
Mini MBA

from



TEKEDIA



A CHANGE MANAGEMENT BUSINESS CASE: CULTURE IN A RETAIL BANK AFTER ACQUISITION OF A FINTECH

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1.0 PREAMBLE

This is a Business Lab assignment as part of Tekedia Mini-MBA. The Lab was developed by Change Management Faculty, Omowunmi Adenuga-Taiwo. Among hundreds of such works from our members, Tekedia Institute is publishing this one from a Tekedia Mini-MBA participant, Adanma Ekekwe (no relation to Ndubuisi Ekekwe). Section #2 presents the business case question as articulated by our Faculty. Section #3 is the report from Adanma.

2.0 LAB ASSIGNMENT: ANALYSIS OF A BUSINESS CASE²

A large retail bank – one of the biggest and oldest companies in the industry, recently acquired a fintech startup in a bid to leap ahead of the digital curve and maintain its competitive edge. The acquired fintech was founded seven years ago by two young engineering graduates, who created an online payments solution that quickly gained traction to become the go-to app for middle-class millennials in the region.

This looked like a match made in heaven – the consolidation of the large bank with its established presence (nationwide branch coverage), large marketing budget and a trusted brand, and the young fintech’s powerful and innovative technology would make this new institution a force to reckon with in the retail banking space. However, the two business teams were facing integration issues.

The acquisition deal ensured the fintech preserved its staff and organizational structure, and its CEO was given a Business Head role that placed her at par with the Heads of the bank’s other business subsidiaries. The expectation of the board of the bank was for the fintech to work with the retail bank’s core and internal operations team to design digital products for enhancing customer interactions and enterprise workflow management. This meant the two teams had to be co-located, so the fintech team were provided working spaces within the bank’s Head Office location.

The fintech team moved into the bank with its core staff, made up of millennials, most of whom were recruited straight from university and had become accustomed to the working culture peculiar to technology firms – agile, sprint-based work approaches, casual dress code, defaulting to digital channels for communicating and collaborating. The employees of the acquiring bank – most of whom belonged to an older demographic, were not as adept with digital communication tools as their younger counterparts in the acquired startup. They were also wary of adopting new technologies, eager to point out several instances in the past the bank had tried and failed to gain value from installed technology. They were equally uncomfortable with the less than formal working styles (addressing colleagues by their first name, casual dress codes, flexible working hours) of their new colleagues. All these understandably resulted in working frictions between the two groups.

The issue came to a head one day, when the Head of Product Design from the fintech and the Head of Branch Operations had a disagreement about the new enterprise system developed by the Product Design team to automate end-of-day cash balancing at the bank branches. The Branch Operations Head was insistent that such a sensitive operation could not be implemented, citing reasons such as the risks of loss due to a cyberattack (if the system was hacked), and the possibility of the system

² Primarily developed by Change Management Faculty, Omowunmi Adenuga-Taiwo.

generating inaccurate results. This pushback was frustrating to the Product Design team, as they had invested significant time and effort into developing this system and were greatly confident that it was robust and secure. The team morale was severely impacted, and some of the team members had started expressing their intentions to resign from the bank as they felt their hard work was not being appreciated.

As a Change Manager, what do you think the bank could have done differently, prior to the merger? What would be your change management plan to create a cohesive culture that unites the two organizations?

3.0 SUBMISSION – BY ADANMA EKEKWE (CCMP, PMP, MENG)

Project Name: (One Culture, One Company)

Q1: What do you think the bank could have done differently, prior to the merger?

The bank and the Fintech start up organization should have done an evaluation of the change impact and organizational readiness to the change happening due to the merging of the large retail bank and the Fintech start up.

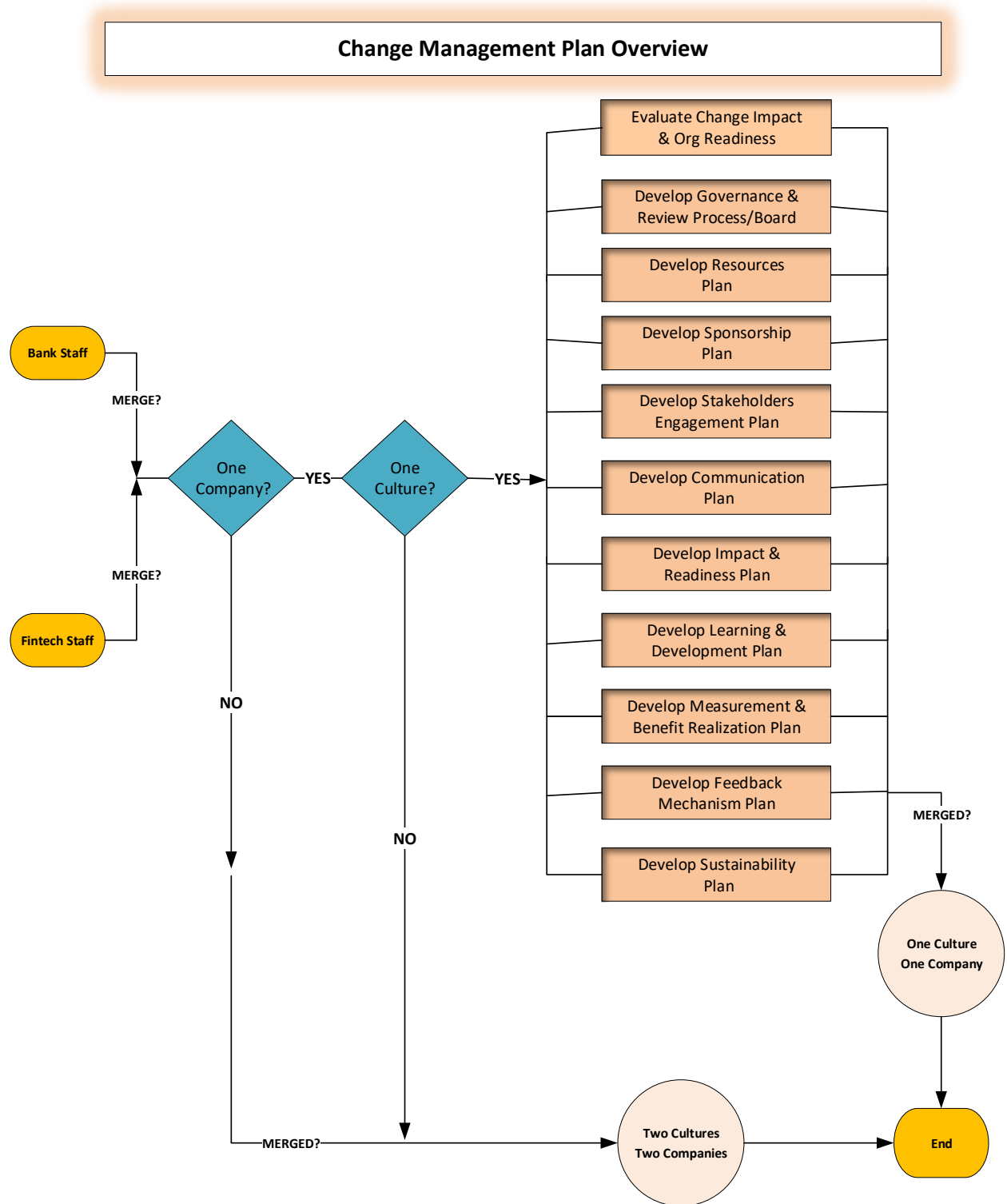
As a change manager, I will start by assessing, evaluating, and anticipating the organizational change and its stakeholder's readiness, ability, and capacity to undergo a transition from the current state to a future state. This will start with accessing how the change and its impact have on the staff and the organization. We can begin by asking ourselves questions like: will this change be an enterprise-wide change or departmental change? will this change affect only the bank or the Fintech start up or will it affect the both the bank and the Fintech start up once we merge? will this change impact the process, people and technology, will the change happen in conjunction with other departmental change? will it be a transformational changes or incremental change?

Another things that we as a change manager can look into is what are the company's history when it comes to change, what are their organizational culture and values when it comes to change, when we talk about the culture, the change manager should look at how both organizations completes their day to day task, the way they dress to work, the way people interact with one another, the language they use when communicating, and the attitudes, goals, values, and leadership behaviours that are exhibiting, she should watch out for the cultural elements (shared values and behaviours uniquely common to an organization) within both organizations that may help or hinder the change direction and achievement of expected benefits and make sure that both organizations come up with a single culture that will help them thrive once they are merged as one.

Questions that will come to your mind as a change manager while accessing the organizational culture for both organization are: what are the existing cultures for both organizations, does the current culture in both organizations allow the staff to work in a way that support the future state? does the current culture support the planned organizational process or behavioural change? are the current values in conflict with what will be expected of the stakeholders and leaders? If yes to the either one of the questions, we will have to build a change management plan in order to manage the changes while we merge both organizations.

The change manager and the leadership will need to develop the Case for Change. This Case for Change will cover what are the current opportunities if this change happens, what are the risks involved, consequences of not changing, and benefits of changing the culture. This case for change will feed into the change vision document which has to be developed and shared with both organizations to help them understand what is in for them once the merging happens, what is in for the organization once the merging happens and why did we decide to proceed with this change at this time of the year.

Q2: What would be your change management plan to create a cohesive culture that unites the two organizations?



Change Management Overview

This change management plan will develop the overarching approach for how both organizations will transition from its current state (separate organizations) to its future state (merged organizations) as they build one culture.

After we conducted the evaluation of the change impact and organizational readiness, the diagnostics and assessment that we got were that the acquired fintech core staff were made up of millennials, most of whom were recruited straight from university and had become accustomed to the working culture peculiar to technology firms which is agile, sprint-based work approaches, casual dress code, defaulting to digital channels for communicating and collaborating. The acquiring bank staff were made of older demographic, were not as adept with digital communication tools as their younger counterparts in the acquired start up. They were also wary of adopting new technologies, eager to point out several instances in the past the bank had tried and failed to gain value from installed technology. They were equally uncomfortable with the less than formal working styles (addressing colleagues by their first name, casual dress codes, flexible working hours) of their new colleagues.

Below is a table that covers the analysis done for the impact of the changes on both organizations.

	Fintech Start up	Bank
Agile and sprint work approach	Yes	No
Casual dress code	Yes	No
Digital channels for communication & collaboration	Yes	No
Accepting to new technologies	Yes	No
Address by first name, casual dress code, flexible work hours	Yes	No

Change Management Plan Objectives

- To establish and manage realistic expectations as we go through the process of merging and having one culture.
- To ensure stakeholders are informed about activities and decisions on the new culture in a timely manner.
- To coordinate all levels and types of communication in relation to the cultural change project.
- Maintain consistent messages within and outside the project during and after the merging of the two organizations and the change in culture.
- Establish open channels of communication and two ways of communications to facilitate regular feedback throughout the process of merging both organizations and becoming one culture.
- To address any learning and development gaps for the staff as we move to one culture, one company.
- This will increase organization readiness, flexibility, and adaptability of the new culture.

- To increase the stakeholder’s engagement, morale, and preparedness for the new way of doing things as we move to having one culture, one company.
- This will minimize the depth of the Fintech start up and Bank staff performance and productivity decline during change.
- This change management plan will help to accelerate and maximize performance of the staff during and following the change.
- This plan can help optimize long-term sustainability of the new culture once the future state is achieved.

Organizational Change Impact & Readiness

In order to determine the current readiness for change for both organizations, several factors will be considered, these includes:

- What are the business processes in place to fulfil this change project?
- What are the impacts of this change to the organization?
- How well does the internal stakeholders understand the change happening?
- Do we have the leadership capacity to support this change?
- Do we have change champions and how well they can support the change?
- Have we assessed the ability of organizational structures and its systems to fulfil change?
- What are the consistent change management approach taken by project leads and teams?
- Have we assessed the organizational ability to manage the impact of change on employees effectively and compassionately?

After the initial assessment of the change impact and its organizational readiness, we discovered that these changes would impact the people, processes, tools, organizational structures, roles and technology. See table above on the analysis done for the impact of the changes on both organizations. More analysis will be done as we proceed with the change project.

Governance and Review Process

A sustained effort by the following entities will provide leadership and accountability at all levels:

Governance	Roles & Responsibilities
Board of directors	Oversight of the implementation of the new culture and merging processes
	Monitor, probe and hold the senior executive team accountable for real culture change.

Governance	Roles & Responsibilities
Executive leadership team	Embrace, demonstrate, and champion culture change
	Set clear cultural expectations to the organization.
	Ensure that training, tools, and other resources necessary for all leaders to be effective in their roles are provided.
Strategy Management Office	Oversee, plan and coordinate the implementation of the recommendations.
	Central driver of change and to ensure that decisions and decision-making processes are aligned with and advance the strategy map.

The following ongoing strategies are being used to maximize collaboration and implementation:

- Quarterly reporting to the board of directors.
- Executives leadership meetings every other week.
- Weekly team meetings of all strategy management personnel involved in the change project and organizational change management.
- Working groups for all work-streams to provide subject matter expertise and support on the business process redesign and implementation of recommendations.
- Dedicated business plans or strategies, including change management plans for every work-streams and in some cases, for specific recommendations.

Sponsorship Plan

We will be appointing the CEO of the Fintech start-up company and bank CEO to be the project sponsor for this change project. The CEO can appoint anyone in the organization to represent them.

The sponsor will be responsible for the following below:

- The sponsors will be accountable for the realization of the benefits of a change.
- The sponsors will define, and champion the overall change goals, scope, and definition of what success looks like in the future.
- The sponsors will be an influence on his/her peers and other senior leaders to gain support and provide leadership to achieve the stated vision.
- The sponsors will build support for the change at all levels of the organization.
- The sponsors will be responsible for all decision-making, funding authority and provide constant visibility to the change effort.

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- The sponsors will provide the resources, budget, set expectations, and hold organizations and individuals accountable during the change
 - The sponsors will be responsible for breaking down barriers and remove obstacles that restrict change implementation.
 - The sponsors will be responsible for providing consistent high-level messaging during the change program.

Any sponsorship gaps that must be addressed for successful adoption of the change will be identified, and a high-level approach for addressing the gaps will be developed as early as possible. This high-level approach includes the activities to build a coalition of sponsorship that will drive and support the Sponsorship Strategy.

Communication Plan

This section will define the internal and external audiences, information, and feedback requirements of those leading and affected by the change, as well as the specific communication activities and events. We will be focusing on communicating the change vision and also the Case for Change, how the change aligns with the organizational strategy, why the change is occurring, intended outcomes, benefits of the change, and the risks or consequences of a failed effort and “how to” guides for technology changes. This plan will include:

Target Audience(s):

Our target audience will be the Fintech staff and the bank staff. We understand that our target audience are made of multiple stakeholder groups with different communication needs, and we will be developing the communication accordingly. This communication plan will encompass stakeholders that are directly impacted by the change, along with those not impacted but who should be aware of the change with the new culture change.

Outcomes:

During the communication with our targeted audience on the new culture change, we will be communicating on the behaviours and new culture that the audience should know, think, and do because of communication actions. We understand that some communications may be for informational purposes only, whereas others may be required to drive desirable behaviours and we will make sure that our target audience understand when action is required of them.

Sender:

All strategic communications for the new culture should come from organizational leadership or other key leaders to ensure maximum impact. The change sponsor will Share the information on the new culture regarding topics that define the change. Other leaders or the change team will communicate directly to stakeholder groups for tactical communications.

Key Messages:

During the communication to the targeted audience, we will be communicating the words and visuals about the new cultural change that will drive achievement of the intended communication goal for each unique stakeholder group. We will make sure that the right information that contained the right key messages will be shared with the right stakeholders.

Communications Channels:

The communication channels will be selected based on their potential effectiveness in reaching each target audience. We will factor in the purpose of communication, audience demographics, content, messaging, interaction, and feedback requirements. These communication channels will be used by the change management team in order to effectively keep the stakeholders informed on the new behaviour that they need to exhibit with this cultural change. These channels of communications will be done through email, social media, town halls, webinars, meetings, intranets, collaboration sites, video, newsletters, posters, and digital signage. We will be using a two-way conversation that provide opportunities for conversation and dialogue and make sure that the behaviour is sustained and become day to day way of doing their job.

Frequency:

During the execution of the change management plan, communication using different channels will be done every week to specific targeted audience and we will accommodate more communications (daily basis) if we find it necessary to communicate to the stakeholders more frequently on the new behaviours due to the change in culture.

Timing:

The schedule for communicating these activities will ensure that the timelines of communication of the new behaviours and culture does not overlap with the communication of other project and non-projects communications. The change management team will work with other team to make sure that the communications are effectively and delivered at a timely manner to avoid change saturation.

Costs and Resources:

All resources and associated costs needed to produce and distribute the communications will be identified and integrated into the overall project budget.

Reviewers and Approvers:

The change sponsor will be reviewing and approving the communication plan.

Monitoring and Feedback:

The feedback mechanisms that the change team will be using to assess the effectiveness of the change management plan includes the following: surveys, focus groups, help desk tickets. We will be assessing the effectiveness of the feedback mechanism every month. Communication plan will be modified with the feedback gathered in order to address cultural norms of a diverse workforce. Monitoring and adjusting the communication plan ensures continued effectiveness to achieve the expected benefits of the change effort.

Stakeholders Engagement Plan

The Stakeholder engagement plan outlines the activities and metrics that will be established to ensure stakeholders and stakeholder groups can make the changes required or complete the steps that will help make change successful in an organization. We identified that the Fintech staff and the bank staff will be the stakeholders that will be affected with this change. The team will be developing a comprehensive stakeholder's analysis that will include all the stakeholders affected by the change.

The change team will coordinate a stakeholder engagement activity designed to address the outcomes of a stakeholder analysis. The will help identify and eliminate gaps between the current state of a stakeholder or stakeholder group on their culture and the future state of the culture. This stakeholder analysis will focus on identifying the key components of those gaps, and the stakeholder engagement

plan will provide the relevant activities to address components and close the gaps. The activities that will be implemented includes the formal, two-way, and informal communication; learning, development, training, and discovery activities; and rewards, recognition, reinforcement, and consequences.

As we proceed with the stakeholder engagement plans, we will include clear metrics to ensure that the plan is meeting the intended outcomes. We will be considering these factors as we design the activities for stakeholders' engagement. This will include organizational culture, other change initiatives affecting stakeholders, activities that will get and keep a stakeholder's attention, stakeholder needs, and the specific engagement required for successful change to occur in a stakeholder. This process will be an iterative process and we will be adjusting the plan as we measure the effectiveness of the activities.

The change team will be creating activities (like tools, templates, and key messages that enable stakeholders to customize and personalize their behaviour and messaging to the employees that we are trying to impact) designed to drive the behaviour of stakeholders that can affect the overall success of the change. We will be aligning this plan with the sponsorship plan so that we can make sure that a clearer and most holistic message can be received when change sponsors and influential stakeholders deliver consistent messages.

Resource Plan

The resource plan defines the human, physical, and financial resources needed to implement the expected benefits of the change effort. The change manager will be planning on the following sections:

Human Resources

Defining roles and responsibilities for each type of labour ensures that individuals with certain skills and capabilities are in the right roles and performing the requisite tasks. These individuals range from the executive support/sponsor driving the change effort and individuals responsible for leading the change effort to those providing support and participating on the change management team.

To ensure that the correct resources fill key roles in the change effort, skills and capabilities must be defined, along with the number of people required for each role. One person may have multiple roles. The next step is to perform a gap analysis to determine if the skills required exist in the organization and can be filled by a stakeholder, or if third-party service providers (e.g. consultants) will be required. The final step is to create a staffing plan that assigns roles and individuals to their specific change management tasks.

Physical Resources

We will be ensuring that all physical resources needed to support the change effort is available. The change team will be providing the physical resources such as systems hardware, software, technical infrastructure, facilities, workspace, furniture, or other physical needs for accomplishing the change cultural initiative goals.

Financial Resources

The change team will ensure the costs of all resources supporting the change effort are appropriately budgeted for and approved in the overall project plan. This cost will be sent for review and approval from the change sponsors.

Learning and Development Plan

We will use the learning and development plan to identify knowledge gaps and training needs of those affected by the behavioural change and then provides a course of action to develop the affected staff, so they will be prepared with new culture and skills to adopt the change successfully.

The change team and the HR department will be working together in the development of the learning groups, learning curriculum, skills inventory and gap analysis for each learning group, ongoing learning tools (e.g., job aids, quick tips, frequently asked questions, refresher guides), learning delivery plan, learning evaluation and optimization plan. This learning and development design and delivery will be continually assessed and adjusted as needed to ensure continued effectiveness to achieve the expected benefits of the change effort. We will also use this plan to identify additional training and other learning resources as new phases or processes are introduced.

Measurement and Benefit Realization Plan

The measurement and benefit realization plan will be used to monitor and track progress of the project's key performance indicators and expected benefits. This will provide a means of identifying when mitigation strategies need to be implemented if the effort is falling short of the change cultural initiative goals.

During the execution of the change project, the change team will measure the current baseline performance on key objectives and goals for the new cultural change and track how those key indicators/objectives are affected throughout the change effort. This plan will specify measurement activities that provide valid and reliable data for tracking activity and effects on performance. The change team will be focusing on these key components while creating and measuring the benefit realization in this cultural change project: A schedule of measurement activities, including type, frequency, how conducted, by whom and a report template for reporting measurement results at defined intervals to defined groups and individuals who own the metrics and are responsible for taking action to ensure targets are achieved.

Sustainability Plan

The sustainability plan will be used to define the mechanisms that will be used to anchor and embed the change once it is implemented and is determined to be effective. As we develop the sustainability plan, the change team will consider these questions with response to targeted audience. Question like: How should organizational achievements reinforcing the change be commemorated? What behaviours should be observed and measured on a regular basis? What results should be observed and measured on a regular basis? What metrics should be used for measuring behaviours and results? What mechanisms should be used for reporting results? What criteria should be used to allocate rewards and promotion? What mechanisms should be used for training, coaching, and role modelling? What processes and procedures should be put in place to ensure sustained ownership of the change? What continuous improvement mechanisms will address low adoption rates and ensure the change becomes part of the organization's normal functioning? We will be developing an FAQ for these questions to make it easier for the stakeholders to anchor and embed the changes.

All communication as we get to the stage of sustainability of this cultural change will be focused on encouraging the stakeholders in a persuasive and nice way of saying goodbye to the old ways (old culture) of doing things, enhancing and acknowledging a continued adaptation of the new culture and celebrating quick wins. Program of intrinsic and extrinsic incentives to reinforce desired behaviours and attitudes will be implemented so that we can reward and recognize the hard work that the staff have put in while sustaining the change on the new culture. The team will also introduce a

performance measurement system that will focus on consistent process for observing and objectively measuring desired behaviours and attitudes (performance appraisal process, promoting, demoting and transferring, and training and development). A process for ensuring sustained ownership of the change through the ongoing transfer of the experience and knowledge will be developed and implemented, we will add this sustained ownership process with a continuous improvement mechanism that will focus on responding to change requirements and implementing improvement based on feedback gathered, observations done, and the metrics gathered.

Develop Feedback Mechanisms to Monitor Performance to Change Management Plan

The change management team will be developing a feedback mechanism. This feedback mechanism will be used to monitor the performance of how the change in culture in both organizations is embedded and sustained in the organization as they move from two different culture to one. We will use this feedback to monitor the effectiveness of the change management plan thereby improving the change management plan. The team will be gathering the feedback from many sources like the informal source feedback (stakeholders' conversation, email responses, information - sharing forums) and formal source feedback. As we proceed with executing the change management plan, the feedback will be collected frequently (monthly) and scheduled for the purpose of data comparisons. The collected information will be shared with leadership team and incorporated into the planning for future change management activities.

Reference

- ACMP standards 2019

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