



JANUARY 17, 2018

PRE-CONFERENCE ARTICLE FOR
CONNECTIONS 2018 ATTENDEES

CHANGE | STRATEGY
THE ABILITY TO LEAD CHANGE IS YOUR NUMBER ONE
CRITERIA FOR FUTURE SUCCESS

BY CAMPBELL MACPHERSON
WWW.CHANGEANDSTRATEGY.COM

The ability to lead change is your number one criteria for future success

*In advance of his lunchtime keynote address at the 2018 Connections conference, **Campbell Macpherson, Change Leadership Expert and author of 'The Change Catalyst: secrets to successful and sustainable business change'** (Wiley 2017) outlines some of the changes disrupting our industry and explores what financial services leaders will need to do to achieve one of the most difficult and yet critical assignments in business - the instigation of successful and sustainable change.*



Insurance CEOs are more worried about change than the leaders of any other industry, according to PwC's 2017 CEO survey. And they should be worried – for two main reasons:

1. 88% of change initiatives fail, and
2. The amount of change facing the industry is unprecedented.

Those leaders and organizations able to cope with change will survive. But the future belongs to those leaders who are able to anticipate the change and lead their organizations to embrace the change. These leaders, and their organizations, will thrive.

Change is hitting us from all directions.

Comparison sites have made it almost impossible to make a profit at the consumer end of the market. Insurers are finding it tough to augment premium income with investment returns given the low-rate global investment environment and increased regulatory capital requirements. The reinsurance industry is being turned on its head due to a surfeit of capital entering the market and 'Big Data' providers who are enabling corporations to do it themselves. Cyber security, while a threat to the industry, is also an enormous opportunity - Lloyds estimates that up to 90% of cyber-attack losses could be uninsured. New accounting standards will lead to volatile profits for life insurers and cost billions to implement. Regulators worldwide are demanding greater transparency, alignment of incentives and enhanced risk control.

Bill Gates once remarked that we tend to over-estimate the impact of change in the next 2-3 years but under-estimate the impact of change over the next 10 years. I think this observation needs refining. It would be impossible to over-estimate the size and impact of the tsunami of change heading our way, even in the next 2-3 years.

The digital customer rules OK.

Perhaps the greatest source of change across the entire world of financial services is coming from the ever-increasing expectations of 'the digital customer'. Your digital customers expect more from your organization. They expect intuitive user interfaces and seamless access across multiple mediums and devices.

And we have all become digital customers. Every age group is online – browsing, shopping, booking flights, buying groceries, renting cars, investing, reading articles, browsing Facebook, paying bills. Our expectations of what an online experience should look, sound and feel like is increasing every time we log on; every new site we visit.

However, while continually improving your online experience may be sufficient for the majority of your existing customers, it won't be enough for anyone currently in their twenties and thirties. The Millennials and the younger half of the Gen Xers have almost zero brand loyalty, prefer smartphones over desktops and expect instant gratification - instant expert answers to their queries, instant service, instant quotations, rapid fulfilment and instant peace of mind. They don't want to speak to a call centre. They don't want to be forced to speak to an adviser. They want it now.

This generation will be inheriting the largest amount of money ever witnessed in the history of Western civilisation. Are you ready for them?

The rise of the machines

On top of all that, Artificial Intelligence and advanced automation are set to completely transform the way we work and live. The impact of AI on individuals, businesses, industries, societies and governments alike will be momentous. The loss of 'blue collar' jobs to AI will make globalisation look like a hiccup. The transformation of our factories has been happening for decades and it is now well under way in China. Following President Xi Jinping's 2014 call for a "robot revolution", manufacturers have been replacing humans with robots across the nation. If a \$600 per month worker can be replaced by robots, what hope is there for blue collar workers in the West?

Meanwhile back in the States, if manufacturers were forced to reopen factories in 'The Rust belt', these factories would be manned by robots. The old jobs are not going to return.

The loss of 'white collar' jobs to AI is yet to begin in earnest but according to Dr Kai Fu Lee, Chairman of Sinovation Ventures, venture capitalist, academic, government advisor, former Google and Microsoft executive and AI expert, as many as 50% of today's office jobs could disappear within the next decade.

In his book, 'The Singularity is Near', Ray Kurzweil, futurist, a director of engineering at Google and winner of the 1999 US National Medal of Technology and Innovation, predicted that, by 2029, "the manufacturing, agriculture, and transportation sectors of the economy will be almost entirely automated". He may have been too conservative. Every industry will be disrupted by AI and advanced automation. In the not-too-distant-future, we will need fewer lawyers, accountants, financial advisers, bankers, investment professionals, ... Computer programs can already identify cancers in X Rays more accurately than the most experienced oncologists. Every industry's employment model will be turned on its head.

Human call centres will also become a thing of the past. IBM's Artificial Intelligence Unit, IBM Watson, is now powering a host of exciting new AI developments – including life-like customer service avatars that understand human emotion through analyzing real-time facial expressions and voice patterns. 'Rachel' delivers bespoke and expert service of the sort of quality that a human would be lucky to deliver on their best day. I will be previewing Rachel at the Connections lunch keynote.

New jobs are being created – jobs that few of us would have imagined only a few short years ago. Jobs for cultural anthropologists, linguistics professors and human-computer interface specialists. According to the OECD, globalisation created more new jobs in high-tech industries and services within OECD countries than the manufacturing jobs it destroyed. However, that is not the view amongst those communities that have been left behind – and they have been voting accordingly.

The number of under-employed in the West has increased significantly, especially in the last decade, due to a combination of globalisation, eCommerce, the emergence of the 'gig' economy and the 2008 recession. These numbers look set to accelerate over the next decade. Cash-strapped governments are likely to come under extreme pressure with a population that is living longer (due to a myriad of advances such as immunotherapy and genetic medicine) and working less.

Innovate or disappear

Appealing to the digital customer in the short term and embracing AI in the longer term will require an incredible amount of change within your organization. Your culture will need to be ready for change. Your people will need to look for innovative ways to leapfrog the existing competition and compete with the nimble new entrants. They will need to use new technologies to power internal transformation. They will need to embrace new ways of working. Constant organizational change will be the norm. And they will need leadership.

Being able to lead change effectively will be the most important skill for every one of your leadership team – because change has a rather impressive 88% failure rate.

Be the 1 in 8 change leader that succeeds.

According to a 2016 Bain & Co study of 250 large companies, 88% of change initiatives fail to deliver their intended outcomes. A similar number of business strategies, mergers and acquisitions suffer the same fate. In 'The Change catalyst', I detail the reasons for this incredible failure rate and they are all intertwined.



The key reason that infuses every other is the fact we humans don't like change. When it comes to change, especially in the workplace, we have an innate desire to cling on to the status quo. We find change extraordinarily difficult; even when it is good change. We fear that the new world will not be any better than today. We fear that accepting change will be tantamount to being blamed for the way we currently work. We fear that we may try and fail.

On top of this, change leaders are often unclear about what they are aiming to achieve and why – a cast-iron guarantee that the change program is unlikely to deliver. 'Implications' are often overlooked. Outcomes are often overshadowed by process. The power of inertia is such that it is difficult enough getting a change program off the ground let alone diverting it when it starts to go off-track. And then we have complacency; the cancer that has killed many a successful corporation. Accountability can be unclear or the governance structure inappropriate. Communications are often too superficial and stakeholder management a 'tick-the-box' exercise. We also forget that people need to be motivated *emotionally* if they are to embrace change – for emotions trump logic every time. Sometimes, an organization's culture can work against change. Then, to top it all off, leadership commitment can wane, often as implementation begins.

But successful change is possible. By avoiding the common mistakes above; articulating a clear strategy that is engaging, aspirational and achievable; equipping your leaders with the skills they need to lead change effectively; equipping your people with the ability to embrace change; building a change-ready culture that delivers; and developing Change Catalysts throughout your organization - you can achieve one of the most critical assignments in business: the instigation of successful and sustainable change.



Your organization's future depends upon it.

Campbell Macpherson, CEO, Change & Strategy International Ltd

www.changeandstrategy.com

Campbell Macpherson has been enabling CEOs and business leaders to create cultures that embrace change and to lead the successful implementation of sustainable change for more than 25 years.

He is a business advisor, facilitator, coach, speaker, author and Change Catalyst via his consultancy Change & Strategy International. His acclaimed business book, 'The Change Catalyst: secrets to successful and sustainable business change' was published by Wiley in 2017.

"Packed with insight, tools and know-how to ensure your next change is the 1 in 8 that succeeds - pick up this book." *Institute of Leadership & Management*

All change is personal is the core philosophy that underlines Campbell's work. Even the most strategic and dramatic corporate change is the summary of thousands of individual changes. And none of us is powerless in the face of change – even when change is done to us. We have the power to decide how we are going to react to change; to embrace it and look for the opportunities.

"Campbell's session was an inspirational and energising discussion that provided us with the tools and insights to manage change within our department, the wider organisation and in our personal lives as well".

Rod Evans, EMEA Director, Intel

Available from Change & Strategy International:

- 'Leading Change' workshop for leadership teams
- 'Embracing Change' workshop for employees
- 'Power of Change' workshop for individual executives
- Change Readiness Review'. Is your culture ready for change?
- Change Catalyst Programme. Find & develop your Change Catalysts

<p>The Power of Change Workshop</p> <p>Half day workshop for executives to explore how to embrace and lead successful change.</p>	<p>Leading Change Workshop</p> <p>2 day workshop for leadership teams to enable them to embrace and lead successful and sustainable change.</p>	<p>Leading Change Programme</p> <p>7 step package for CEOs and leadership teams: Scoping with CEO Research & analysis 1:1s with all leaders Detailed design CEO consultation Leading Change W'shop Wrap-up & change plan</p>	<p>Embracing Change Workshop</p> <p>3/4 - 1 day workshop for all employees to help them to embrace change. "Only your people can deliver your strategy."</p>	<p>Change Readiness Review</p> <p>Combination of world-class online survey, focus groups, workshops and interviews to assess the current change readiness of the organisation and develop a plan to ensure the culture is ready for change.</p>	<p>Change Catalyst Programme</p> <p>A series of workshops, classes and coaching sessions aimed at identifying and developing your own in-house Change Catalysts: professionals capable of guiding the delivery of the outcomes the business needs.</p>
--	--	---	---	--	---

Other Products & Services				
Business Advisory	Motivational Speaking	Change Planning	Organisation Design & Development	Strategy Execution
Masterclasses & Mentoring	Bespoke Seminars	Coaching & Mentoring	Org Design Masterclass	Strategy Execution Programme



Campbell Macpherson

*Business Advisor,
Executive, Board
Member, Change
Leader, Strategy
Director, HR Director,
Marketing Director,
Public Speaker, Writer,
Author...*



Senior Adviser, Abu Dhabi Investment Authority

Strategic change advisor & executive: IFDS, Aviva, James Hay, International Personal Finance, Friends Life, iPipeline, Cofunds, Gocompare, Centaur ...

Director, BP Northbound

Strategy Director, Zurich International Life & Global Life EM

Board & HR Director, Sesame (IFA Network)

Strategic Change & OD: Misys, BBC, Capital Radio, Telewest, Sesame

Marketing Director, Virgin Wines, Smartlogik, BrightStation

Head of eBusiness, AMP

Snr Mgr, Change, Andersen Consulting

change | strategy

www.changeandstrategy.com

Campbell lives in Oxfordshire, England, and works with organisations and leaders worldwide.

CEO & Founder,
InterMark Multimedia

Sales Manager,
Ultimate Computers &
NCR

Mgt Trainee,
Hawker Pacific

Officer & Pilot Trainee,
RAAF Academy