

Change Management

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*Change is the greatest business opportunity
– and the greatest threat.*

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Introduction

Change consumes resources, especially people's time. Change is stressful, and people have a finite capacity for stress before it becomes destructive. Very often change initially reduces production. So change is not just a cost, it is a cost any organisation has only a limited capacity to meet.

Change is also essential to survival and growth.

Maintaining a balance between too little change, that stifles growth, and too much change, that debilitates the organisation, is the business of change management.

Deciding which changes to implement, that deliver the best returns on finite resources, that work together and do not over-tax the organisation, is the strategic planning part of change management. To do this we need a *Change Landscape Assessment* that stretches into the future, that considers all the change possibilities and allows for the change we didn't expect.

Then the work of actually implementing change can happen. It's probably the hardest of all management tasks.

The phases of change management at ANA are:

Strategic phase

1. Recognition
2. Understanding, evaluation and selection
3. Broad planning
4. Approval

Implementation phase

5. Detailed planning
6. Resourcing
7. Stakeholder engagement
8. Training
9. Reinforcement
10. Evaluation
11. Refining

Change management structure

Grass roots input

Change is ubiquitous and most important at the customer–interface level, so each manager has a responsibility for change awareness and management within their area, whether territorial (by state) or subject (eg, cyber, financial etc).

Local/subject manager responsibility includes:

- Ensuring their staff have a change-aware, pro-active culture.
- Ensuring staff know and follow current change policies and road maps.
- Encouraging staff to notice and report emergent change, to help anticipate the unexpected.
- Reporting new risk factors and changes in risk factors to the Risk Management Committee (RMC) via the Manager – Compliance, along with suggestions for improving risk management.

Change awareness is included in inductions and training for all staff. All staff are charged with reporting events, issues, observations and ideas to their manager.

The Risk Management Committee (RMC)

The Manager – Compliance chairs the Risk Management Committee and has overall responsibility for organisation-wide change. The operations of the Risk Management Committee are detailed in the *ANA Risk Management Policy*.

Responsibilities of the RMC include:

- Development and maintenance of a one-to-five-year *Change Landscape Assessment* that predicts and evaluates possible changes.
- Recommending to the CEO, maintaining and implementing a *Change Management Road Map*.
- The creation, implementation and enforcement of policies to deliver on the road map.
- Review and updating of this *Change Management Policy*.
- The RMC supports the Manager – Compliance to produce an annual *Change Management Report*.

Delegation

As the organisation grows and the insurance sector continues to become more complex and sophisticated, we expect our approach to change management to grow, including that the RMC may:

- Appoint a new committee specifically to manage change, reporting back to the RMC.
- Appoint members to that Change Management Committee.
- Assign other responsibilities such as annual reporting.
- Make recommendations to the CEO on resourcing the Change Management Committee.

The CEO and Executive Chair will be ex-officio members.

Reporting

Each July the Manager – Compliance, supported by the RMC, presents a written report on *Change Management Report* to the CEO, that includes:

- A review of the *Change Landscape Assessment* noting especially any emergent changes and shifts in change expectations.

- An update on progress against the *Change Management Road Map*.
- A review of the *Change Management Road Map*.
- A review of this *Change Management Policy* and recommendations for improvements.
- A review of change management suggestions submitted by staff and other managers to the committee.

Governance oversight

The Risk Management Committee, with the Change Management Committee reporting to it, covers the most important areas of corporate governance, especially in relation to continuity of services to clients.

The CEO will ensure the Board and any Governance committee the Board may establish are kept fully informed of the operations of both committees.

Formal constitution of enterprise change projects

Major change, that carries risk and resource cost of enterprise-level significance, should be managed as a formal process.

The project must be documented as a proposal and submitted to the Risk Management Committee (or Change Management Committee if constituted) for evaluation and approval.

Consideration for approval will include:

- Cost, including in human resources, both in absolute terms and opportunity costs to other possible projects.
- Risks and probability of success, contingencies on failure.
- Financial impacts.

Particular attention will be paid to impacts on:

- Privacy
- Security, especially IT and customer data.
- Client service capacity and continuity.

The project if approved will be assigned resources including human resources. It will be tracked, measured and refined, and reported.

Experience suggests that important components of success are accurate documentation, continuous oversight, formal and defined approval processes and a definition of scope that both sets the heights to be scaled and stops over-run.

Phase one: strategic

1. Recognition

Managing change requires that we can anticipate it and not be caught seriously off-guard, but major changes are often only recognised in hindsight and initially seen as surprising. Historians however are always able to find clear advance indications, usually many of them and over a significant time. Change begins before we notice it.

The problem is not that there are no indicators, but that the indicators are under rated and ignored. Very often pro-status quo, deliberate denial is at play.

The key factor in recognizing change in advance is being able to cast aside expectations and preferences, to accurately assess the importance of change indicators. Objectivity and independent assessments are vital.

While big changes are easier to recognise, the emerging literature around organisations making deliberate efforts at innovation suggests that innovation is most often a gradual process of small, successive steps that in retrospect we conflate into one major event. This is a great practical benefit: small steps are easier to manage and resource, with less risk and they are easier to believe in, to persuade people to try. A series of 5% improvements in efficiency can become the halving of processing costs we see as a major event.

Procedures

The RMC is charged with creating and updating the *Change Landscape Assessment* and the *Change Management Road Map*. It updates these documents at meetings held at least each quarter and conducts a full review at least annually,

Each July the Manager – Compliance, supported by the RMC , presents a written *Change Management Report* to the CEO, that includes:

- A review of the *Change Landscape Assessment* noting especially any emergent changes and shifts in change expectations.
- An update on progress against the *Change Management Road Map*.
- A review of the *Change Management Road Map*.
- A review of this *Change Management Policy* and recommendations for improvements.
- A review of change management suggestions submitted by staff and other managers to the committee.

Staff and managers are encouraged to give observations, feedback and suggestions on change management. Change awareness is included in inductions and training for all staff. All staff are charged with reporting emerging changes and change management issues.

Creating the *Change Landscape Assessment* is think-tank type work. The committee may choose to co-opt selected staff and outsiders to give a broader view and more diverse approach. Internet searches including management forums will further broaden the search.

2. Understanding, evaluation and selection

The RMC takes the lead in:

- Seeking to understand ongoing and emerging changes from an ANA and especially customer service perspective, including recommending both mitigation and adoption strategies as appropriate.
- Determining changes that ANA might initiate, to its advantage.

- Making comparative evaluations of the outcomes of various change factors, including:
 - Positive–negative outcomes.
 - Magnitude of impact.
 - Degree to which change can be influenced.
- Making to the CCEO for approval recommendations on actions to change/promote/inhibit various changes.
 - Weighting actions for beneficial outcome to ANA, especially in service delivery.
 - Evaluating resources costs in those actions, timeframes and the probability of success.

These actions may involve research and consultation with managers, staff, clients and others.

3. Broad planning

The RMC will:

- Select target changes for action that meet ANA's strategic goals.
- Develop a high-level strategy for implementing them.
- Assign a priority and timeline to each change.
- Determine how the impact of each change will be measured.
- Set broad goals.
- Ensure that the planned changes can work together as an integrated, strategic strategy.

4. Proposal and approval

For each change recommended for action, the RMC will submit to the CEO a written proposal for the proposed actions to be approved and resourced.

This proposal will include:

- Updated Change Landscape Assessment and Change Management Roadmap documents that show the project's role in these.
- An assessment of the strategic importance of this change to ANA.
- Target outcomes, emphasising customer service capacity and continuity but including impact on cash flow, overheads and P&L outcomes.
- A comparison of this change with other changes that compete for the same resources.
- Resource needs assessment.
- Review of impacts on privacy, data security and customer service quality and continuity.
- Disruption: an assessment of how much disruption this project will cause to the operations of ANA and especially client services delivery.
- Project risk assessment: what could go wrong and how can this be dealt with?
- Project roadmap showing timeline and milestones.
- Details of how progress and outcomes will be tracked, measured and reported.
- Outcome goals and results that will trigger review, including cash flow, overheads and P&L outcomes.
- Roll back planning overview.

Stage two implementation

5. Detailed planning

Detailed planning commences after the CEO gives approval for a change project to go ahead.

The RMC may delegate planning for some change responses to appropriate individuals or groups.

The steps in this stage are:

- Develop detailed plans of actions to be taken for each change.
- Develop detailed timelines including project length and closure.
- Based on the plans, produce a detailed Change Road Map.
- Include more detailed ongoing outcome measurements.
- Document a roll back plans in each case, in case of failure or unexpected outcomes.
- Specify outcome measures that will trigger review and consideration of roll back.

6. Resourcing

The steps in this stage are:

- Appoint a Change Project Manager (CPM) for each change project.
- Assess resources needed in detail, including people, time, contractors and management.
- Locate and lock in resources.

7. Stakeholder engagement

The essentials of stakeholder engagement are:

- Alignment of interests and values
- Information
- Training
- Monitoring, assessment, refinement
- Reward

When stakeholders (especially staff, but also Clients) see a benefit to them (such as improving their work outcomes) the change has a good chance of success. When stakeholders do not perceive a benefit, or the change does not align with their motivations and attitudes, then they are likely to feel overwhelmed, confused and become disengaged. The change has a poor chance of sticking.

It's not always possible to fully align change with stakeholder motivations (for example, a project to outsource admin functions may result in reduced staffing requirements) but stakeholder resistance to a change is a warning sign to check the premises of the project and review stakeholder benefits. Staff made redundant from administration for example might be able to upskill to higher functions that are more interesting to them and better paid.

The Change Project Manager (CPM) is responsible for stakeholder engagement, especially talking with them and considering feedback and suggestions. As necessary the CPM may recommend project changes to the RMC .

For changes of any significance there should be a stakeholder meeting (which can include virtual attendance) where the project is presented and fully explained, questions answered and full

documentation made available (including a recording of the presentation), with subsequent follow-up of suggestions and queries not answered at the presentation.

An ongoing questions and suggestions procedure should be established.

The essential outcome is that stakeholders understand why the change is being proposed, see that it will benefit them and the company, know the details and become an active part of the implementation process.

The presentation should include a resource analysis especially focusing on stakeholder time, how stakeholder workloads will be impacted and what procedures will be in place to manage that.

The stakeholder meeting should endorse an implementation timetable and assign tasks as required. Subsequent meetings may be set.

8. Training

Most significant change requires some new learning.

Sometimes people will need additional ongoing support to master and implement that learning: people left behind subtract from the success of the project.

Training should be prepared but not finalised prior to the stakeholder meeting, amended as needed to reflect the meeting, then and then made available promptly after that.

Face-to-face training can be more powerful, but an on-demand resource (printed or on-line) is important as a reference and for self-paced learning.

For every significant project there should be an accessible staff/stakeholder support person nominated. For smaller projects this can be the Change Project Manager (CPM) but ideally it is a separate person, nearer to the stakeholder group (eg, a member of staff who has stepped up to be a project champion).

Training should be maintained as necessary with regular reviews and included in the induction of new people.

9. Reinforcement

A good change management program is self-rewarding: stakeholders see that they are benefitting. Benefit reinforcement will be stronger if the Change Project Manager (CPM) measures outcomes and reports on them to the stakeholders.

Praise and reporting of milestones and percentage project completion are also effective rewards. Sometimes positive client feedback can be use.

In some situations, specific incentives (such as bonuses or rewards) can be effective, especially if self-reward from implementation is weak.

10. Evaluation

Ongoing feedback, measurement and evaluation are essential to change management.

Only rarely will a project plan be implemented without change and be fully effective: adjustments based on evidence will be essential to success.

The Risk Management Committee will set reporting requirements for each change project.

Change is ongoing but change projects are finite and should be wound down when they change has achieved momentum. The Change Management Roadmap sets target project lengths. These require CEO approval for variation.

Each change project concludes with a report by the Change Project Manager to the RMC. This report will be attached to or referenced in the annual *Change Management Report* to the CEO.

11. Refining

The closure of change project does not mean the end of change. The policies and procedures established to implement and maintain the change must be monitored going forward and as needed refined.

This is an ongoing responsibility of the RMC , that is reported in the annual *Change Management Report* to the CEO

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