

Change Management Steps Critical in Credit, Overall Business Success

Managing the “people side” of change can be difficult and often an afterthought. However, in credit circles, change management can be the deciding factor between success and failure when a department or the entire business is shifting how it does things in a number of areas (e.g., ERP conversions, movement to shared service center use, etc).

Change management, loosely defined is the processes, tools and techniques for managing the “people side” of change, noted Ken Harvey, CCE, of PolyOne Corporation during a session he taught at the 120th Credit Congress & Expo in Las Vegas. He said the change management side is more subjective and also “more powerful” than administrative activities focused on processes such as evaluating performance and identifying opportunities for improvement.

Studies from multiple firms on change management and its impact specifically on ERP (enterprise resource planning system) conversion success, a growingly important issue in credit circles, suggest the same. Panorama Consulting Solutions’ data illustrated that poor change management was the primary reason for poorly executed conversions and escalating costs that arise when fixing problems later in the process. Meanwhile, a study by Asuret Inc. suggested that the success of any significant alteration in a department’s approach would be based heavily on the quality of change management: “When an organization handles change management well, users understand their roles and transition smoothly.”

To better ensure the change management is handled well, Harvey suggested that credit and financial professionals heed the following eight-step advice laid out by consulting agency Kotter International:

1. **Create Urgency** – Staff needs to understand the need for change, and the more people who are “in the know,” the more likely there will be organic pressure for buy-in.
2. **Form a Powerful Coalition** – Garnering support from well-regarded employees at various levels and functions can influence others.
3. **Create a Vision of Change** – The big picture driving efforts, large and small, should be clear to those presenting it to staff. If a manager isn’t clear in promoting the change, the staff likely won’t be either.
4. **Communicate the Vision** – Doing this takes time and repetition. Realistically, large-scale changes cannot be communicated in one meeting or event.
5. **Remove Obstacles** – Find the “change leaders” at various levels and get them more involved. Also, find out those who stand in the way of necessary change—try to be sensitive to their concerns initially and for a time, but eventually deal with them with a firm hand.
6. **Create Short-Term Wins** – Celebrating the successes upon reaching certain achievements or milestones can help keep staff motivated through a lengthy process.
7. **Build on the Change** – While celebrating milestones, reiterate that the effort in question is an ongoing, long-term process.
8. **Anchor the Change** – Talk about the progress being made often and publicly recognize those staff standouts that are helping things progress.

