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THE POWER OF PEOPLE-LED TRANSFORMATION,
AND HOW TO MAKE IT HAPPEN



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Many financial services organizations are transforming the way in which they deliver change by adopting new ways of working and leveraging models such as Modern Delivery, Scaled Agile and Value Streams. But what do these (latest) agile approaches have in common? It's simply that the successful transition to these delivery models is defined by your people and how the organization can prioritize the development of a clear and meaningful people agenda.

All these approaches have varying levels of maturity within the financial services market and are frequently used interchangeably. In most cases they are seen as the 'Holy Grail' to achieving customer centricity, lower costs through simplified processes, and the empowerment of autonomous teams to be intrinsically motivated through engagement with their roles. For these reasons they are rightly the approaches all organizations should be moving to, if you want to attract the best talent and retain and grow your client base.

Financial services organizations will typically begin the development of their transformation roadmap by focusing on traditional approaches, such as redesigning their target operating model, reviewing organizational structures, and evaluating business and technology processes and practices.

While these steps unquestionably add value and should be included in the playbooks, more emphasis should be placed on the real agents of change – your people.

As António Horta-Osório, CEO of Lloyds Banking Group highlighted in his presentation on 'Transforming Through People' at the 2019 SIBOS event, Lloyds have put people at the heart of their current strategy and identify them as the engine that drives technological change. In his words: "Without people you have nothing".

Granted, the people agenda is starting to move up the priority list, but many organizations would benefit from fully

acknowledging the impact true empowerment and nurturing of career paths can have on a business transformation journey.

The people agenda is often still seen as something that can be decoupled from other elements of organizational change, on the basis that people will just inherently follow the company on the journey, and that their wellbeing, productivity or professional identity won't be overly impacted or interrupted during the (often unclear) transition.

We often forget that organizations by their very definition are people. Companies are comprised of large groups of people, and so we need to consider how we can better organize people to make business outcomes a reality given that the effectiveness of such initiatives will be dependent on their support and buy-in. Put simply, the change playbook should have people's needs running through every facet. Let's walk through some examples of what this means in practice.

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António Horta-Osório,
CEO of Lloyds Banking Group

When we work through what needs to be done within the technology and architecture practices, for example, the management focus is often on tools, processes and architecture. There is often an assumption that employees will know how to use these new tools or processes, that they see the value in adoption, and they understand how new functionality better enables their roles. Further assumptions are made that they will naturally be motivated to learn new skills and working patterns, or that they trust the changes being implemented will make their lives any easier. Such assumptions preclude basic principles of the human nature:

1. Change brings a sense of loss of control:

Change makes you feel you are losing your autonomy and self-determination. Change should not be inflicted on people, but instead co-created with them. Involve them in the journey and allow their continuous feedback to shape your chosen direction.

2. Transformations imply things were not working out:

Employees might feel their efforts and contributions so far have gone unappreciated, which can lead to emotional deflation. This is why it's important we celebrate our successes and recognize what worked well. Make it clear that not everything has failed but adjustments are needed to either improve efficiency, to adapt to a changing world or to better align to shifts in business models.

3. Organizational changes can threaten an individual's professional identity:

Individuals identifying as a project manager or a business analyst for decades can suddenly be given a new title along with a new set of performance expectations. If you plan to make any changes to elements of the old role description, ensure the workforce is offered the training and coaching needed for upskilling and that employees' opinions are heard and incorporated in changes where appropriate.

4. You need people to buy into the new vision:

Although it seems an obvious element in any change management initiative, bringing people along on the journey is too often not a top priority in organizational transformations. Organizations which successfully adopt the new ways of working and fully unlock the potential of the compelling new vision at once inspire and inform the leadership, management and wider teams. They do so by clearly articulating the case for change, as well as the desired outcome and benefits not only for the organization but to the workforce and most importantly, the customers. Empowering the leaders of the organization with the relevant knowledge and the information will transform them into ambassadors of change who can push through the uncertainty and enable a true mindset shift across the company.

To overcome the challenges and pain points inherent in an organizational transformation, including the normal human resistance to change, firms should look to embed these seven Ways of Working principles within the people agenda across every step of the journey.

Vision & Strategy – During times of uncertainty, people look for a clear path ahead to find meaning and purpose. Clearly communicating the rationale behind a transition, the outcomes that need to be achieved and how those outcomes are to be achieved, will help your people find their own meaning and purpose within the vision and strategy. This in turn will create a unity of purpose around the direction set out for the organization.

Organizational Structure – People might fear that their professional identities will be diluted during an organizational change. Consider the differences between a traditional Project Manager and a Scrum Master who operates as a servant leader and enabler of change. It is important that you do not merely establish a new performance framework comprising roles that embed agile principles and new reporting lines. Instead, you must train and coach your people to equip them to embrace their new identities in a seamless fashion and to smoothly transition to their roles.

Operating model – Injecting flexibility and adaptability in the staffing, planning and governance process can be challenging, but it can be achieved by empowering your people to be autonomous solutionisers. They can identify innovative methods to streamline processes to reduce waste; they are the ‘doers’ and accordingly best placed to address and mitigate operational painpoints.

Leadership & Culture – To create an effective culture and establish effective leadership, we should coach our leaders to focus on cultivating other people’s power. How can we make our people do great things? If we can distil this across all levels of the organization while setting a clear and unified sense of direction (principle 1), then we can drive the desired change. Moreover, we need leaders to emulate the right behaviors and distil the agile mindset across the organization.

Talent – As outlined above, change can require employees to transition into new roles; in addition, we may also need to attract new talent to create high performing cross-functional teams. Simply rebadging people with new titles will not nurture the long-term uplift in skills and capabilities required to transition to a new way of working. To successfully establish high performing teams, we need to modify existing career paths while creating new ones that motivate, develop and recognize talent.

Processes, Tools & IT systems – The rollout of new agile workflow tools to support the prioritisation of value-added activities will not be effective unless those using them understand their utility and are suitably upskilled to take advantage of them. Employees need to feel invested in the journey and an integral part of the transition – they are not just passive users of the technology, but active agents of innovation. The benefits of adopting these new processes and tools should not just be communicated but also demonstrated via examples that resonate with day-to-day working patterns.

Delivery – Embedding hands-on coaches who represent and foster agile principles and new ways of working are key to shaping attitudes and mindsets. Able to quickly adapt to the specific needs of individual organizations, the coaches can also help to build an in-house cadre of experts who can then continue driving the change once a project is completed.

By acknowledging and incorporating the people agenda into every aspect of organizational change, employees are empowered the positive driving force all large-scale transformations require to be effective. While leadership can decide upon and instigate a new change agenda, it will be the people who determine whether it will be successful or not.

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