

FSFocus

EASTERN INTEREST
WHAT OPPORTUNITIES
ARE THERE STILL TO BE
FOUND IN CHINA?

IFRS 9 READY?
EXPERT ANALYSIS OF
THE KEY QUESTIONS
ABOUT THE STANDARD

A new chapter

New UK Finance
chief, Stephen Jones,
talks about Brexit,
world economics...
and uniting
associations



A CATALYST FOR CHANGE

To build trust and meet new regulation requirements, many organisations will need to overhaul their structures and practices.

Campbell Macpherson provides assistance on making the transition

The financial services (FS) industry and the pharmaceutical industry have much in common - both underpin our modern society. Without Big Pharma our average life expectancy would still be back where it was 120 years ago, while without capital generated from the FS industry society would also look completely different.

Both industries also create a great deal of wealth, especially for the industries' key owners and senior executives. And this may also be why both find it so difficult to change.

"Hang on a minute," I hear you protest. "FS has undergone a ridiculous amount of change in recent years." And from the inside it has. What with the scandal over so-called precipice bonds and endowment mortgages in the 1990s, the Retail Distribution Review and Mortgage Market Review in the 2000s, and MiFID, the recent FCA review of the asset management industry and its pending review of the investment platform industry, the regulator has been relentless in its desire for change. And now the endless unknowns surrounding Brexit are adding to the disruption.

But all of that change has been thrust upon the industry. From the outside, looking in, not much seems to have changed. Bankers are still attracting large bonuses, hedge funds are still demanding "alpha fees for beta performance" (to quote the CEO of a large institutional investor), pension funds don't recognise gay marriage rights until they are taken to the Supreme Court, re-insurers are still holding conferences in Monaco and retail banks are closing branches - while eliminating many thousands of jobs.

Genuine, sustainable change comes from within. It comes from a legitimate commitment to change - for the benefit of the customers, employees, the company itself, the shareholders and lastly for the benefit of the senior executives.

In far too many FS companies, the priorities have been overtly in reverse order.

But assuming that the effect of shareholder activism, fintech, robo-advisers, artificial intelligence and enhanced competition is so great that the desire for change begins to burn brightly in the FS industry.

Here are my top 10 tips for ensuring that your next change initiative is as successful as possible:

Top tips

01

Don't forget that change is all about people

Actually, so is business. But in financial services more than most industries, we get so wrapped up in spreadsheets and opaque acronyms that we can forget that our businesses are actually centred around people. And when it comes to change, your people are the only ones who can deliver the change you want. You won't be able to achieve your aims without them.

02

Clarify what you are trying to achieve and why

Every change begins with a clear strategy - and this must be clear and relevant to the whole company. What the future looks like must also be credible, measurable and apply to everyone.

03

Think about the implications of the change

Every change comes with its own set of consequences. As many as possible of these implications should be explored in advance, as some of them will be so significant that the strategy itself may need to be altered.

04

Understand your organisation's capability

Any new organisation design must also be based on a realistic assessment of the capabilities of your company. What is the magic you wish to retain? What are you good at and what do you need to excel at in the future?

05

Genuine engagement with people at all levels of the organisation

I use the word genuine deliberately.



Your communications may be professional, but if your employees don't believe they are genuine they will be worse than none at all. They must also be two ways - genuine engagement involves listening and acting upon the insight you receive.

06

Identify emotional triggers

Emotions trump logic every time. To help your people change, you need to help them find their emotional triggers. They also need to know what is in it for them.

07

Ensure you have a strong, committed leadership team

Successful change requires unwavering leaders who live and

breathe the change. It requires a leadership team that is aligned and overtly committed to the new way of working. Any chink in this armour and the change effort will begin to crumble - quickly.

08

Resist the urge to jump into organisation charts

If the change will require structural development, don't be in any rush to get to the 'org chart' phase. Clarify strategy, capability and processes before you address structure - and de-personalise structure as much as possible.

Talk about roles rather than people for as long as you can. Then when you add the people, remember that every structure is a compromise.

09

Establish a change-ready culture

People will need help if they are to embrace change willingly - help to overcome their fear of the unknown, their fear of failure and/or their fear of being blamed. To enable this on an organisation-wide scale requires an environment where people eagerly look for improvements in the way things are done, are allowed to question the status quo, are encouraged to learn from failure and are open to new processes, procedures and structures.

10

Appoint a 'change catalyst' to ensure laser-like focus on the outcomes

Successful change initiatives have intense focus to the point of obsession on the proposed outcomes. Unfortunately the vast majority of change programmes concentrate on process and take their eyes off what they are actually setting out to achieve. This is a key reason why 88% of change initiatives fail. To be the one in eight that succeeds, my final recommendation is to appoint a change catalyst - a senior businessperson, not a project manager, whose role it is to make sure the business outcomes are delivered. ●



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