Navigating Your Organisation

# Through the Eye of the Perfect Change Storm

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## This webinar was recorded in February 2018.

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# Slide 1:

## Navigating your organisation through the eye of the perfect change storm

Good afternoon everyone and welcome to the Business Excellence webinar, Navigating Your Organisation Through the Eye of the Perfect Change Storm. My name is Patrick Moriarty. I'm the Executive Director of the Institute of Community Directors Australia, which is an enterprise of ourcommunity.com.au.

I'd like to start by, although this webinar is being delivered via technology, acknowledging that we are meeting on the lands of the traditional owners, and we pay our respects to their relatives past, present and future.

# Slide 2:

## Today's session

So, in effect, today's session we're looking at the board's role, and I've highlighted that fact that in many cases boards actually handball the role of change management to the CEO and expect them to do everything. So I want to do a little bit about what we should be expecting from board members, and in particular the president or chair of your organisation. We'll look at some of the structural elements and we'll be using a couple of models of change to inform you around that, some strategies around gaining management and staff buy-in, evaluating and reviewing the effectiveness of change, and then we're going to be playing a short video of Elizabeth Crowther from Wellways who's recently undertaken a fairly significant growth strategy and reflecting on what some of the benefits and costs of that change have been. So it's a really worthwhile presentation you'll see later on.

# Slide 3:

## Strategic change

So maybe let's get into it, and a little bit about thinking about the fact that change is a constant feature for every organisation, but really strategically boards have to ensure that a failure to change means the risk of them being overtaken by competitors or being swamped by collaborators.

So a little quote by Tony Blair: "Ideals do survive through change, but they die through inertia in the face of challenge."

And I suppose we can get a bit anxious about the pace of change, and in our sector it is increasing rapidly, and we'll be looking shortly at what's driving a lot of the change in our sector. But a really good and simple methodology that you can use to actually try and get ahead of the game, you know, in your strategic planning process is to really consider what is likely to change over the next planning horizon politically, economically, socially, technologically, legally and environmentally, and just a simple little check-in every six months to maybe think, "What is actually changing? What's changed since the last time we reflected on it?" And start to plan accordingly.

So let's look at the key reform themes and issues that we may be confronted with.

# Slide 4:

## Key reform themes/issues: Drivers

* We are seeing worsening disadvantage indicators.
* We're seeing an increased demand and complexity of need for both our clients and workers.
* A "constrained financial environment" I think is a nice way of saying that funding is becoming tighter and tighter.
* We're seeing fragmented and poorly coordinated systems.
* And we are seeing fairly significant demographic change with the ageing population and an increasing growth in population.

So the next – these slides really are about trying to look at what we need to adapt and modify.

# Slide 5:

## Key reform themes/issues: Common reform themes/directions

So what are some of the implication and the reform themes that have been occurring?

* No stranger to the NDS, we are seeing increased client-centred strategy with a focus on outcomes.
* We are starting to see more connected and integrated services, so collaboration, mergers.
* There's a greater focus on early intervention and prevention. We just wish there'd be a little bit more funding for that.
* Increased area-based planning and funding and co-funding.
* We're starting to see integrated governance of systems, processes and behaviours.
* And an increased review of who's doing what. And I think, for us, a lot of not-for-profit providers are starting to see for-profit entities enter the marketplace.
* We're seeing drives for efficiencies and innovative and new approaches to funding.

# Slide 6:

## Key reform themes/issues: Implications

So what are the implications to this for us as organisations?

* We're seeing an imperative to collaborate, to partner, and what that can mean is mergers and partnerships.
* We're seeing new funding and purchasing arrangements which means we may need to adapt to the way that this funding is being delivered.
* We're seeing an increased move from federal, state and local governments into other domains: states handing back responsibilities to the federal government, the federal government handing out processes to states, and ending up with local, which in many cases ends up with the not-for-profit sector.
* We're seeing client-controlled funding, and we don't think that's going to be stopping with the NDIS.
* There's increased competition, an increased role for for-profit providers in what's typically been a not-for-profit space.
* There's a push for scale and viability.
* And one of the major consequences of that is that it has impacts on the workforce and an increase in casualisation, skill shortage, and in many cases, burn-out.

# Slide 7:

## Boards Role: a perspective from our corporate regulators

So let's move into what the board's role is in this process, and let's take a quick snapshot of what you wouldn't think would be an issue for corporate regulators, and that's the culture and values of organisations.

# Slide 8:

## “You can't talk culture without talking 'tone from the top'”

So picking up from John Price, who's a Commissioner with the Australian Securities and Investment Commission, I think it's a salient point to really reflect on this, even though it's a corporate context.

"You can't talk culture without talking 'tone from the top’.

"Together, the board and senior management are responsible for creating a culture where everyone has ownership and responsibility for 'doing the right thing'. The board should lead by example by demonstrating conduct that supports the firm's values, and take action where they see the wrong thing occurring - what you walk past is what you accept.

"They should work to cascade these values throughout the entire organisation and take steps to ensure the firm's values are clearly articulated, communicated and understood, because very often the message gets lost in the middle and does not make it to the front line."

So maybe a reflection on that for me, looking at many organisations: Are your values transparent and visible throughout the whole organisation? Are they in place in the boardroom? Are they in place in your offices? And can people actively reflect on whether you are walking the walk?

# Slide 9:

## APRA identifies the following behaviours as indicators of culture failings

A second piece from APRA identifies the following behaviours as indicators of culture failings:

* Pursuing short-term financial interests, including personal interests, with little or no consideration of customer interests
* Observing the letter of relevant law and regulation while contravening the spirit of those laws and regulations
* Treating risk management processes and/or controls as inconveniences which can be disregarded when it is expedient to do so
* Poorly defining management accountability for risks
* Failing to reward good risk management and/or apply consequences for poor management of risks
* Senior executives and/or directors failing to take timely actions to mitigate significant risks
* Concealing problems, rather than resolving the underlying causes of the problems, and
* Failing to challenge the status quo and consider alternative viewpoints, resulting in a false sense of security and risk blind spots.

And probably reflecting on that one again: There's a very big difference between being risk-averse and being risk-aware, and particularly in the NDIS context some of our major risks is not grasping opportunities when they present themselves. So it shouldn't be viewed as a negative when we're talking about risk, and we should make sure that the organisation's values aren't put in difficulty when we're going through a change process.

# Slide 10:

## Regulation is one thing but what should the Board actually do with change

So regulation's one thing, but what should the board actually do with that change? And we often see the board just saying, “Get it done.”

Change shouldn't just appear on the horizon - it needs consideration and is in fact true governance as it is about setting the direction for the organisation.

It needs to be planned and implemented with a clear aim and intent in mind. The board may not be present at every turn but they must be a vocal, and in my words, a "physical supporter," and the communication must show this support.

So what can the board's role in change be?

# Slide 11:

## The Board Role in Change

* Well, they should be a figurehead to the organisation, and it should be seen that they can show political support and ensure the project is fully and properly resourced and not funded to fail. And that's in the true sense of the word "resourced," in that we fund it to ensure we've got the people we need, we invest the money that we need, and we have to resource it for the amount of time that we spend on it. This is one of the strongest failure points for boards, and that's the proper and consistent resourcing.
* The board should be seen publicly endorsing the positive aspects and benefits of the change and walking the talk.
* Involvement of board members is a very powerful message to everyone, and it means board development. Give them something to do. Could you allocate a portfolio or an aspect of the change they could be working on as part of a working group?
* Involve at least one board member in the change project team. That doesn't necessarily have to be your chair, but I think it makes imminent sense that it is the chair.
* If significant change is intended, the board should appoint a committee, and the board should ensure the establishment of a change committee with or without external consultant, and it should be aware of and approve the project. And again, this should be the board chair with the CEO signing on to do this. It can't be viewed just as a CEO issue.
* The board ensures that the project plans are approved, developed and implemented and monitored. They should request or be copied in on regular progress reports and updates and ensure they align with the organisation's strategies, visions and values.
* Board members should also often have skills that relate to the change, whether that's in planning, leadership, technical matters, management, but basically in problem-solving skills. They also should have significant sector organisation knowledge and expertise. Those skills can be useful in design and development.

# Slide 12:

## The Board Role in Change

* The board should provide time and energy to help implement plans for change. They should be working with the senior managers, not just the CEO, to set up a culture of collaboration and give the signals to those at the work face that you care and that you have skin in the game together. The board can provide objective assessment on project issues and results.
* They should have distance from the day-to-day activities, but they can be useful on addressing issues and evaluating results.
* And finally, the board should commission (or use their networks) to research similar organisations and examples of change and set benchmarks and learn from other change examples.

When we go into the whole context of change, we actually go into an environment that really isn't unfamiliar to all of us.

# Slide 13:

## The oldest and strongest emotion of mankind is fear...

It's one of the strongest emotions we have, and that's fear. And the oldest and strongest kind of fear is the fear of the unknown, and that's what we're basically putting people into when we're going through a change process.

# Slide 14:

## How People Respond to Change

So understanding and being aware of the change cycle and how people adapt to change is pretty important.

Initially they'll go through a stage of denial, move into frustration. It will often lead to a fairly depressed situation and despair, but then coming out of it we can start to learn and experiment with the new way, eventually accepting it and then finally integrating the change.

But recognise that along this path some people do feel anxious and may in fact flee. And when we speak with Wellways CEO you'll actually hear her talking about the fact that, as they were going through change, people were confused and concerned and some people did end up fleeing, basically because of their fear.

# Slide 15:

## EASIER model (Hussey, 1995)

So I'm going to present a couple of models of change. I think there's about a thousand odd various models for change, so I'm not going to go into too much depth with these models, but just recognise that there are models for you to be supported through and to think of in a planning context.

In front of you you can see the EASIER model, obviously an acronym, for how:

* You should have a coherent view of the future, that you do need to activate and ensure others understand and commit.
* Then it moves into support, so that you inspire others to produce the necessary effort to lead to the change.
* You then implement, using plans and schedules to control.
* You should ensure that it's monitored and controlled all the way through the process.
* And the final bit is getting to the recognition that the desired behaviour has been implemented.

Picking up again on one of the statements that Elizabeth has made, that they basically jumped straight into the change without really having a strict plan for them to follow and implement, and again that's probably one area that Elizabeth was pretty strong on in reflecting and retrospectively wished that she had have done a bit better.

# Slide 16:

## Change Models

One of the models that is fairly strongly used and advocated is Kotters Eight Steps of Change, and you can see it follows a similar model to the EASIER in that it steps through a process and gets you to analyse that.

I'd suggest if you are going through a change process that you might refer and reflect and review some of these models, because they are useful to keep as a reference.

# Slide 17:

## Relevant managers

So it may be stepping through a couple of the key areas that we need to ensure that we tick off as we go through.

* Recognise that, particularly for organisations with some size, it doesn't just stop with the CEO and that relevant managers are affected by the change.
* They also hold a significant leadership position in the organisation.
* And they must be actively involved and participate in the change process.

What are some of the potential impacts of this for change? Again, it's - initially we might think about fear and anxiety, but if we try and turn those into a positive and look at it as an exciting and challenging opportunity for relevant managers to use to progress their careers and to also be exposed to situations that will be ongoing. Change is inevitable.

# Slide 18:

## Consulting with specialists and experts

So again, we might look at and consult with specialists and experts. I'd suggest that this is a process that the CEO and the board work collaboratively on.

* So what is it that we're hoping to achieve through the change, and by selecting some specialists or experts to support us?
* Identify the area of input and the particular type of expertise required. Is it a comms person? Is it a staff change development expert?
* Define the credentials that you require. Is it someone who's a theorist or someone who's a practical implementer.
* Recruit the specialist to meet those required credentials.
* Be really clear and specific on the exact requirements you're requesting of this specialist.
* Agree some key activities and time scales and budget.
* Review the process. Don't just give it to a consultant to implement. You need to stay on top and make sure that they work through it.
* And then review any finding and recommendations.

Don't try and do it alone. If you have a CEO to do this alone, the probability is that it will be a complete and utter failure.

# Slide 19:

## Responding to barriers to change

So we recognise that there's a lot of barriers to change. Some practical ways to respond to those barriers can be the fact that we actually think in advance and:

* Expect that we're going to get resistance and start to plan for ways to break through that resistance.
* We can empathise and give advance warning of change, but please don't over-promise and then under-deliver. "No staff shall lose their jobs" may be a wonderful statement to make right in advance of change, but can you actually guarantee that?
* You should be able to beat the grapevine and present a very positive picture. The fact is, you're leading the change. You should be leading the communication war too.
* You should allow people to vent their feelings, their frustrations and their anxieties, but again, don't over-promise and under-deliver.
* You should emphasise the benefits and the opportunities of the change.
* Be reassuring to people.
* But also recognise peoples' efforts.
* And reward them for their efforts.

# Slide 20:

## Change management project plan

As we communicated before, we think a change management project plan:

* Is essential for the successful implementation of any change, no matter how simple or how complex it is.
* It does involve formally documenting key steps, key actions and key strategies that you work through and review.

And even though you'll hear later that that wasn't present in the Wellways case, it was a reflection that they felt they would in retrospect strongly recommend.

The next slide really looks at the benefits of those project plans.

# Slide 21:

## Benefits of a project plan

* It does help us avoid any doubt or confusion about what's supposed to be happening and when it's supposed to be happening.
* It does enable the planning and scheduling of key tasks, and enable roles and responsibilities to allocate those tasks.
* It does ensure that key tasks aren't missed, and that if small components of tasks aren't completed that they can get back on track.
* It does enable accurate budgeting for the activities involved, and budgeting not just in the financial sense but the time and people contexts as well.
* It should act as a communication tool to update interested parties about what is planned and when.
* It does enable the systematic review of progress against the plan, and then also against the elements of the plan that you'd initially put in place, because what we should be actually looking for is some form of a review at the end.

# Slide 22:

## Confirming the change management process

Confirming that change management process, remember that:

* Support for the change process is vital.
* Relevant authorities in the change process may include not just management and the board, but it can include external agencies and partners and other stakeholders within your industry. And I think at that point it's really important to convey why you're undergoing some form of change, particularly to your funding partners, So don't forget them in this whole process.

# Slide 23:

## Developing a communication plan

So I think we've talked a number of times already about the - a key issue is remaining clear about our communications. So it is important to:

* Communicate the change, not just to staff and managers but to those other stakeholders we've mentioned.
* You can and should gain the support and commitment of everyone involved and/or affected by that change.
* Ensure that the correct people, equipment and materials are in place at the right time.

# Slide 24:

## A communication strategy

So what should that communication strategy look like? It should involve:

* Who needs to be communicated with
* What information they need
* What resistance can we anticipate and what will our responses be
* What benefits can we emphasise
* How can we deal with their questions and concerns, and
* How we can gain their support and commitment.

I can remember being in a meeting with two boards who were discussing a potential merger. The meeting was actually being held in one of the organisations' conference rooms, so it was there. All the staff recognised both boards' identities, and you can imagine the scuttlebutt that would've immediately started and got that fear and anxiety going.

Well, we ensured that no one left the boardroom without having a clear strategy, and in fact a media release, that was going to be communicated not just to the outside world but internally to staff, basically saying that at that stage no mergers were proceeding, but that the organisations were looking at ways of collaborating and partnering which could and may end up with merger. So again, not over-promising, not over-delivering, but just basically saying that we're saying something. So do ensure that you really are clear on what your key messages need to be.

# Slide 25:

## Planning events

Think about the events and stages that can be articulated and set up. So if you are planning events with your staff, ask:

* What are the key messages we need to convey?
* What do you want their "take-away" message to be?
* What benefits do you want to emphasise?
* How you should be able to pre-empt questions and concerns.
* Who should be involved in delivering that message, and I do like to see the board and the CEO together initially delivering that message.
* And what's the best method or mode of getting the message across?
* And what innovative methods could you use to get the message to stick? And that could be visible posters. It could be creating pop-ups on the internet so that at your workstations there's regular broadcasts. You've got methods like webinars that you could use if you've got staff throughout the country.

# Slide 26:

## Who should be consulted?

And just recognise that when we're doing this, you do need to consult with all key organisations' stakeholders, including our funders. We don't want them getting nervous about the fact that we're actually working in collaboration or going down a different path or diversifying into another area that may look to be an issue for them.

So that can be with staff, with managers, with workers' representatives, including unions. It could be different departments, different job roles. It could be different people of different lengths of services, or it could be different specialisations.

So do make sure you sit down and actively work through all of that stakeholder map, and the levels and methods that best suit that strategy for communication.

# Slide 27:

## Strategies for embedding change

So what are some strategies for embedding change as we go through the process?

* Increasingly we need to stick our toe in the water and see how it works, but just modelling new ways of doing things.
* Monitoring how teams and individuals are working, both to progress the work of the change but also on how they're feeling. What's the temperature of how they're feeling about the change progressing.
* Publicising the results of our monitoring activity. "We're on track." "We're a little bit behind." Communicate with them.
* Seek feedback from the teams and individuals that are progressing the change.
* Look at challenging behaviour which doesn't match the way that you want things to proceed.
* Modify and be prepared to change what may be a written plan to ensure that we're going to be successful.
* And we should at all times be giving feedback on how the implementation of the change is progressing.
* Think about ways that we can recognise and reward success
* And where required, take corrective action when there's a failure to follow the new ways of working.

# Slide 28:

## Evaluation and review

So as we're going through we should be obviously evaluating. So it's important to:

* Regularly evaluate and review the progress of the change management program. It's important for that to be seen to be done, not just by management but by the board also. Key messaging coming from the board and the CEO about the progress of the change is really critical.
* Ensure the change management program stays on track and achieves the desired results, and where not, modify and adapt.
* Ensure the evaluation and review process takes place on a regular basis.
* And increasingly these days, test things before going fully into them. So test, test again and review.

The next slide I think gives a really good summary of what happens when one piece of the puzzle is missed when we're going through a change process. So let's look at that a little bit.

# Slide 29:

## Model for Managing Complex Change

You can see that what we need to have in place is a clear vision of where we're headed with the change. We need to have the right people with the right skills and knowledge involved to implement the change. We need to offer incentives and give people a clear idea of what they can get out of the change. We need to allocate sufficient resources: time, energy, money and our people. And we need to have a clear action plan for change to achieve the desired success that we want.

If our action plan is missing, we often come up with false starts or having to review and revise regularly. If we have resources missing, we end up with people getting frustrated, anxious, complaining, and it can often lead to collapse of change. If we have incentives missing - and that's not pure physical incentives. It's - people need to be able to see that there is going to be a benefit from this change. It's not just change for change's sake. If we have that missing, we obviously get resistance to the change, and that can really derail or delay the intention of the change.

If we've got the wrong skills, or the wrong mix of skills, or not sufficient skills, we get anxiety. And if we don't have a clarity around the purpose of the change, we end up with confusion and people running around creating rumours that may or may not be true.

So I'd really encourage you to have a look at that slide and recognise that there are really critical components that we need to get for a successful change.

# Slide 30:

## Managing Change - The Key Factors

The next slide, I suppose, brings all of that together. You can see that some of the key factors include the fact that we have got defined governance around the project, that the board are on track, and we've got a process in place to ensure it's properly managed, that we bring along the workforce and they're aligned. That we inform and continue to regularly communicate that we've got a clear plan and that we've got committed leadership.

So, again, reflecting on that cultural aspect of two regulators, that really the board has to be visible in the project. They have to be walking the walk with you.

So, in a short minute or two we're going to be playing an interview with Elizabeth Crowther from Wellways, who has gone through a significant change. A little bit about the background to what we're about to play.

Wellways sat back some time ago now, about two-and-a-half, three years ago, and what they did was envisage what the world might look like after the Gillard government had made significant decisions around Medicare Local and the NDIS, and what that impact may be on what was their business as usual. At that stage they had a turnover of about $23 million, and that in the new NDIS world they would have to significantly grow.

Traditionally they'd been a mental health support agency through that process, and being part of the NDIS rollout they realised they needed to work with the whole person, not part of them. They then began working with people with disabilities, and they found out that they were very good at it. They invested more actively in disability and wanted to prove their model, so they actually purchased a disability agency. Over the past three years they've grown from an organisation with a turnover of $23 million to an organisation turning over about $80 million, and have moved from a sole Victorian focus to operating in each of the Eastern states.

The board has been with them all along, and in Elizabeth's words, been "pushing and prodding." Most of the board did have skills from business that were transferrable to the change process. Some of them had been actively involved in growing smaller organisations into larger organisations, and the support that they needed could be supported to grow that organisation from 23 million to the 80 million.

They worked out what business they wanted to be in, but they also significantly clearly identified the business that they didn't want to be in. So Elizabeth will give us some insights on the implementation of that. So I'll just play that now.

### [Video omitted].

Okay, so I think we can reflect on Elizabeth's little interview there and recognise that many of the elements we've discussed today really were covered in what she was saying: That there was a clear vision for the organisation and it was communicated well with staff; that they brought in relevant skills and expertise - I think the example of the professional tender writer to whip them into shape is a really good example of that; that incentives that they did communicate maybe didn't come through in the interview, but the fact that they were growing would, even though there was casualisation of the workforce, lead to other opportunities for staff and staff development, and a clear ability to actually progress in a larger organisation; that they did use their own money, time and energy and allocated sufficient funding to ensure that that was successful.

The fact that they did jump straight into it and try and do it, Elizabeth has reflected that they probably could've achieved a much better result if they had sat down and actually planned out not just the reasons behind it but the clarity of communicating with the staff and key stakeholders on those clear action plans.

It has been a successful model in the sector, and it has been recognised that they have actually reshaped the organisation from what they previously were in both a mission and vision context, too. And I suppose it's a good reflection to ensure that we can actually recognise that companies that do fail to embrace change and reorganise themselves accordingly will, regardless of any prior success, be swept away in what is happening in society in general. But also learning only from successes creates sometimes a deeper problem, and that's drawing conclusions only from the available convenient data may systematically prejudice results and your long-term thinking. So don't just study successful models. Look at what has failed in the past and learn from the failures that have occurred. Only by doing so can we really prevent similar failures in our own organisation.

# Slide 31:

## Wellways CEO Elizabeth Crowther

So I'm going to be asking if people have got any questions, if they could send them through. What you will recognise is that that was an edited version of the video, and that a fuller version is provided on that link that you should see in front of you, so I'd encourage you to go see the fuller picture of that.

# Slide 32:

## References

There's a number of references that we've provided here as a potential for you to go out and look at. Some really good best practice guides and models of organisations that have failed, as well as those that have been successful.

# Slide 33:

# References

Thank you for your time, for your energy, and thanks for registering.

Okay, we've been asked if we can keep that reference slide up, so there it is.

Thank you very much. We might leave it there. Hope you have a great weekend.

# Slide 34:

## National Disability Services

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