CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

Using Humanity to Drive Organizational Change

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Overview

This case study features a global healthcare organization that successfully implemented the "dolphin approach," to managing change, a metaphor originally used by David Feeny, Emeritus Professor of Information Management at Oxford.

The dolphin approach combines the elements that have previously been discussed in the guideline. As with actual dolphins, this method involves coming up for air often – which in human terms means ensuring that people are being advised of the changes, checking to see if the change management plan is being implemented as discussed, having regular status updates, etc. It also ensures constant communication between the "pod," which is essentially all the impacted stakeholders of the change, and ensures everyone involved in the change gets enough of the "oxygen"– i.e., tools and support – that they need.

Case Study

Company background

In the past, the company had used the “whale approach,” which meant coming up to the surface once, as whales do: announcing the change with no follow-up or further explanation and then “going under,” or figuratively disappearing for weeks at a time with no follow-up communication, no connecting and no support for the stakeholders impacted by the change.

Trying something different for this particular change initiative and using the dolphin approach as a guide was the path decided on by the subject of this case study, the senior leader in charge of implementing a critical change required in his area of the business. He had learned about the brain science of change and the emotional transition experienced by those impacted by change through his work with an external executive coach. Now able to see the mistakes the organization had made in change management in the past, he was better prepared and much more knowledgeable about what was required to plan a successful change initiative. Being required to implement a massive change so that his division could remain competitive within the rapidly changing needs of his industry, he felt very strongly about supporting his regional leaders and their teams effectively.

Due to a decrease in revenues and a change in strategic direction, a global healthcare company was in the process of removing one of its most popular products from distribution in its division specializing in animal health, an initial step in phasing out the division. The product had been a best-seller for the company for almost a decade, but it was expensive to produce with small profit margins, and the company wanted to take its brand in a different direction. In addition to the necessary external change management (for the company’s customers), the organization also had to manage the impact internally, with its salaried sales teams Canada-wide anticipating a 20 to 40 per cent decrease in their sales commissions, which in turn represented 50 per cent of their salaries.

The company aimed to maintain its strong customer base – most of the sales team had long-term relationships with customers in each region – as well as retain its top sales talent for future product launches. Employees were uncertain about why the product was being discontinued. Rumours circulated about the possible shutdown of this division, a decision the board and company executive had yet to communicate with employees.

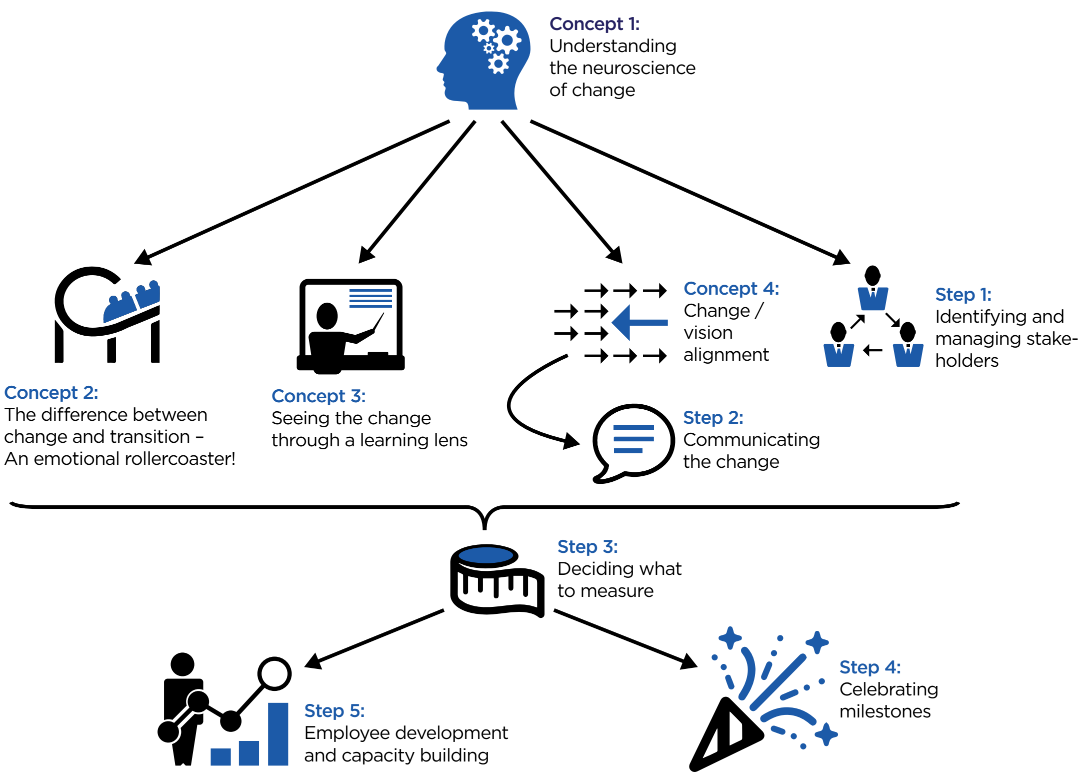
A year before the decision to remove this product, the company brought its global division leaders together to share the results of a long-term forecasting report it had commissioned. The company was facing relentless competition in the global healthcare space and a constant race to develop better, more profitable products. The forecasting data, coupled with the company’s own annual reports, indicated a need to change the status quo in order to remain relevant in the global marketplace. Given the substantial time commitment of product research and development, testing, approval and eventually launch of a product into the marketplace, this change needed to be made immediately.

Discontinuing a popular product that was one of the cornerstones of the animal health division called for multi-layered, intricately designed and well-executed communication and implementation. The senior executive tasked with overseeing the project – let's call him Greg – was a CPA and a long-term employee who had occupied many roles with the organization, so he had a strong desire to do right by both employees and customers.

In addition to his understanding of the business, its culture and its marketplace, Greg was aware of the potential pitfalls of the decision to discontinue one of their most sought-after products. His ability to use data to tell compelling stories that influence others to support his decisions would prove to be an essential skill throughout implementation. Greg also recognized his lack of expertise with the human aspect of change management, remained open to learning and was then willing to share his learning with the rest of his leadership team.

The organization's previous experience with change also proved to be helpful. A larger change initiative around changing how financial incentives were calculated in the organization had been rolled out 18 months prior and had been an unmitigated disaster: The executive team's lack of transparency and lack of understanding of the company's culture and capacity led to key individuals quitting and intense scrutiny from the board. Thankfully, the executive team learned from this experience and was now willing to explore different approaches to managing change. It was an opportunity to experiment and determine what would engage all stakeholders effectively while managing the anticipated negative fallout with consideration and care.

Application of the Process



Concept 1: Your brain on change

One of Greg's early action items was to work with an executive coach who was well versed in organizational behaviour and neuroscience so that he could better understand the impact the proposed changes may have on different stakeholders. Through a series of mentoring sessions, the coach shared knowledge and suggestions on how to approach the human element of change, incorporating ideas about the neuroscience of change, the Bridges transition model and the dolphin approach, among others. This perspective allowed Greg to anticipate the possible emotional needs and reactions of the impacted employees and the potential negative reactions of customers.

The executive team had flown to company locations across Canada to announce, in person, that the company was discontinuing the product. They chose this approach mindful of the fact that this change was going to have a direct and significant impact on the livelihood of sales representatives across the country. Greg's executive coach had put together a team of external executive coaches across the country so that an executive coach would be present at each location.

After the announcement at each location, the assigned external coach led staff through a facilitated discussion about how people react to change and allowed time after the group discussion for any one-on-one conversations people wanted to have. Having an external coach to talk to, in a confidential conversation, created a safe space for people to share their thoughts and feelings before having to go home and talk to their families about the financial impact of this change.

Concept 2: The difference between change and transition

As a follow-up to the initial announcement and to ensure that the employees had access to the transition support they might need, the executive team made a provision for each impacted employee to receive three individual, one-on-one, confidential coaching sessions over a three-month period. This gave the employees an opportunity to digest the news of the change and meet with their coach as needed.

Having an extended period where external coaching support was made available allowed the employees to process the change at their own speed. For example, some employees used up their coaching hours within the first weeks to for help dealing with the changes and put a plan of action in place as to how they were going to interact with their customers; others reached out to their coaches once they started having conversations with their customers, to debrief on how those conversations had gone and how the employees felt about them. If an employee did not require coaching, the unused hours were added to a "group bank" for colleagues who may have needed additional support. The employees appreciated the investment the company was making toward their well-being throughout the transition.

The external executive coaches were also helpful in walking sales reps through the conversations the reps would need to have with their customers. They were also available for debriefs in case a customer reacted with anger or cut short a long-term relationship. Many of the sales reps had been serving the same customers for years, and there was a legitimate concern about the personal impact this could have on the sales reps as they were not only dealing with a significant loss of income, but also had long-standing and close relationships with customers they were about to make very unhappy with the discontinuation of the product.

Concept 3: Seeing the change through a learning lens

Because the product being discontinued had been the company's most expensive one to produce, there was an opportunity for the sales reps to learn more about new product development in other areas of the business and potentially pivot to different roles in those other areas. For example, there were a few divisions experiencing exponential growth and needing experienced sales reps who were willing to learn about new products and develop an understanding of different areas of healthcare. There were also training roles available to help newer sales reps learn about the business and about how to attract and approach potential customers. These opportunities were made available approximately four weeks after the initial announcement, to prevent a mass exodus of employees.

Concept 4: Change / vision alignment

Once Greg was given confirmation by the global executive team of their final decision to pull the product from the shelves, he spent many hours in discussions with his leadership team (coast to coast) ensuring that everyone was on the same page. In every leadership meeting, Greg shared the learnings and advice that he was receiving from the external experts he was using. At this point Greg was still working with his coach, and he had also hired an external public relations team to help with the messaging and communication of the change. His leadership team had open (and often heated) discussions about the best way to move forward. If there was ongoing dissension, Greg would take those conversations offline and have one-on-one meetings with the individuals involved. With the commonality of wanting to ensure the support and success of their employees, the team aligned fairly quickly.

Step 1: Identifying and managing stakeholders

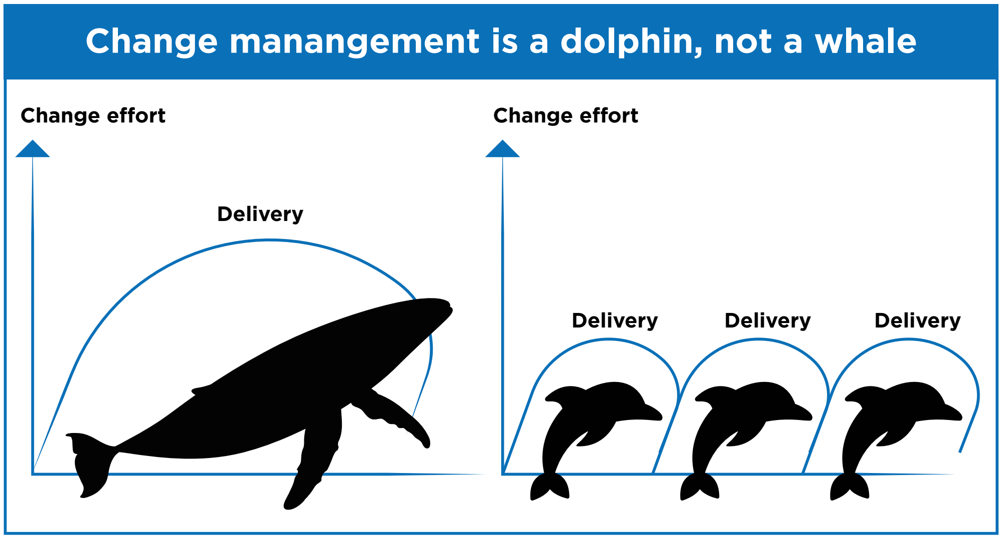
One of the areas where Greg sought external expertise was stakeholder management and communication. He hired an outside public relations firm early in the process and got them to walk him and his leadership team through a stakeholder identification and impact assessment exercise (very much like the one discussed in this case study's companion guideline document). The firm identified risks and opportunities that Greg and his team would have missed and assisted them with key messages for both internal and external stakeholders. It also highlighted an ongoing communications plan that went beyond the initial announcement in order to sustain trust with both the company's employees and their customers.

Step 2: Communicating the change

With the help of the PR firm, Greg drafted a series of FAQs for employees and for customers (with the secondary purpose to ensure sales reps were answering questions consistently). They drafted a complete communications plan, deciding to use the "cascade" method of communication, with a clear, concise message coming from the top followed by each local manager meeting with their team to go over more details and answer questions, all the way down to one-on-one communication if needed. Greg made a national announcement to staff company-wide by Skype teleconference. Now familiar with the human element of change, he wanted to keep the announcement short and not overwhelm employees with too much information before they had time to process the announcement. He limited his conference call to only three PowerPoint slides containing bullet points covering key messages concerning the product discontinuation and what the immediate impact would be; he then gave an opportunity to ask questions and explained while on the call that he was following up the announcement immediately with a national "tour" of in-person meetings, with his first in-person meeting scheduled right after the conference call.

During these meetings, which were held locally with the manager and the sales reps, Greg and the regional leader recapped the changes, explained the company's plan in more detail and answered questions. They provided information about the support available to staff (e.g., the external coaches) and shared the FAQs, printed messaging and phone, email and in-person conversational templates for communicating the change to customers.

The leadership team also took what is known as the "dolphin approach" to communicating change. This approach – credited to David Feeny, Emeritus Professor of Information Management at Oxford University – uses the following analogy: Dolphins must surface often to breathe (they communicate with their pods constantly, providing ongoing updates) while whales can stay underwater for longer periods of time (they check in less with their teams). Illustrated in the graphic below, the dolphin approach also emphasizes the importance of small wins, and not waiting for the "end" to happen before acknowledging progress.



This phase of the project was so well executed (and with such caring and sincerity) that employees solicited less support from the leadership team than anticipated.

Step 3: Deciding what to measure

This step had been somewhat overlooked in the initial change management plan that Greg had put together: The priority was the support and well-being of staff and the metrics used to demonstrate success were largely anecdotal. For example, only one team member ended up leaving the organization for another role, but official retention numbers, which were very high, were not documented.

Other behavioural evidence, such as the time it took staff to adjust and their ability to have hard conversations with customers, was overwhelmingly positive but only shared verbally.

One ongoing metric is the rate of customer conversion from the old product to alternate options. However, as the long-term plan is to eventually shut down the entire division, this is not a business priority for the company. The company decided to focus their metrics on employee retention, savings generated by the discontinuation of the product and revenue generation by those sales reps who were able to change divisions and use their skill set to the benefit of other areas of the organization.

Step 4: Celebrating milestones

This step was not applicable in this case given that the outcome of the change initiative (the loss of revenue and a potential decrease in customer base) was not a positive one. It was challenging to find an appropriate milestone to celebrate with those who were impacted, although the leadership team did see their high employee retention numbers as a success story.

The leadership team also had a debrief session where staff shared their experiences through the change process. The leadership team also received positive feedback from the external coaches, on both how the company had handled the entire change process and how the employees had been able to transition relatively quickly through the change. The coaching team noted that this change initiative was one of the best examples it had seen of a company prioritizing humanity over process. The leadership team received similar feedback from the external PR firm, who had rarely worked with an organization so clearly focused on putting their employees first.

Step 5: Employee development and capacity building

Led by Greg, the company decided to roll Step 5 of the change management process for this particular initiative into the planning process for its next organizational change: the permanent shut down of the animal health division (in approximately two years). With the well-being and success of employees at the core of the company's approach, management carried out a skills inventory of every member of the animal health division, including the current leadership team (which performed very well during the last change implementation), in order to be able to reassign staff from the closing division to other parts of the business that would need their identified skillsets.

Based on the skills inventory, the organization's talent team also started working on a capacity-building plan, with training and development for staff who were willing and able to pivot their skillsets in different directions.

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Summary

Greg was essential to the success of his organization's change initiative. His ability to read the available data, plan ahead, make tough decisions and demonstrate a growth mindset allowed for an almost seamless change experience in a difficult situation. One of the most important characteristics of a leader today is their ability to learn and adapt. If they are willing to broaden their technical skills to include knowledge of change management and organizational behaviour, CPAs are in a perfect position to help their organizations pivot as needed to create a successful and sustainable future. As financial professionals and experts, CPAs can have a high degree of influence and be involved in every area of the business. Adding the human lens to that formidable skill set will help CPAs guide their teams and organizations forward in the most effective way possible.

Resources

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About the Author

Named in 2018, 2019, and again in 2020 by CEO Today Magazine as one of the top 100 outstanding consultancy experts across the globe, Jennifer Gervès-Keen is a Master Corporate Executive Coach. Jennifer's first book, *Show Up Like A Coach*, walks the reader through how to use coaching skills to become a better communicator.

After 12 years working in France to hone her communication and business skills, Jennifer moved back to Canada in 2005. Through the creation of her business JGK Consulting in 2008, Jennifer's goal was, and remains, developing better leaders and creating and sustaining great organizations.

Jennifer completed her Master's degree in Adult Learning & Development while living and working in France. On returning to Canada in 2014, Jennifer became a certified coach, winning the ICF Prism Award for excellence in organizational coaching alongside one of her clients, a global professional services firm. In 2019, Jennifer received the Certified Change Management Practitioner (CCMP) designation from the Association of Project Managers Group International (APMG).

In an effort to create impactful organizational learning experiences, Jennifer explored neuroscience and its connection to leadership behaviour, now a foundational pillar of all program content and design.

You can learn more about Jennifer and JGK Consulting at www.jgkonline.com.


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