Develop an understanding of how change affects people.
- **Step 2:** Design and execute a planned change.
- **Step 3:** Prepare for unexpected change.

Resource:

Learn more and download the resource referenced in this document from the ***Change Management*** course in Carson Coaching Online.

- **Change Planning Worksheet**