Successfully Managing Change in Treasury: A Process Framework

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Companies must change to survive, a mandate that applies to their treasury departments. In an environment of changing regulations and operating needs, remaining static is not an option. But once you resolve to initiate change in treasury, how do you effect it? There are plenty of experts ready to help you manage process and technology, but what about the third element of change — people? How do you lead people — in treasury and other impacted areas of your business — to ensure the success of a change initiative? This article provides a suggested six-step framework.

Step 1: Evaluate/confirm the need for change

Transformative change in treasury often means implementing major technology investments, such as an outsourcing arrangement or in-house banking, among other projects. It could mean transitioning functions to a shared service centre, or integrating an acquisition.

Before you embark on a change initiative, consider whether the change truly makes sense and aligns with company priorities.

The treasury leader should start with an introspective examination focused on identifying the change trigger. Begin by asking, “Why should we make this specific change?” Your answer should be straightforward and compelling, if you are to garner support for the change.

Evaluate all possible change initiatives from a strategic perspective. Ask: Does this change align with key departmental strategies and put us on track to meet or exceed departmental and enterprise goals?

A word of caution: Avoid initiating a major change largely because other competitors are doing it. What might be a sound change on their part, given their departmental strategy and enterprise goals, could be the wrong path for your treasury department.

Step 2: Build a business case

Once the treasurer determines change is needed, the next step is building a business case for senior stakeholders to support the change. This process requires the treasurer to collect feedback from process owners and functional experts — the people providing inputs, executing tasks and receiving outputs related to the process targeted for change.

The treasurer needs to collect facts and data, in the form of metrics; well-grounded observations that provide a solid

Change: the common thread in corporate strategy

Most corporate initiatives have as their strategic objective either efficiency or growth. Companies typically are either looking to streamline operations and reduce costs, or find ways to do more business, handle more transactions and become a more substantial enterprise.

But no matter whether a company’s objective is efficiency or growth — or whether the company is mammoth or mid-sized — the common thread in most strategic initiatives is change.

Which raises this critical question: How do you successfully navigate change?
understanding of the pros and cons of the current state; and forecasted gains associated with a successful change. With this information in hand, the treasurer can develop a vision of an ideal future state, including target metrics.

The next step is to organise the data and present a sound business case to the senior-level stakeholder best positioned to make the change happen.

The treasurer must show how the proposed change will increase the probability of achieving the strategic goals that are of great importance to the stakeholder. If this decision maker sees value in the change, the treasurer must work with this person to refine, strengthen and socialise the case for change through a broader group of influential stakeholders. The more stakeholders who stand to gain from change, the higher the probability the change effort will gain support.

This step should conclude with select senior stakeholders concurring that, based on facts and data, the proposed change is needed.

**Step 3: Build the coalition**

The treasurer should leverage the stakeholders who have accepted the need for change, cultivating them to become change champions who will help recruit and build a change coalition.

A change coalition is a group of influential members of departments and groups associated with the proposed change. This coalition includes those employees most familiar with the processes, technologies and procedures targeted for change. Along with technical and operational personnel, a successful coalition includes representation from the following departments:

- Training – knowledgeable about best practices to prepare worker skills and competencies for the future state
- Human Resources – can offer insights about employee development, competencies, relocations, hiring and dismissals
- Communications – can provide guidance about informing the broader community about the impending change
- Legal – knowledgeable about potential legal and/or regulatory concerns that might prohibit the change from being implemented

**Fuzziness sinks change**

**Facts and data are key tools in building a business case**

Many of the key stakeholders you will need to convince of the need for change are finance people. They are in departments such as Accounting, Planning & Analysis, Treasury and Purchasing, and are trained to respond to facts and data, much more so than qualitative information.

Thus, to be a successful leader of change, and build an effective business case, you need to supply colleagues with facts, data and metrics that support the need for change, and your particular strategic solution. For instance, if the solution will cost $250,000, can you show how quickly that cost will be paid back? And how much savings it will continue to generate, year after year?

Fuzziness sinks change. In other words, if you rely on qualitative information to sell your change initiative to colleagues who are trained to rely on quantitative facts and data, you aren’t likely to be successful.

**Step 4: Develop a change management plan**

The change coalition should develop a change management plan that complements and enables the core technical or operational project plan drafted and managed by the central project team.

A change management plan includes a list of activities designed to increase the probability the planned change will be embraced by stakeholders, including employees and clients. Although change management plans vary between organisations and even between projects based on size and scale, the core elements of such a plan should include:

- A communications section. Include key messages designed to ensure stakeholders are fully informed concerning the planned change and positioned to succeed in the future state.
- Messaging. Document a message connecting the change to a broader organisational mission, vision or strategy. Additionally, include messages crafted for each corporate department, since the change impacts each one differently.
- Reward and recognition. Note how and when employees will be rewarded/recognised for reaching key project milestones.
- Talent management. Co-owned by Human Resources and management, the plan should be designed to retain talent critical to the future state and respectfully transition those unwilling or unable to thrive in the future state.
- Resistance management. Focus on identifying and addressing sources of resistance early on. Unaddressed, resistance can derail a multimillion-dollar change effort.
- Management schedules. Managers with a significant percentage of team members impacted by the change should schedule time on their calendars to ‘walk the floor’ and engage in informal dialogue with team members to gauge acceptance within the team. The ability to respond quickly to employee questions demonstrates commitment and focus.
- Support mechanism. Coalition team members also function as change coaches, providing a convenient resource that employees within their department can go to with questions concerning the change.
- Focus on metrics/Key Performance Indicators (KPIs). Based on what you and the coalition learned during Steps 1 through 3, select meaningful metrics to measure the effectiveness of the change during and after the implementation phase. These KPIs are essential to help the change coalition monitor progress and effectively address any deviations from the plan.
Step 5: Implement and institutionalise

Major change efforts should incorporate the support and influence of senior level executives to rally the troops and remove obstacles — such as bureaucracy and uncertainty — to enable the change. Key company leaders need to be front and centre, openly discussing the need to change.

Each leader needs to ‘own’ the change agenda. Ideally, senior stakeholders will be visible, participative champions for the change, directing process owners and their teams to embrace and support the change. Senior stakeholders, sponsors and champions must consistently share messages promoting the change with various audiences, stakeholders and change targets.

Process owners must become visible champions of the change as well. Once you gain their interest at the strategic level, they can use their teams to implement change according to the project plan.

Your fact-based strategic business case will be very important during this phase of the process. The key leaders within your company will not support the effort if it cannot be supported by facts.

Proactively deliver key messages as outlined within the change management plan. When you encounter resistance, react based on strategies and responses in the plan.

The change coalition needs to conduct regularly scheduled meetings with coalition members and stakeholders to provide a forum to address challenges and make the time-sensitive decisions and adjustments needed to maintain momentum. These meetings should include discussions about which employees and leaders central to the change/future state are embracing it, which ones are undecided and which ones are resisting. The coalition needs to respond with strategies and plans aimed at building further consensus.

Finally, in the early aftermath of implementation, surface key behaviors, successes and quick wins to be publicised and celebrated to maintain and build momentum.

Step 6: Assess the change’s impact

A final step in the change management process is assessing the impact of the change initiative. There are a number of associated steps, including:

- Conduct analysis to determine whether a gap exists between the desired and actual outcome(s) of the change. If a gap exists, analyse the factors contributing to the gap and address them. Also, compare pre-change metrics with post-change metrics to validate the effectiveness of the change.
- Informally survey what affected parties/departments/individuals are saying about the change.
- Use the change coalition to conduct a project post mortem to collect information in the form of lessons learned that you can use during the next transformative change.
- Communicate the outcome of the change. In the months and years that follow implementation, be sure to publish the metrics you established up front for gauging the success of the change initiative. Also, if the initiative has been successful based on these metrics, celebrate that.

Celebrating your success at this stage serves as evidence to the broader organisation that well-planned change can succeed and helps build a ‘change ready’ culture.

‘I wasn’t consulted’

You want to build a broad-based change coalition that includes all impacted departments in order to defuse the most common argument of resistance: “No one consulted me.”

The will and the way

Most treasurers accept the fact that change is necessary. They have the will. But sometimes — even after they have identified the need for a specific change — they don’t know the way.

The path for moving forward with transformative change must take into account three factors: people, process and technology. Typically, treasurers have access to resources to direct them with respect to the technology and process — but they often don’t know how to get people to embrace and support change to ensure success.

Utilising the six steps within this process framework will help with the people component of change and overcoming potential resistance.

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