



# Surviving and thriving in the face of change

LG Pro| September 2016

Prepared by Aon Hewitt

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## Our presenters today

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**David Cushway**  
State Head of Local Government  
NSW Qld & NT  
**Aon Risk Solutions**



**Angela Lewis**  
Culture & Transformation  
Practice Leader  
**Aon Hewitt Australia**

# Agenda for today's webinar

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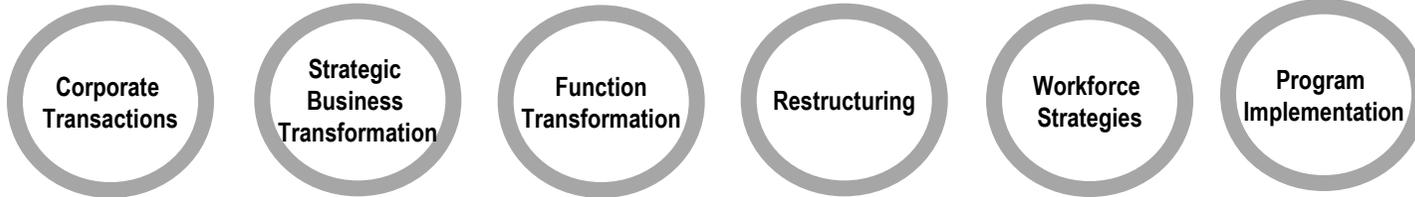
## Presentation (30minutes)

- Taking an **active approach** to change
  - Frameworks for alignment, best practice from high performing, sustainable organisations
  - The importance of mindset
- The **role of leaders** in mobilising staff to accelerate change
- How **lessons learned** from the Mergers and Acquisitions (M&A) industry might equally be applied to Councils and government
  - Define, manage and measure cultural change and realise operational benefits

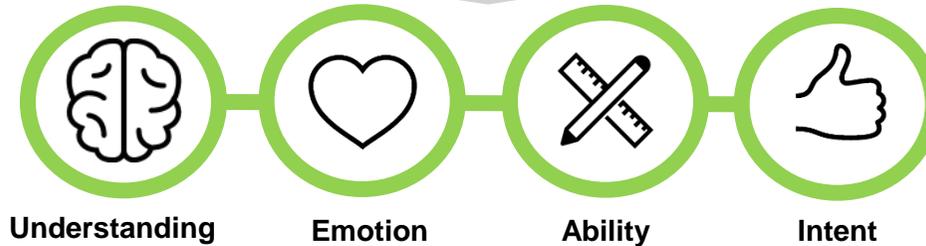
## Q&A (15-20minutes)

# Aon Hewitt Change Management Framework

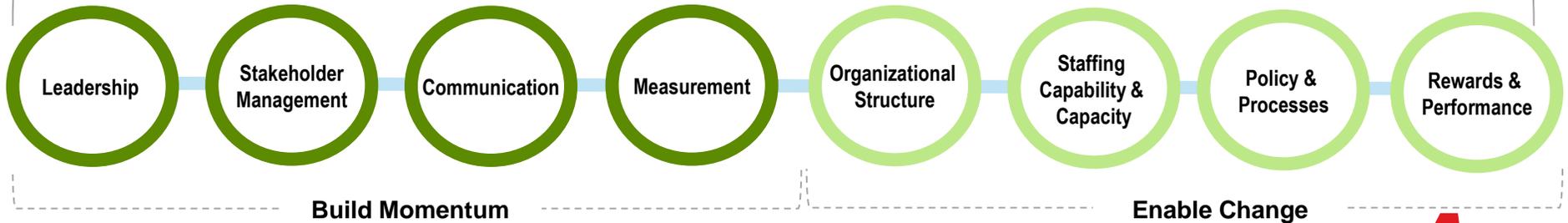
Organisations face many different types of change.



Changing behavior depends on your ability to address 4 common employee responses.



Organisations can enable individual change by focusing on 8 common levers.



# A framework for understanding alignment (and disruption)

High performing organisations **understand what drives value in their business**, and which ones that are most important for council to be sustainable.



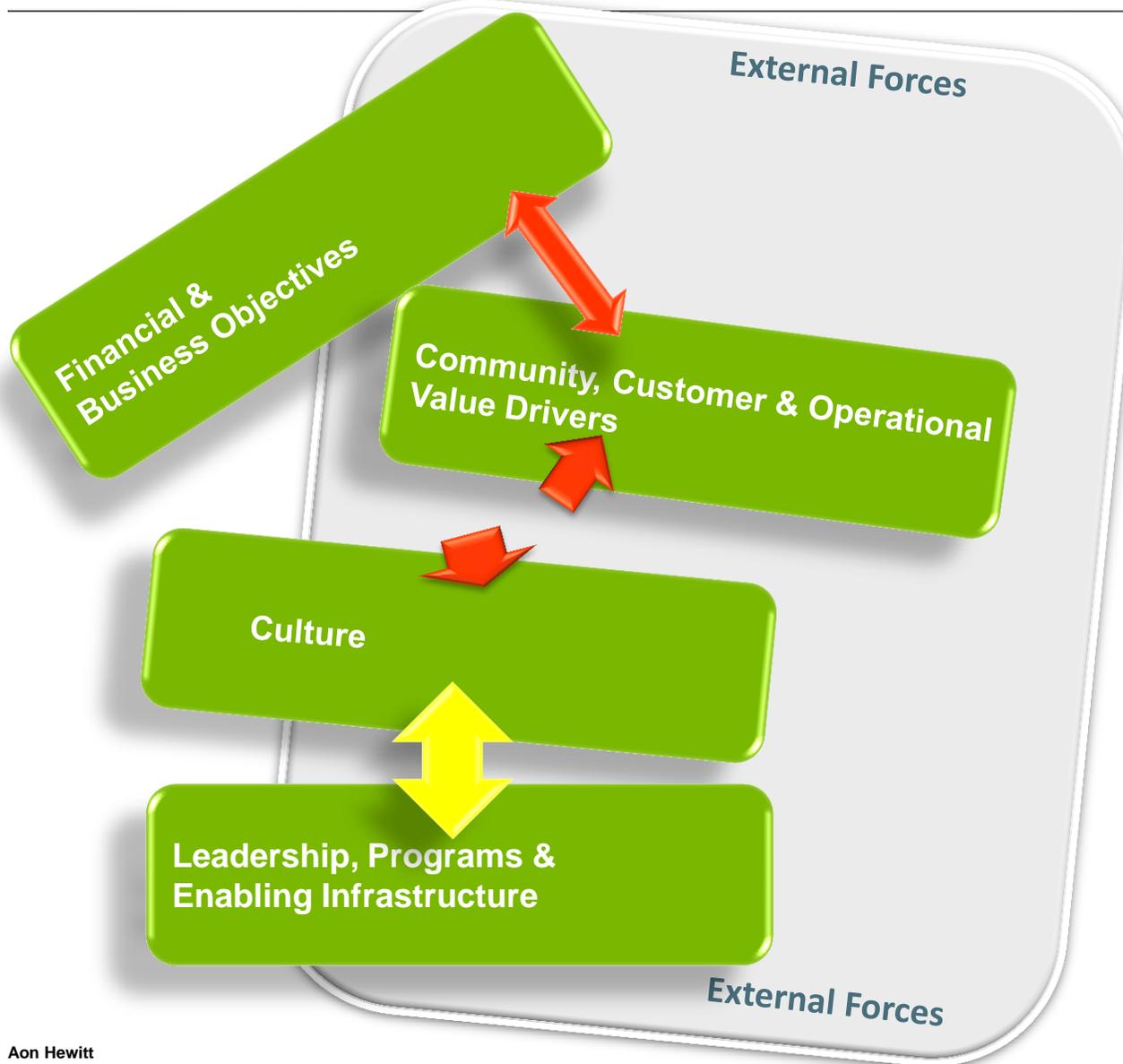
We believe that in a well highly aligned culture, the current culture compares closely to the culture required to **deliver the organisational strategy** – or **community strategic plan**.

Financial and organisational requirements, **metrics** and **priorities are well defined and communicated**. Behaviours support achievement of strategic business objectives.

**Beliefs, Behaviours and Decisions** reinforce the achievement of financial, community customer, consumer and operational value drivers.

**Key culture levers are addressed to keep culture tightly aligned** with achieving strategic council objectives.

# Organisational misalignment or disruption requires change – to ‘realign’



## External Forces Like:

- Economic Trends
- Technology
- Competitors/Disruptors
- Changing Customer/ Consumer Needs
- Regulation/Governance
- Investors
- Demographics
- Transactions
- Social and environmental

## ...Change

- Behavioral Requirements
- Strategic Clarity
- Talent Pools
- Stability

Some internal forces can further create culture dysfunction

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### Top Culture Traits of Low-Performing Companies:

- Short Term Oriented
- Indecisive
- Reactive
- Secretive / Closed
- Task Oriented



Source: Aon Hewitt's Consulting Engagement 2.0 Study

Where is the most change required in your organisation?

# High-Performing, sustainable organisations have cultures aligned to strategy

Rank order of difference from average/ underperforming company profile	All High Performing Companies	Primary Strategy within High Performing Companies			
		Innovation	Customer	Quality	Cost
1	Open/ Transparent	Decisive	Decisive	Proactive	Enterprise Focused
2	Proactive	Risk Tolerant	Open/ Transparent	Long Term Oriented	Long Term Oriented
3	Growth Focused	Long Term Oriented	Long Term Oriented	People Oriented	Collaborative
4	Decisive	Proactive	Proactive	Open/ Transparent	Results Oriented
5	People Oriented	Growth Focused	Action Oriented	Decisive	Decisive

SOURCE: Aon Hewitt's Engagement 2.0 Study 2010 and company financial analysis.  
High performance profile derived from companies defined as high performers through multiple criteria

- Company outperformed S&P 500 in Total Shareholder Return from 2009-2013
- Employees had higher than average recognition of company performance
- Employees had higher than average employee engagement levels

# Success = Build alignment, minimise dysfunction and inspire growth

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- Culturally, organisations demonstrating agility and resilience exhibit:
  - **Proactivity** (thinking ahead, awareness of future trends and impact)
  - **Employee empowerment** (individuals find the opportunity, not reliant on others/managers)
  - **Employee Engagement** (employees are motivated and strive to achieve)
  - **Growth focus** (personal and organisational learning, goal achievement)
  - **Openness and transparency** (feedback, candour, honesty, share success and failure in order to grow)
  - **Collaboration** (peer, cross functional and manager support)
  - **Innovative** (build ideas and actions to be ahead of or move with the change, open to 'renewal')
  - **Long term focus** (initial set backs aren't blockers, but opportunities to 'bounce forward')

## Source:

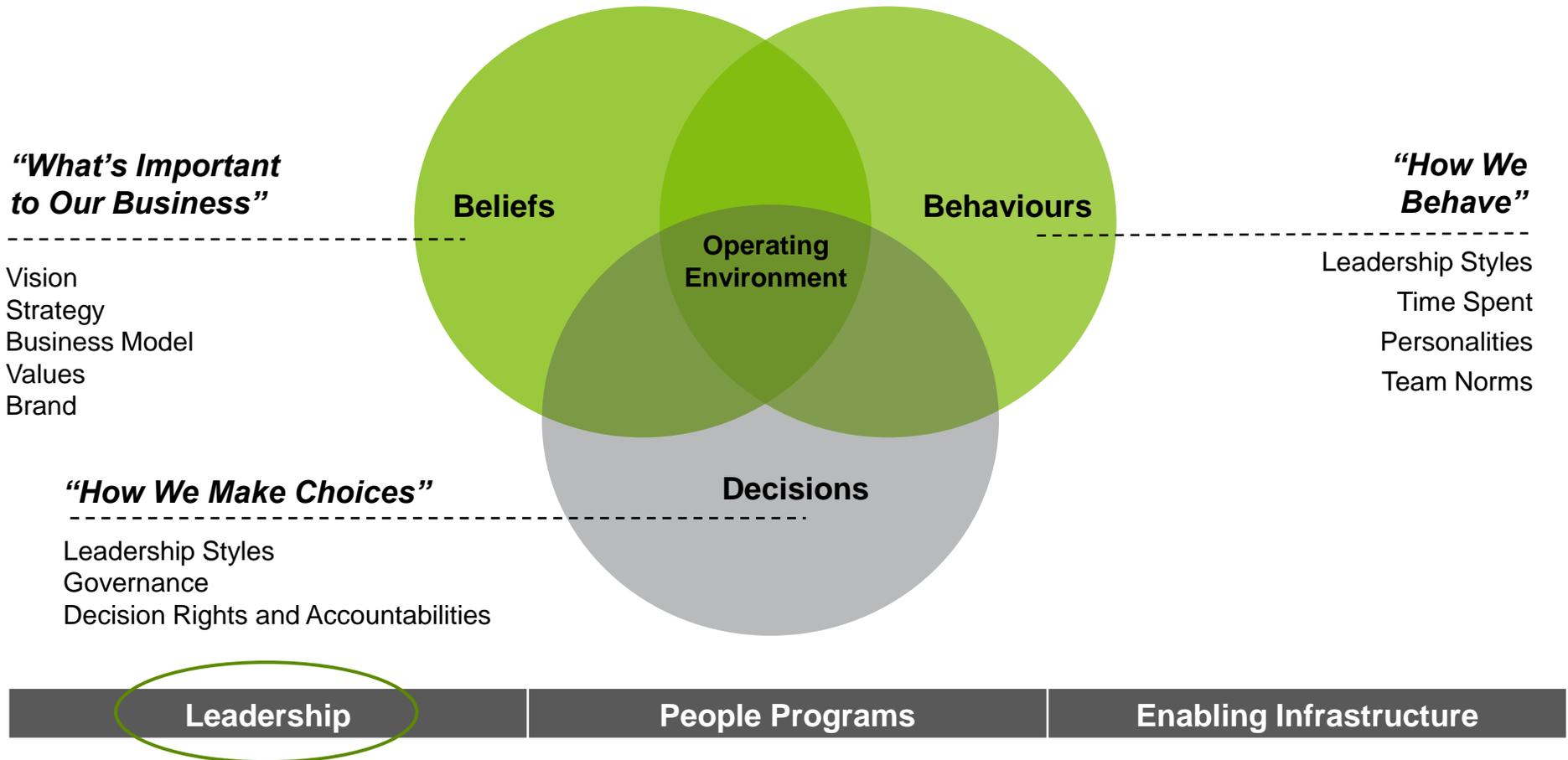
Aon Hewitt's Engagement 2.0 Study 2010 and company financial analysis.

CEB 2011 Organisational Agility Survey.

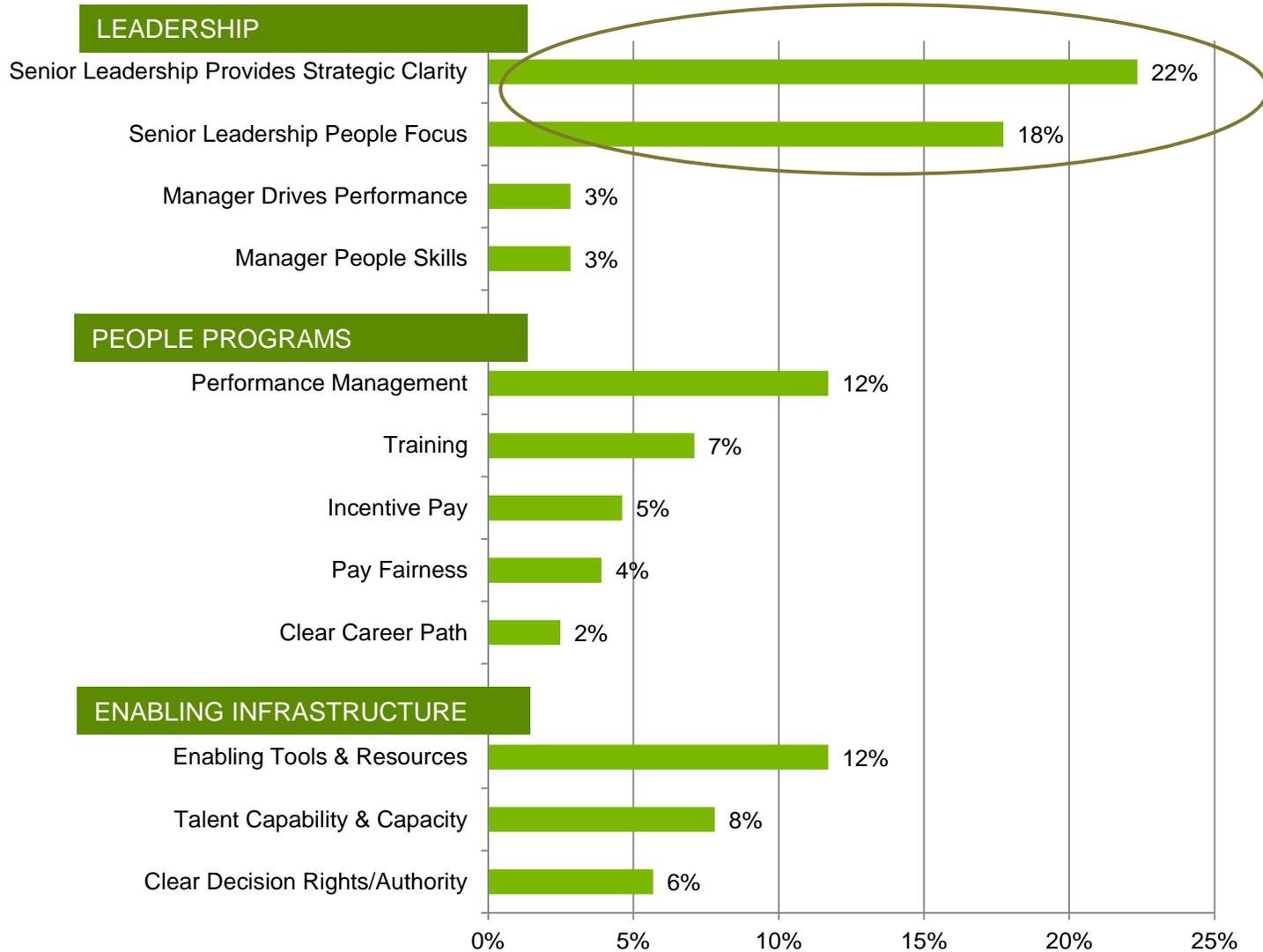
Australian Government, Organisational Resilience Health Check 2014

# How can you achieve Cultural Alignment?

Culture is defined as an organisation's **"operating environment"** or more simply as **"how work gets done"**. Culture manifests itself in behaviours, beliefs and assumptions about what is important.



# The Drivers of a High Performance Culture – enablers of change



- High Performance Culture Traits**
- Decisive
  - Long Term Oriented
  - Proactive
  - Open/Transparent
  - People Oriented

## Leadership Challenges to achieving Culture alignment & successful change

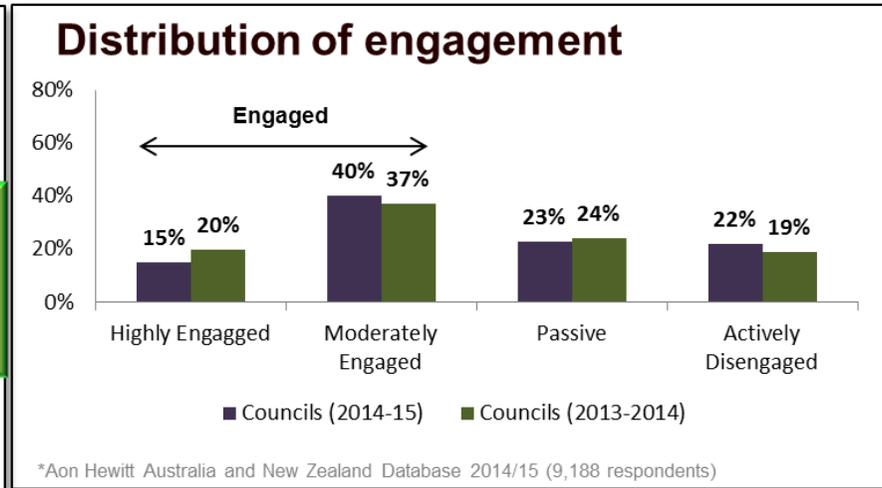
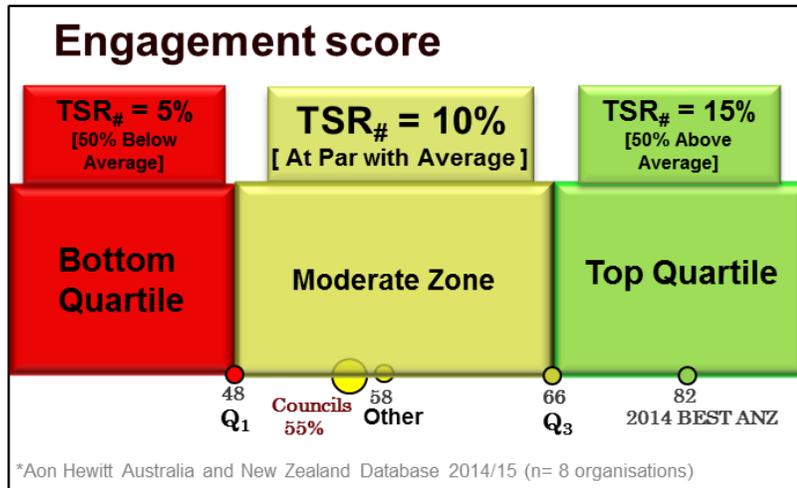
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**83%** of organisations say their **leaders do not have the skills** required to build and sustain a high performing culture

**64%** say **leadership team alignment, skills and abilities** are the biggest challenges in aligning culture with organisational objectives

\*SOURCE: Participant polling from Human Capital Institute Webcast 'Building a High Performing Culture' led by Aon Hewitt – Feb 2011 (n=124)

# Engagement in Councils... and the opportunity for improvement





**What is important to achieve successful change?**

# Aon Hewitt research predicts that 25-40% of the workforce will respond negatively to announcements of planned change. Why?

The concern is vulnerability brought about by the uncertainty, instability, and lack of clarity that accompanies change.

- *“Why are we doing this? Why now?”*
- *“I have heard the vision but there is no strategy or tactics.”*
- *“I am worried about my job. I may become irrelevant.”*
- *“My group and manager may change.”*
- *“They don’t know what they are doing.”*
- *“We are trying to do too much too fast.”*
- *“I don’t know how to do this.”*
- *“Here we go again.”*



Resistance and cynicism serve a defensive role, and can lead to disengagement. The resistance spiral is a self-fulfilling prophecy that must be managed.

## Aon Hewitt's Point of View

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- **Change happens at organizational and individual levels**

- Most problems occur at the individual behavioral level
- Behavior change challenges are unavoidable and normal
- Behavior change can be managed and accelerated

- **Behaviour change is a function of:**



**Understanding:** Awareness of the change and what is expected



**Emotion:** Feeling about what is happening



**Ability:** Skills and knowledge to do what is asked



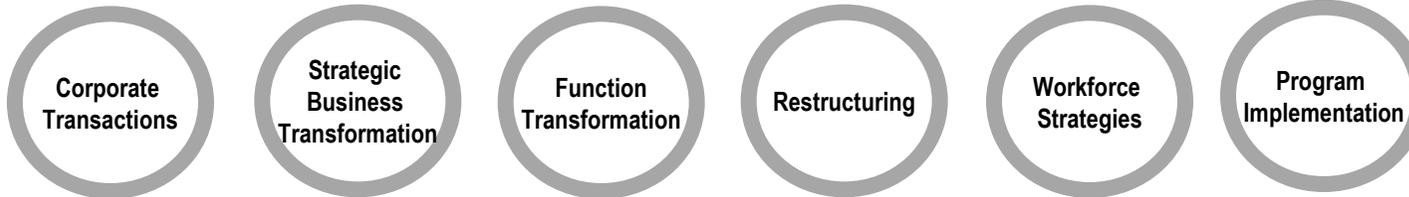
**Intent:** Purposeful willingness to work differently

- **Before leaders (and people managers) can lead change they need to:**

- Understand and manage their own reactions to change
- Close gaps in their own understanding and readiness

# Aon Hewitt Change Management Framework

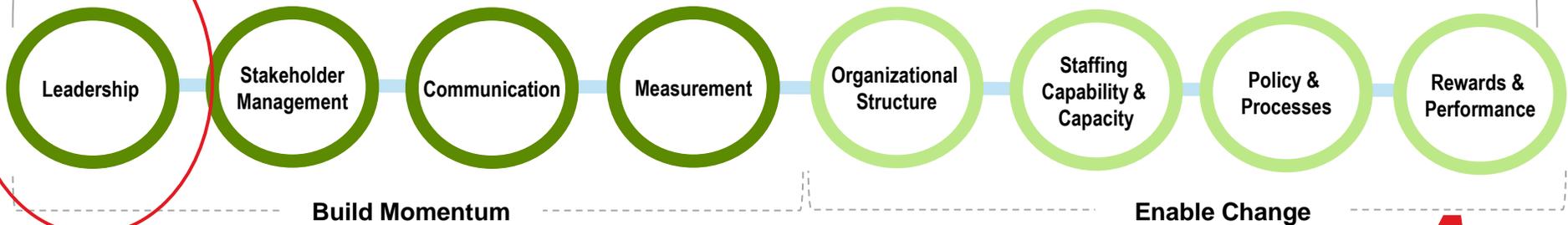
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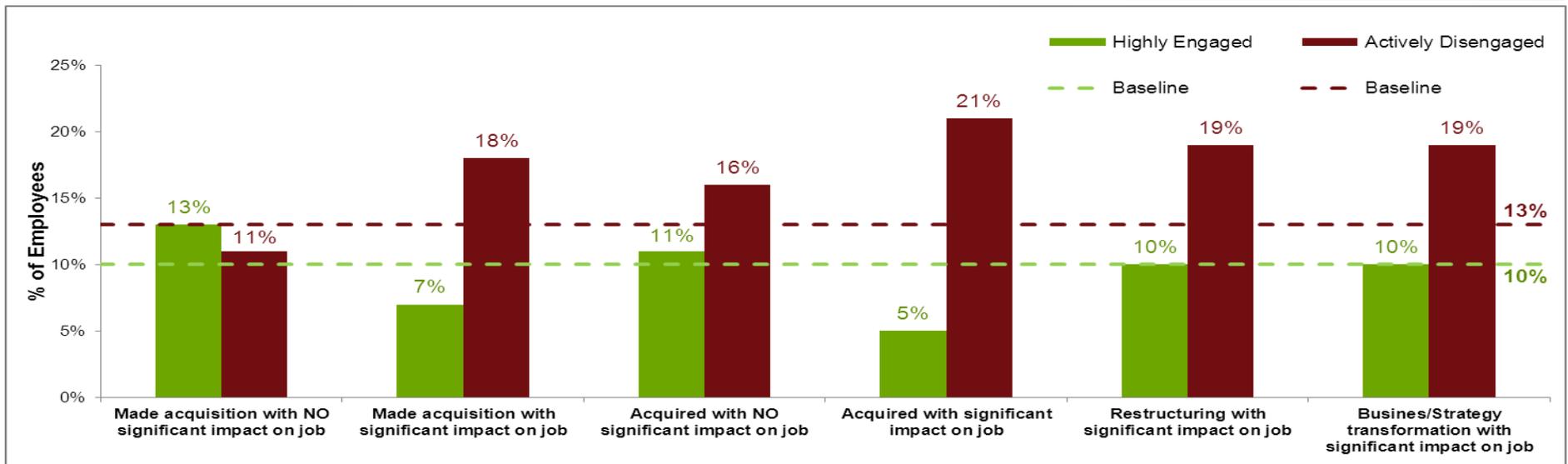
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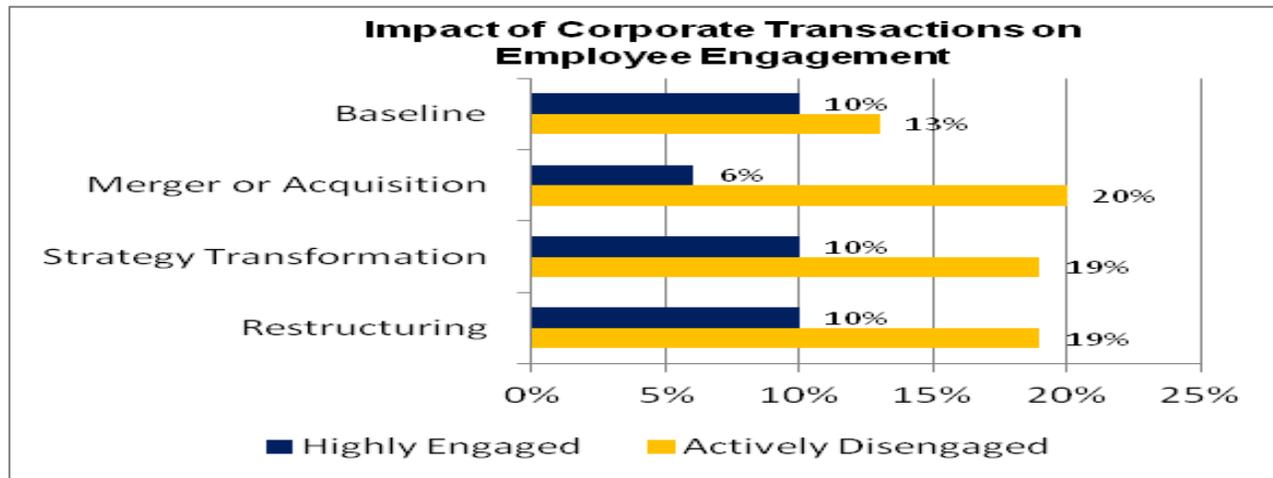


# Lessons Learned from M&A activity

# Almost all strategic transactions significant negative impact on employee engagement – but Engaged employees are more resilient



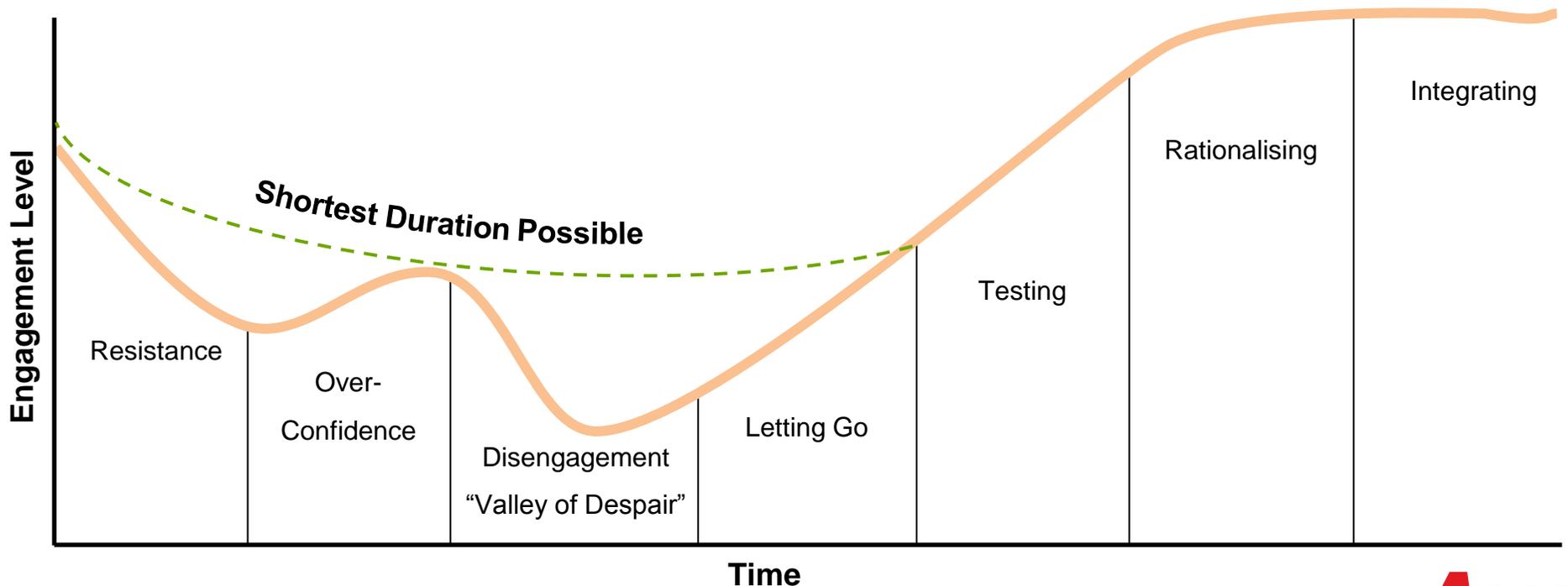
Source: Aon Hewitt Engagement 2.0 Survey



# Understanding the Change Curve

Change Management Creates an Opportunity to Reduce Risk and Accelerate Financial Value of Change Initiatives.

The **Individual Change Curve** is unavoidable and expected as employees learn and grow through the change event. The primary objective is to **manage and minimise the depth and duration** of disengagement.



## Lessons Learned from M&A activity

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Simply stated, change management is a **defined way** of managing the behavioral side of a transition, and is a **100% requirement for success.**

- **An ongoing process** to build and sustain momentum and drive successful execution
- **Based on behavioral science** regarding how people react to change, both rationally and emotionally
- **A form of risk management** to identify what may go wrong, the sources and impact of risk as well as a mitigation plan
- **Holistic, integrated tactics** designed to change behaviors consistent with objectives

**What it is**



- Something you do after strategy and design are complete when ready to implement
- Abstract theories that never translate into actual tactics
- A separate stream of work done by those touchy-feely OD people
- Just a communication plan
- A way to make everyone feel happy about what is changing
- Something that slows down the project
- Something we do TO people (communication, training)

**What it's not**



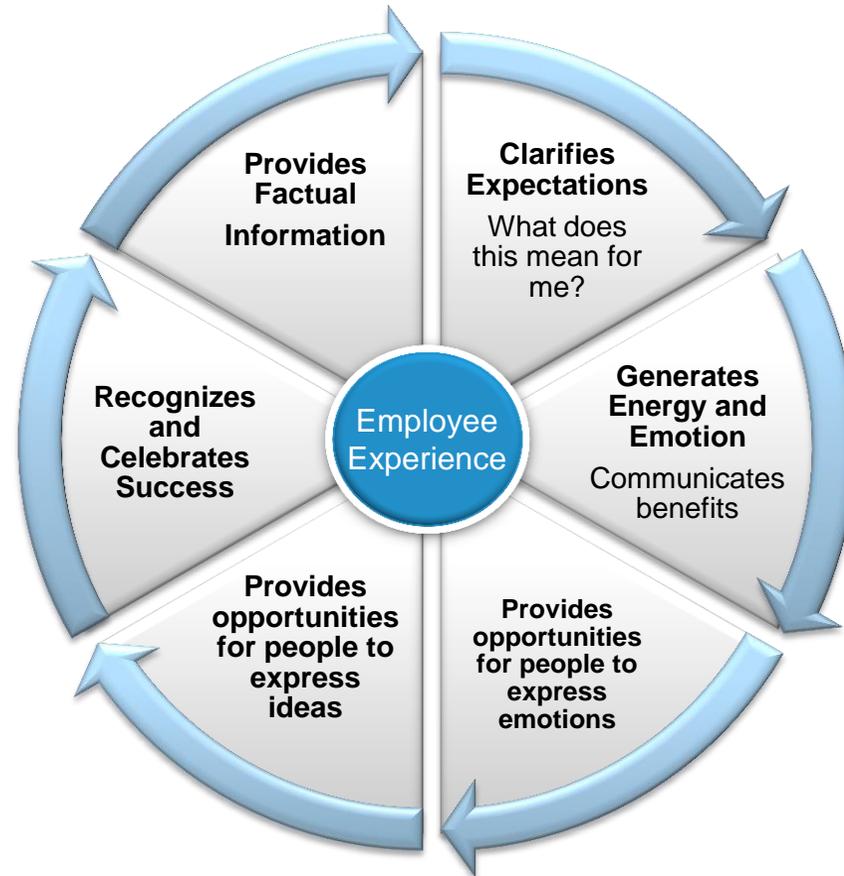
# Pivotal Factors – How to succeed at change management efforts

## Aon Hewitt Point of View

### ✓ Meaningful and Targeted Communications

- Drive change through communications that cover facts, inspire, and address emotional responses to the change
- Match the communication message with the medium
- Motivate through passion, inspiration and learning
- Accelerate adaptation through deploying an empowered Change Champion network

COMMUNICATION CONTENT WHEEL





# Q&A

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