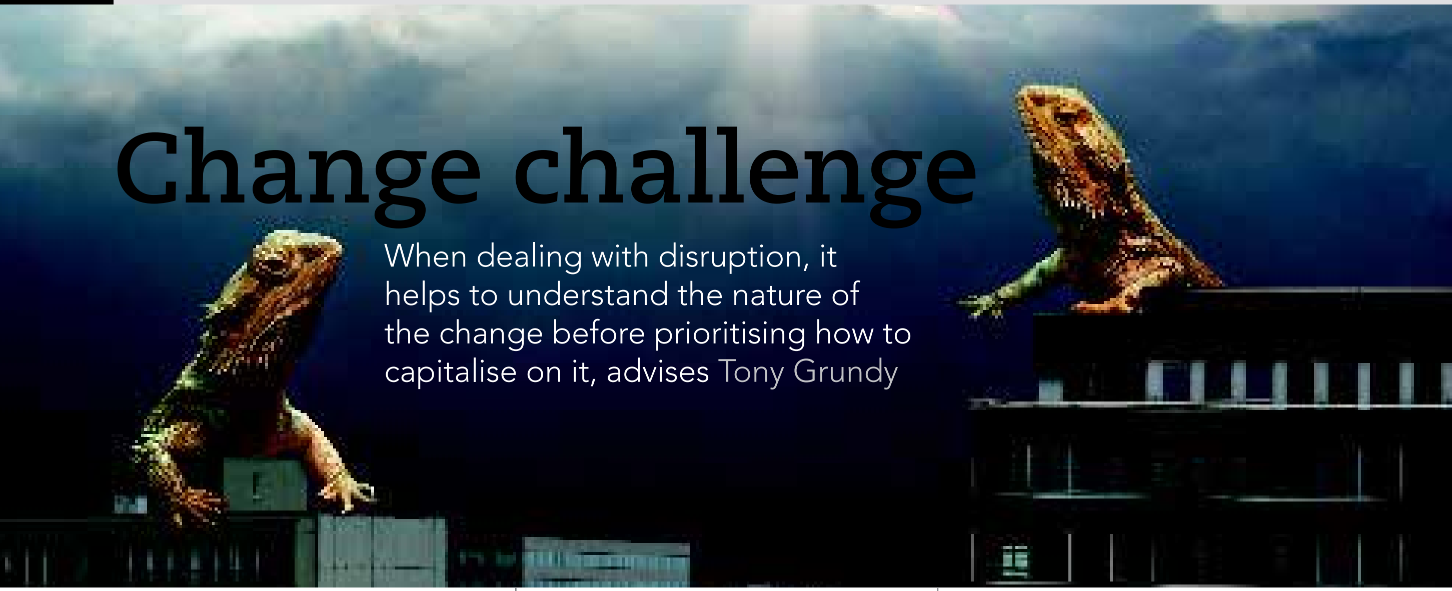

Change challenge

When dealing with disruption, it helps to understand the nature of the change before prioritising how to capitalise on it, advises Tony Grundy

The Greek philosopher Heraclitus once said that the only constant in life was change. Nowhere could that sentiment be more true than in today's world of finance – so different from 20 years ago.

Accountants are buffeted by change from many directions: increasingly competitive and disrupted markets, uncertainty/volatility, new technology, regulation, and the shifting demands of the workforce, coupled with the need for different skillsets.

To manage something as amorphous as change, it first has to be visualised. Crystalising it in this way allows finance heads to be much more flexible in their thinking and turn it into an opportunity.

There is a vast amount of guidance on change management doing the rounds. But I find it useful to break change down into four different forms: smooth, incremental, bumpy incremental and discontinuous. It helps to visualise these in terms of a running cartoon stickman (see the video at bit.ly/TGchange):

- **Smooth change**. The constant rate means you can keep up the pace – the stickman is running comfortably on a treadmill.
- **Incremental change**. The stickman is following a rollercoaster trajectory, which results in a high level of stress – and possibly distress.
- **Bumpy incremental change**. A smooth rate of change suddenly escalates, so the stickman jogging along on the flat is confronted by a mountain he can't see over, sliding eventually, exhausted, to the bottom.
- **Discontinuous change**. A mix of smooth change and random, mountainous change means the stickman needs help from a facilitator who can see the bigger picture and encourage him to keep going.

The following fictitious case study offers a model for how to change your running style. Ignacio is the FD of a medium-sized group of business services companies. The group is operating under a cloud of uncertainty caused by intensified competition, with profits threatened by clients pushing harder on contracts. There are also rumours of a reorganisation to take out 'surplus fat'. In addition, Ignacio is trying to bring the finance department into a more digital world. He is midway through a course on leadership encouraged by the CEO, who has identified that, while Ignacio is excellent technically and good managerially, he is uncomfortable about taking on a more charismatic role and would benefit from better influencing skills at board level, as the directors appear resistant to change.

At the nub of Ignacio's problem is how to prioritise these disparate change projects according to attractiveness and implementation difficulty. This involves assessing project benefits versus costs and reviewing the difficulty over time.

Providing input to the restructuring would be rated 'highly attractive but very difficult'. Achieving digitisation would be rated 'highly attractive but very difficult'. Transforming the finance function would be rated 'medium attractive' or, given that progress has already been made, 'moderately difficult'.

It is helpful to plot the projects' levels of difficulty over time on a graph. The vertical axis indicates attractiveness, the horizontal axis the level of difficulty. The more attractive the project goal, the more difficult it tends to be (and vice versa). Economists call it an indifference curve; I call it the curse of change.

But the positionings on any such graph need to be carefully thought through. Fail to evaluate change projects effectively and they will not deliver the anticipated benefits or will become unspeakably difficult. If you understand the expected difficulty from the outset, you can at least plan accordingly. AB

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