

✓ Achieving Strategic Change



Why 70% of change initiatives fail



November 2018

✓ Accomplish

Research and Development

One-minute briefing



- 70% of change initiatives fail.
- Strategic change is key to competitive edge, so we researched why and how to improve success rates.
- Nine out of ten industry professionals agree 'strategic change' differs to 'business-as-usual (BAU) change', and it matters.
- A good start is pivotal, with almost 90% of the solutions to the most common problems being best addressed near the start.
- Just over 40% of the solutions relate to soft skills.
- Accomplish's core capabilities are aligned with the findings of this research and with the needs of the investment industry.

Contact us to see how we have helped others achieve strategic change

Executive summary



*"A good start is pivotal ...
rushing straight into
detailed planning creates
the illusion of accuracy"*
Seasoned technology professional

Introduction

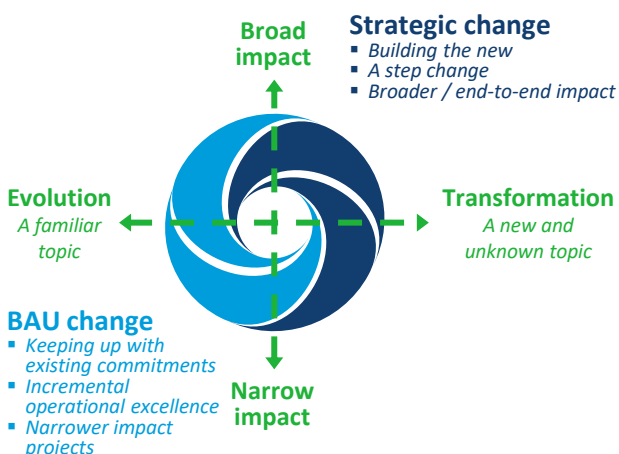
Accomplish is a 'challenger consultancy' that helps investment firms achieve strategic change.

Strategic change is key to competitive edge, so a 70% industry failure rate^{1,2} stimulated us to understand why and how to improve success rates.

Key findings

Nine out of ten industry professionals agree 'strategic change' differs to 'BAU change'.

Why? Two factors differentiate them: **breadth of impact**, and **experience** (or how new the task is for the organisation).



The difference matters because, from the outset, a **strategic change brings greater challenges** that are not major features of BAU change.

This means mis-diagnosis of your situation can be an early mistake and cause of the low success rate.

We then found that **people wrestle with common problems** relating to strategic change:

- Unclear ambition
- Inadequate planning
- Lost momentum
- Capability gaps
- Change fatigue

The good news is that straightforward solutions exist. The trick is that **almost 90% of the solutions** to the most common problems are best addressed near the start, **before detailed planning**.

This sequencing means that **a good start is pivotal**, which implies that the cause of inadequate planning is 'rushing at it' before you have created the conditions for success.

And for those of you who may have felt 'soft skills were for the weak', we found that **just over 40% of the solutions relate to soft skills**.

How does Accomplish compare?

Accomplish's methodology for managing strategic change incorporates the solutions to the common problems.

These findings support the Accomplish framework of strategic change, confirm its assumptions, and have enabled us to design our core capabilities to meet the needs of investment firms.

Contact us to see how we have helped others achieve strategic change.

*Read on for detailed
findings and solutions*

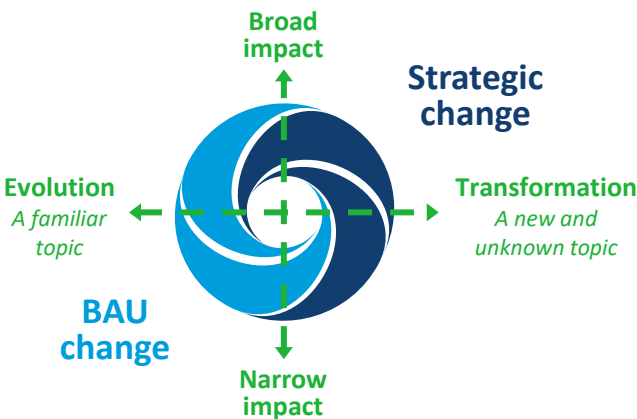
What is strategic change?

In brief

- Nine out of ten industry professionals agree ‘strategic change’ differs to ‘BAU change’:
 - **Strategic change is transformational** and often involves a new or unknown topic
 - BAU change is more evolutionary and involves a familiar topic
- Two factors differentiate them: **breadth of impact** and **experience**.

Definitions

- **Strategic change** is a transformative ‘step change’ that often involves building the new, and has a broad or end-to-end impact on the organisation
- **BAU change** is an incremental change that commonly involves ‘keeping up with existing commitments’, and has a narrower impact within a firm.



Two differentiating factors

Through our interviews, two factors appeared to separate the different types of change:

- **Breadth of impact** the change is expected to have
- **Experience** – how new the task is for the organisation

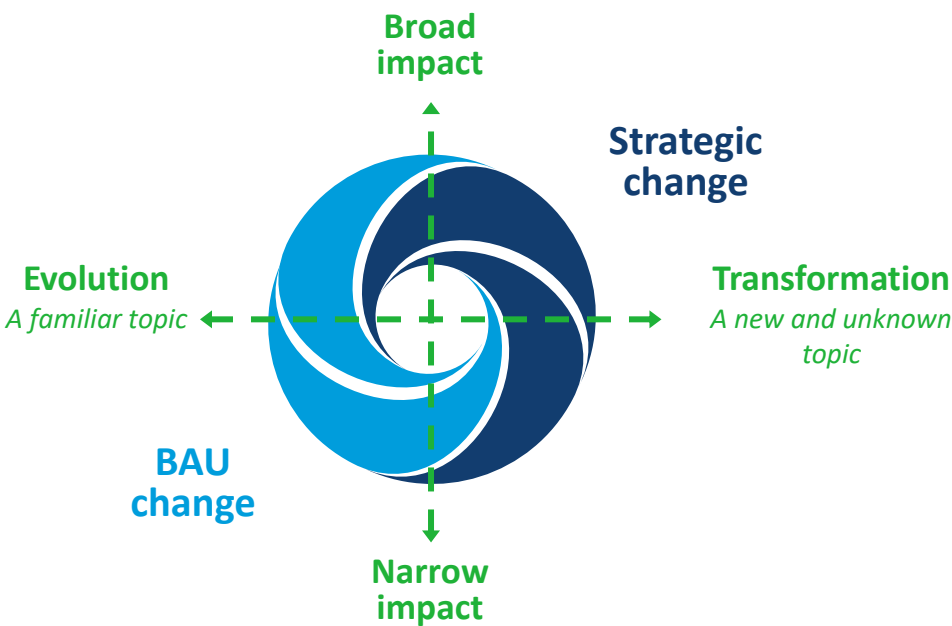
BAU change

- Impact** ▪ **Narrower impact on the organisation**
- Experience** ▪ **You have done it before, so you have the skills, the tools, and familiar ways of working.**
- Result** ▪ **Lower risk** – an incremental change is easier to undo.

Strategic change

- **Broad or end-to-end organisational impact**
- **You haven’t done this before**
- **What skills and tools do you need?**
- **How should we go about it?**
- **Higher risk** – a transformative step change is harder to achieve and to undo.

Give me examples



BAU Change

- Day-to-day operational excellence
- Upgrading existing processes and technology
- Developing new products in an existing range
- Updates to existing regulations
- Updated distribution arrangements
- Internal re-organisations

Strategic Change

Improved client experience

- Diagnosis of current CX quality
- CX strategy selection and definition
- Embedded controls and governance

New operating model

- Post M&A integration
- Digitisation and technology innovation
- Re-location, outsourcing, and organisational restructuring

Cost re-structuring

- Product range efficiency reviews
- Fixed cost optimisation
- Fund development, merger and closure plans

Keep reading for why this matters



The difference matters

Strategic change brings greater challenges

When we considered the factors that differentiate strategic and BAU change we learned that the difference matters.

This is because, from the outset, a strategic change brings additional challenges caused by the higher impact and 'newness' of the topic of change. Three commonly mentioned differences are worthy of note:

- **A new topic brings more questions than answers** – right at the outset, one of your top priorities will be to learn about a new topic. This requires careful management because stakeholders might expect more information on the target state than may be available.
- **The need for broad *and* deep impact assessment** – firms are accustomed to conducting BAU impact assessments that are either deep and narrow, or broad and shallow. For a strategic change, however, you will need to do both to ensure your designs and plans are complete.
- **The heightened need for soft skills** – the broad impact of a strategic change cuts across multiple or even all parts of a firm. This raises the prospect of soft issues almost immediately, e.g. sponsorship, responsibilities, as well as the risk of misunderstanding and conflict.

This means mis-diagnosis of your situation could be an early mistake and a cause of the high failure rate.

In brief

- The difference between strategic and BAU change matters because, from the outset, a strategic change brings greater challenges.
- This means mis-diagnosis of the situation can be an early mistake.

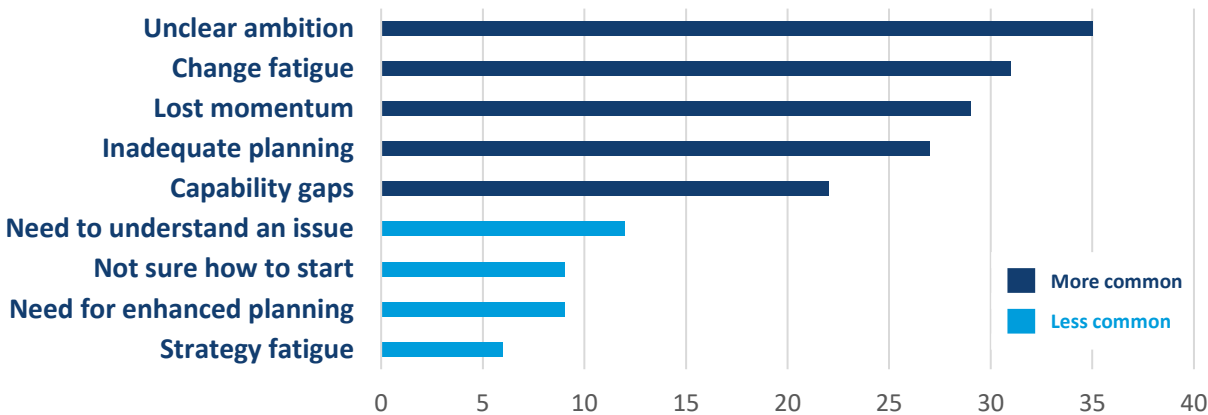
We wrestle with common problems

"You can find yourself wrestling crocodiles, when you were supposed to be draining the swamp."
Head of Change for a Global Asset Manager

In brief

- We wrestle with common problems relating to strategic change.
- The most commonly recognised are: unclear ambition, inadequate planning, lost momentum, capability gaps, and change fatigue.

Common problems relating to strategic change (number of times identified in 37 interviews)



Most common problems and their indicators

- | | |
|----------------------------|---|
| Unclear ambition | <ul style="list-style-type: none">▪ Is everyone aligned, supportive and ready to go?▪ Does everyone understand the case for change?▪ What are our objectives, metrics and options? |
| Inadequate planning | <ul style="list-style-type: none">▪ How do we turn an idea into execution?▪ Across our siloes, who will do what, in what order, and can we afford it?▪ We need a strong start, particularly on communications |
| Lost momentum | <ul style="list-style-type: none">▪ The situation has changed since we started▪ Is our important initiative still 'on track'?▪ Lack of implementation experience = analysis paralysis |
| Capability gaps | <ul style="list-style-type: none">▪ We lack specific skills and experience that we do not normally need▪ We've taken on a lot and need some help |
| Change fatigue | <ul style="list-style-type: none">▪ Insufficient flexibility and resistance to change▪ Lots of strategy, not enough execution▪ We're taking on too much and not prioritising or managing dependencies |

Keep reading for straightforward solutions



Yet solutions exist

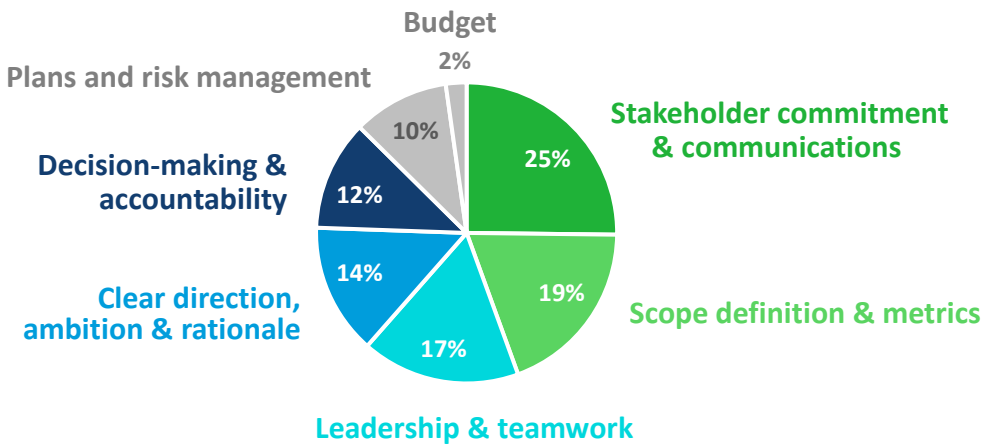
“Neither fear nor force will solve these problems ... you must engage stakeholders.”



A senior member of the international investment community

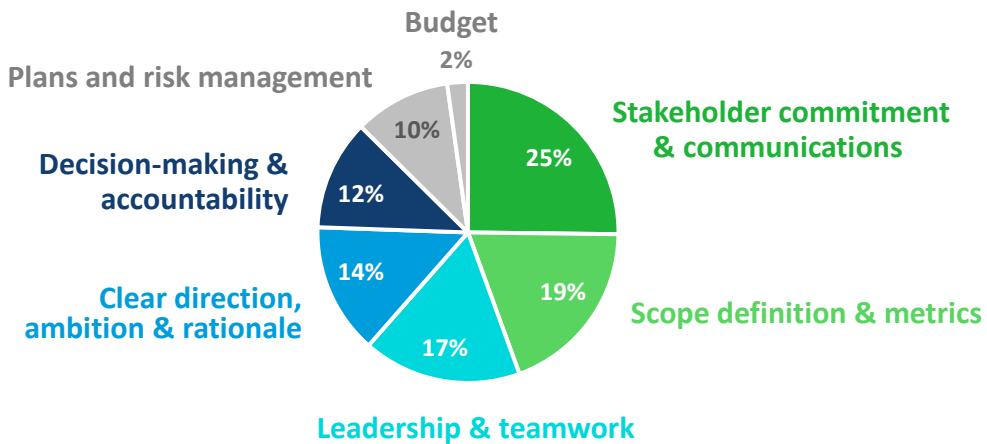
In brief

- Solutions exist in categories that are recognisable to industry professionals.
- However, a key finding is that **almost 90% of solutions** (those coloured below) are **best addressed near the start** before detailed planning.
- This implies that **a good start is pivotal** to success.



Categories of solutions to the common problems relating to strategic change

A good start – example solutions



Categories of solutions to the common problems relating to strategic change

Decision-making & accountability

- Institute a Steering Committee with clear terms of reference for effective decision-making
- Establish a regular Working Group broken-down into different areas of responsibility
- Use these groupings to create a sense of urgency, rhythm and momentum

Clear direction, ambition & rationale

- There's no avoiding being clear on the case for change: what are you trying to achieve, how far should you go, and what will happen if you don't?

Leadership & teamwork

- Confirm your sponsor, maintain a trusting dialogue with them, and gain their ongoing public support
- Organise a community behind the change, establish ownership, and encourage evidence-based analysis

Stakeholder commitment & communications

- Consult widely on the impact of the change, stakeholders' requirements, and your response plans
- Appreciate different perspectives and agree ongoing involvement
- Establish two-way communications with your stakeholders because things may change along the way on your side and on theirs

Scope definition & metrics

- Define what's in-scope and out-of-scope (and why) – clients, products, processes, applications, teams etc.
- Document any assumptions and how you will confirm them
- Agree clear measures of success

Keep going for a refresher on the importance of soft skills

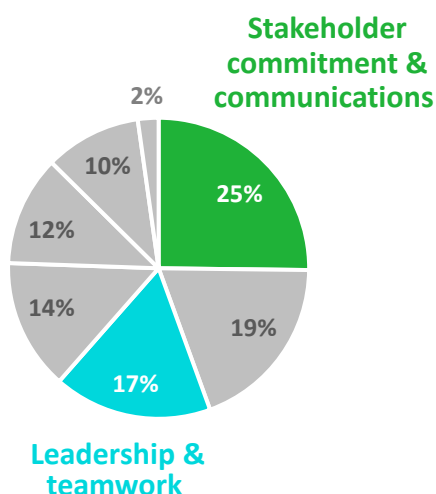


Balancing soft and hard skills is not a ‘nice-to-have’

- Two of the top five categories of solutions relate to soft skills

- Stakeholder commitment & communications
- Leadership & teamwork

- These categories comprised 42% of the 135 proposed solutions



In brief

Just over 40% of solutions to the most common problems on strategic change initiatives relate to soft skills.

Examples

- Repeated explanation of ‘why’
- A culture that is open to the ‘trial and error’ of new ideas
- Give new project teams time to form and to align with their stakeholders
- Maintain relationships with your stakeholders and check their expectations repeatedly
- ‘Translate’ each department’s jargon so the others can understand



“Leadership is important. Take risks. Give mandates. Create a community behind the change. Create a sense of urgency and purpose. Communicate, communicate, communicate.”

Chief Information Officer of a life insurance firm



Not everyone agreed with everything

Strategic change is more common than Accomplish expected

- Our assumption that strategic change could be characterized by infrequency was challenged, with respondents giving examples of firms that have multiple strategic initiatives in-flight at any one time.
- Through this feedback, it became apparent that an organisation's experience of a task was a more accurate differentiator than frequency.
- Multiple simultaneous strategic initiatives also raises the question of whether they are all consistent and mutually supportive, and whether firms manage them as a single portfolio to facilitate communication and coordinate inter-dependencies.

What about regulatory change?

- A sub-group of individuals felt that all regulatory changes should be considered 'strategic'. Our view is that it is not that simple: some regulatory changes have strategic aspects to them, e.g. MiFID II; but others do not, e.g. annual changes to savings rules. We felt it more productive to consider the nature of the change (its impact and newness to the organisation), rather than its source.

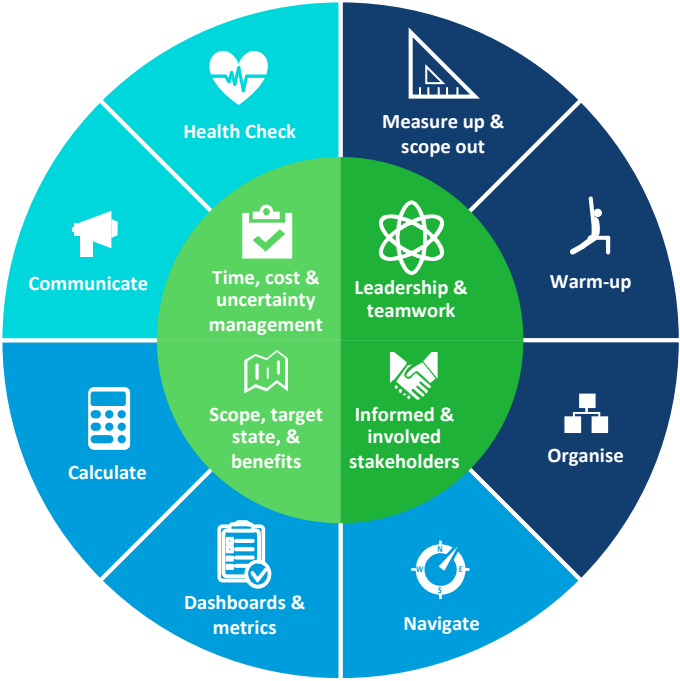
Three levels of change?

- One experienced practitioner felt more comfortable with three levels of change:
 - **Operational excellence** – process improvements implemented in day-to-day increments.
 - **Development projects** – such as 'internal re-organisations' and 'placing existing products into adjacent markets'.
 - **Strategic changes** – transformative steps as we have defined above.
- We recognise these types of change and we agree the boundaries are blurred.
- To Accomplish, however, the key point relates to practical application and it struck us that 'operational excellence' and 'development projects' tend to have low to medium impact in areas where firms already have experience and skills.
- For this reason, we felt it more instructive for the purposes of helping firms manage strategic changes to categorise them together under 'BAU change'.

Read on for how the Accomplish framework compares

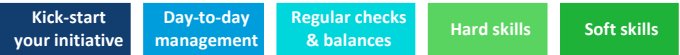
How does Accomplish compare?

Accomplish Framework of Strategic Change



How it works

- Nurtures four essential 'Ingredients of Change'
- Balances **hard** and **soft** skills
- Across the duration of an initiative
- Using eight distinct tools
- Proven across multiple organisations and cultures; multi-methodology compatibility



Accomplish framework vs. solutions to common problems

Categories of solutions	Accomplish framework
Stakeholder commitment & communications	<ul style="list-style-type: none">✓ Informed and involved stakeholders✓ Warm-up✓ Communicate
Scope definition & metrics	<ul style="list-style-type: none">✓ Measure up & scope out
Leadership & teamwork	<ul style="list-style-type: none">✓ Leadership & teamwork
Clear direction, ambition & rationale	<ul style="list-style-type: none">✓ Scope, target state, & benefits
Decision-making & accountability	<ul style="list-style-type: none">✓ Organise
Plans and risk management	<ul style="list-style-type: none">✓ Time, cost & uncertainty management
Budget	<ul style="list-style-type: none">✓ Navigate✓ Dashboard & metrics✓ Calculate

Research supports the Accomplish Framework of Strategic Change



In brief

- The Accomplish methodology incorporates the solutions to the common problems.
- It aligns with the key findings of this research.

Accomplish framework vs. key findings

Key findings	Accomplish framework
Strategic change is different to BAU change, and it matters	✓ Specifically designed for achieving strategic change
A good start is pivotal to success	✓ Places particular emphasis on kick-starting properly an initiative to create the conditions for success
Balancing soft and hard skills is not a ‘nice-to-have’	✓ Balances hard and soft skills across the duration of an initiative

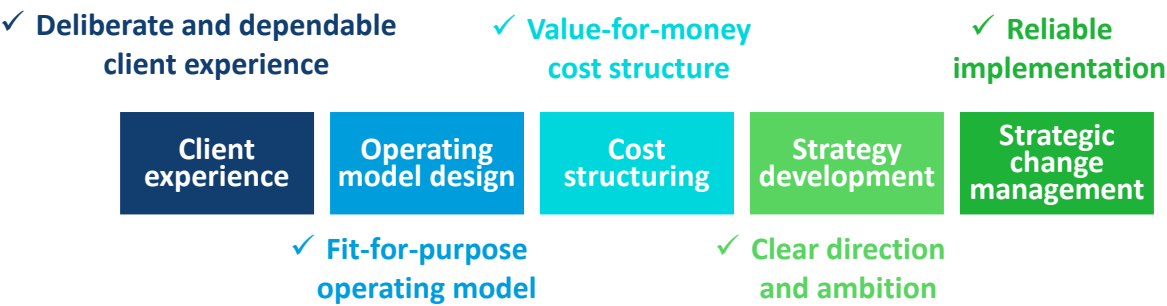


Read on for how Accomplish helps clients with strategic change



Accomplish is well-positioned to help

Accomplish’s core capabilities are designed to meet investment firms’ needs



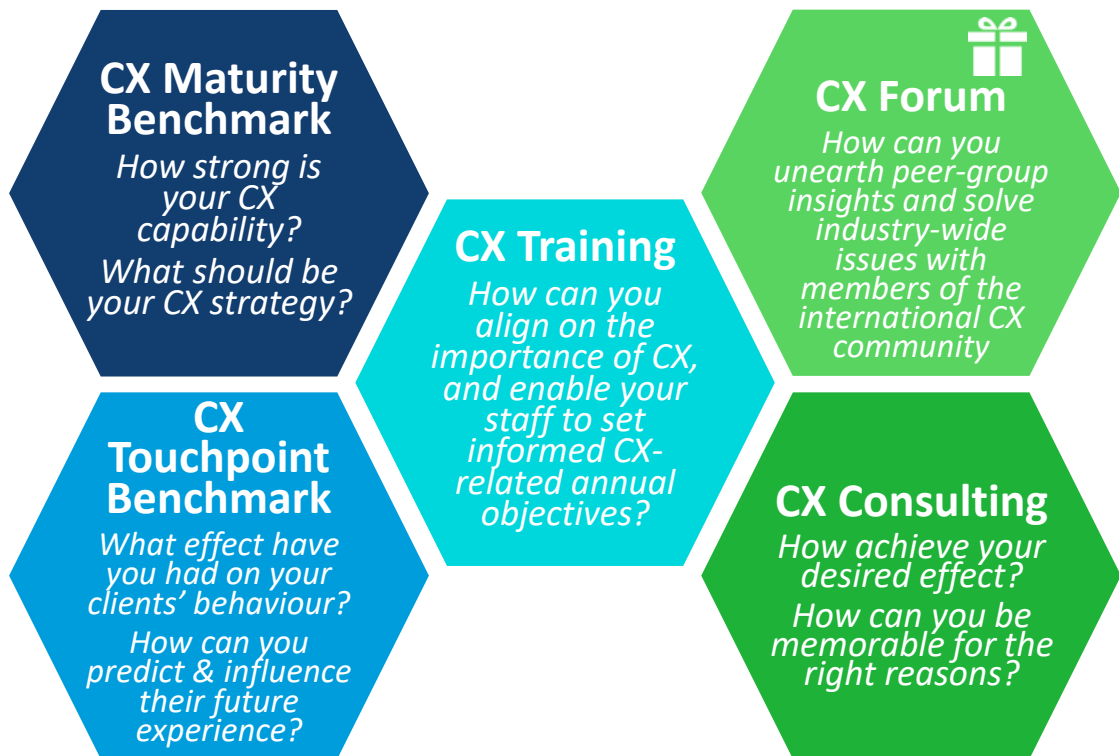
Accomplish meets investment firms’ needs for strategic change

Clients’ needs and problems	Accomplish’s core capabilities
Key types of strategic change: <ul style="list-style-type: none">Improved client experienceNew operating modelCost restructuring	<ul style="list-style-type: none">✓ Client experience✓ Operating model design✓ Cost structuring
Common problems: <ul style="list-style-type: none">Unclear ambition	<ul style="list-style-type: none">✓ Strategy development
<ul style="list-style-type: none">Inadequate planningLost momentumCapability gapsChange fatigue	<ul style="list-style-type: none">✓ Strategic change management:<ul style="list-style-type: none">✓ Kick-start an important initiative✓ Health Check to stay ‘on track’✓ Engage an Accomplish Change Agent✓ Roll-out the Accomplish framework across your portfolio of initiatives

About Accomplish

We are the asset management CX specialists

- We have a single objective: to help B2B asset managers stand-out from the crowd through the experience they give their clients
- Our range of services is holistic, mutually-supporting, and client-led



Why choose www.accomplish.world?

- **Absolute and relative insights** – we manage the industry's CX benchmarks
- **Consulting as a shared service** – through the CX Forum we create industry-level solutions to industry-wide issues
- **Capability and empowerment** – our training packages give teams, departments and entire organisations the knowledge and understanding of CX they need, as well as the ability to apply it and set informed CX-related objectives



Research methodology

- Between September to November 2018 Accomplish interviewed 37 investment industry professionals, across a cross-section of ages, seniorities, roles (from practitioners to 'buyers'), genders, and countries. Each interviewee was asked the same questions that were designed to prove or disprove assumptions in the Accomplish Framework of Strategic Change.
- This allowed interviewees to talk openly, in depth, and in their own words. This guarded against any skewing of the answers towards any particular bias Accomplish might have had. Answers were documented verbatim, anonymised, and analysed on aggregate.
- We recognise the challenges associated with qualitative data. However, we believe that our training in statistical analysis and experience in delivering strategic change created a valid dataset (nuanced with the perspectives of industry practitioners) from which findings and conclusions may be drawn.

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