

3

LEADING CHANGE

FINSECA
FOUNDATION
eBRIEFS
PRACTICAL IDEAS
FOR TODAY'S
FIELD LEADERS



Volume One

Leading Change: Leading Yourself

A Guide for the Financial Services and Insurance Industry



Leading Change: Leading Yourself

A Guide for the Financial Services and Insurance Industry

“Every time we have a quarterly meeting, we talk about why we’re always looking at new initiatives and ideas: it’s because we want to be at the head of the parade. We do not want to be on the tail end of industry shifts. We’ve got to always be looking at ways to help us be relevant and to help our advisors be relevant in the industry we serve.”

**Travis Hart
Pacific Advisors**

Research funded by the Finseca Foundation

© 2019 by the Finseca Foundation. All rights reserved.

Printed in the United States of America.

No part of this book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage or retrieval system, without express written permission from the Finseca Foundation.

Finseca Foundation
3112 Fairview Park Drive
Falls Church, VA 22042
Phone: 800-345-2687 or 571-499-4300
www.finseca.org

Writer: Libbye A. Morris | Albuquerque, NM
Graphic Designer: Suzanne Schriver | Graphic Design, Baltimore, MD

Table of Contents

Foreword

About Us

Introduction

Understanding Your Personal Attitude Toward Change

Understanding the Human Dynamics of Change

Understanding Your Role as a Change Agent

Establishing a Plan

Conclusion

Acknowledgments

Foreword

Rick St. Jean, CEO and Managing Partner, Commonwealth Financial Group

There are certain things in our industry that will always change, and there are certain things that will never change.

Something that never changes is our clients' need for us to give the right kind of advice. As you embrace change, you have to have a due north. Your compass has to be locked into a direction that gives you the right principles and the right sense of purpose — to *always* do the right thing for the client.

Products change. Economies change. The industry changes. Carriers change. All those things change, but the core of our duty continues to be providing our clients with the right type of advice and agents with the right type of guidance.

My advice on leading change? Stick to your mission and establish standards for the value you give to your advisors and your clients. Then, at the end of the day, you'll know you did your best for them.

The first thing is to make sure that your core values and goals never change. Then you can prepare yourself to navigate any change. Would you bet on the photographer or the camera? Which will take the photo better? Most would choose the photographer. Technologies can change around us, but the one thing that has never changed, and can never change, is people helping people.

Richard A. St. Jean, Jr., CLF, is the CEO and Managing Partner of Commonwealth Financial Group. He has earned many industry and public awards and donates a generous portion of his time on several nonprofit, industry and educational boards and organizations.

The Finseca Foundation expresses its sincere thanks to Mr. St. Jean for his commitment to the industry and his generosity as a major donor to the Foundation.

CRN202106-249932

About Us

The Finseca Foundation

The Finseca Foundation is a 501(c)(3) nonprofit organization dedicated to conducting and promoting research and education to enhance the profitability and productivity of field leaders in the financial services and insurance industry.

Since its creation in 1990, the Finseca Foundation has funded major studies on leadership topics, including future trends for firms and advisors, attracting high-quality prospects, recruiting and selecting new advisors, launching new advisors, retaining successful advisors, mentoring and coaching practices, effective local marketing, building successful advisor teams, developing high-performance leadership teams and launching new frontline leaders.

Our Contributors

Leading Change: Leading Yourself was made possible through the dedicated support of the Finseca Foundation's contributors. To contribute in support of our work, please visit us at www.finseca.org or contact us at support@finseca.org.

About this eBrief

Finseca Foundation eBooks are digital white papers that deliver tightly focused research results and best practices. The strategies and best practices shared in this first eBook in the Leading Change series provides managers and leaders with the knowledge, skills and abilities to:

- Anticipate and navigate change.
- Create a change strategy.
- Successfully lead change initiatives.

How We Collected Our Data

Our writer conducted in-depth interviews with 15 industry executives to learn about change initiatives they have led. In addition to personal interviews, the Finseca Foundation for Education and Research conducted an online survey of 106 industry leaders to provide a snapshot of how top-performing leaders prepare themselves and their businesses to implement changes in their organizations. The interviews and surveys referenced in this eBook reflect research results as of May 2019.

Terms Used in this eBrief

In addition to offering different lead products, industry segments often use different terminology to describe their businesses and their people (for example, “advisor” and “agent,” “agency” and “firm”). In this eBook, we most often use the terms *advisor* and *firm*. While you may use different terminology in your business, we encourage you to overlook the titles and focus instead on the ideas and strategies shared by these industry leaders.

Finseca Foundation eBook and Special Projects Committee

Frederick L. Walker, M.A., Chair

Kelly S. Brion, CLU ChSNC

Stephen Constantine

Bruce Davison, CFP

Matthew Logan

Katie Martineau

Corine Porter, FSS LUTCF

Drew S. Prince, LUTCF

Finseca Foundation Board of Trustees

Edward G. Deutschlander, CLU CLF, Chair

John F. Bucsek, CFP, Vice Chair

Athan P. Vorilas, CLU CLTC CMFC, Immediate Past Chair

Paul E. Vignone, J.D., LL.M., CLU ChFC, Treasurer

Ryan H. Beck, CFP ChFC, Fundraising Chair

David T. Saviage, M.B.A., ChFC FIC, Research Chair

Frank Scalese, LUTCF, GAMA International President

Davin J. Bell

Bruce W. Davison, CFP

Titus O. Ekeoma, LUTCF

Howard J. Elias

Jeffrey S. Golan, CLU ChFC CLF

Harry P. Hoopis, CLU ChFC

Nathan Moore

Daniel Negin, CLU CIC

Corine Porter, FSS LUTCF

James Pucci, CLF LUTCF

Stephanie A. Rivas, M.S.M., CLU ChFC LUTCF

Samuel L. Terrazzino, CFP LUTCF

Frederick L. Walker, M.A.

Debra L. Grommons, M.S.A., Chief Executive Officer

Introduction

76%

Leaders who say they are currently in the midst of a significant change.

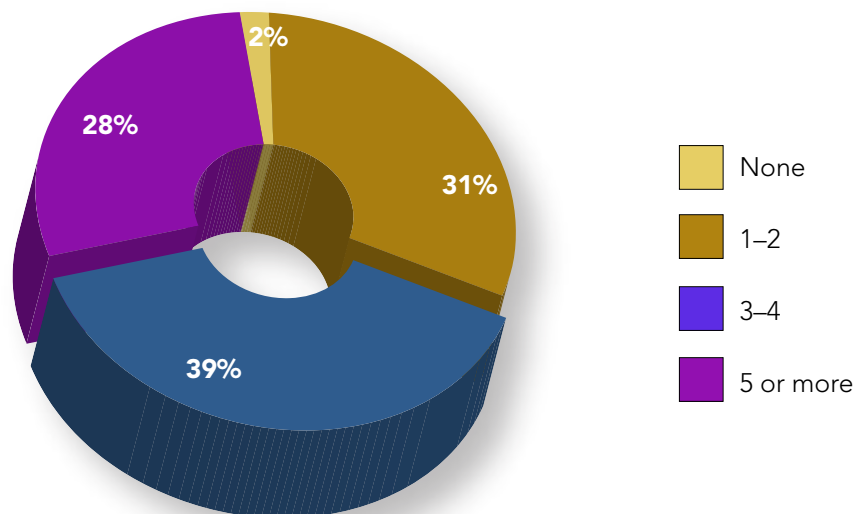
“ Change is something that’s ongoing. It is normal, it is natural and it is constant if we’re going to remain relevant in the markets that we serve. ”

— Wade Hampton, Transamerica Agency Network

It is very likely that, as a leader in insurance and financial services, you are currently experiencing, have recently experienced or soon will experience some type of significant change. A majority of the leaders we surveyed for this study said they are currently in the midst of a significant change. Many have experienced multiple changes in the past year, and many anticipate a major change in the next 12 months.

FROM THE MEMBER SURVEY

How many significant changes have affected your agency or firm in the past 12 months?



Adjusting to constant change isn't a new phenomenon. More than 2,500 years ago, the Greek philosopher, Heraclitus, stated, "Change is the only constant in life." Although some people thrive on change, it makes many people uneasy and uncertain about the future. It can erode confidence, even among top performers.

As a leader, you are the key to the successful implementation of change initiatives. Leaders are responsible for anticipating, navigating, embracing, communicating, leading and measuring the effects of change. That may feel like a tall order, but in today's climate of constant change, leaders need to be alert, flexible and ready to modify existing practices at any time.

Because we have no idea what new technological, demographic or economic shifts will impact our businesses, leaders must acknowledge and accept that change is a certainty. When debit agents went from door to door collecting insurance premiums in cash, who would have thought that one day drones would be instrumental in the insurance industry?

Today, drones can be used to gather data before a risk is insured, to help in preventive maintenance and to assess damage after an event. In the case of a disaster or catastrophe, a drone can provide feedback on the extent of the damage long before it's safe for humans to access the site.¹

Before you can harness the innovation and tame the disruption that change creates, you first need to become a champion of change on a personal level. In this eBook, we identify four steps to help you navigate the constant change that our industry is experiencing.

1. Understanding your personal attitude toward change.
2. Understanding the human dynamics of change.
3. Understanding your role as a change agent.
4. Creating a change plan.

¹ Shmat, Darya. "Taking to the Skies — Using Drones in the Insurance Industry," *CIO*. (February 1, 2018). <https://www.cio.com/article/3252093/taking-to-the-skies-using-drones-in-the-insurance-industry.html>



Understanding Your Personal Attitude Toward Change

75%

Leaders who identify as early adopters of new ideas.

“ If you’re not pushing every day to be a better version of yourself, then it is like grass — when grass stops growing, it’s dead. You constantly want to be pushing yourself and learning to be a better person. ”

— Peyton Porciau, Transamerica Agency Network

Most people’s initial reaction to change is resistance. In fact, there are physiological reasons why we often resist change.² Our bodies are designed to maintain a state of equilibrium that is necessary for survival and will resist any change that disrupts that state. And our brains “wire” in automatic or routine behaviors that we are familiar with or that make us feel good. That’s why we fall back on old behaviors even when we know a change is beneficial.

With our brains and bodies predisposed to resist change, it takes a conscious effort to adopt a mind-set of being open to change and looking for the opportunities it presents.

As a leader, you are the key to successful change efforts in your organization. But, before you can lead others through change, you must first understand, and possibly adjust, your own attitude toward change.



Are You an Early Adopter?

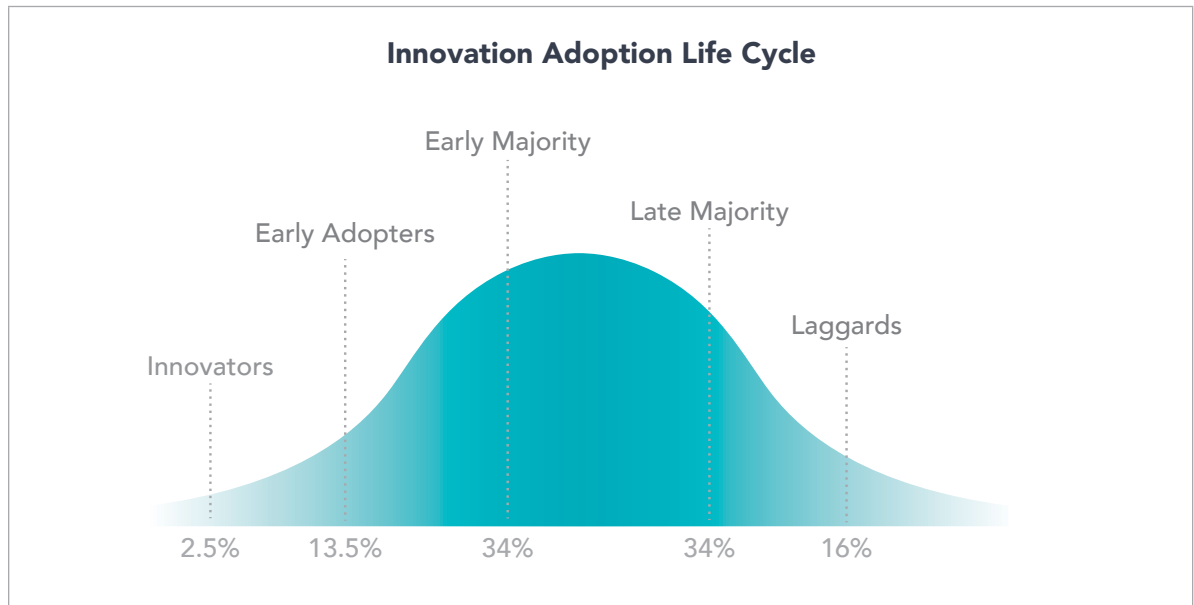
The diffusion of innovations theory explains the adoption rate of new ideas with people falling into one of five categories.³ Innovators adopt when an idea is new, even if they haven’t yet determined

² Habermann, Amanda. “Why We Resist Change,” *Psychology Today*. (January 25, 2017).

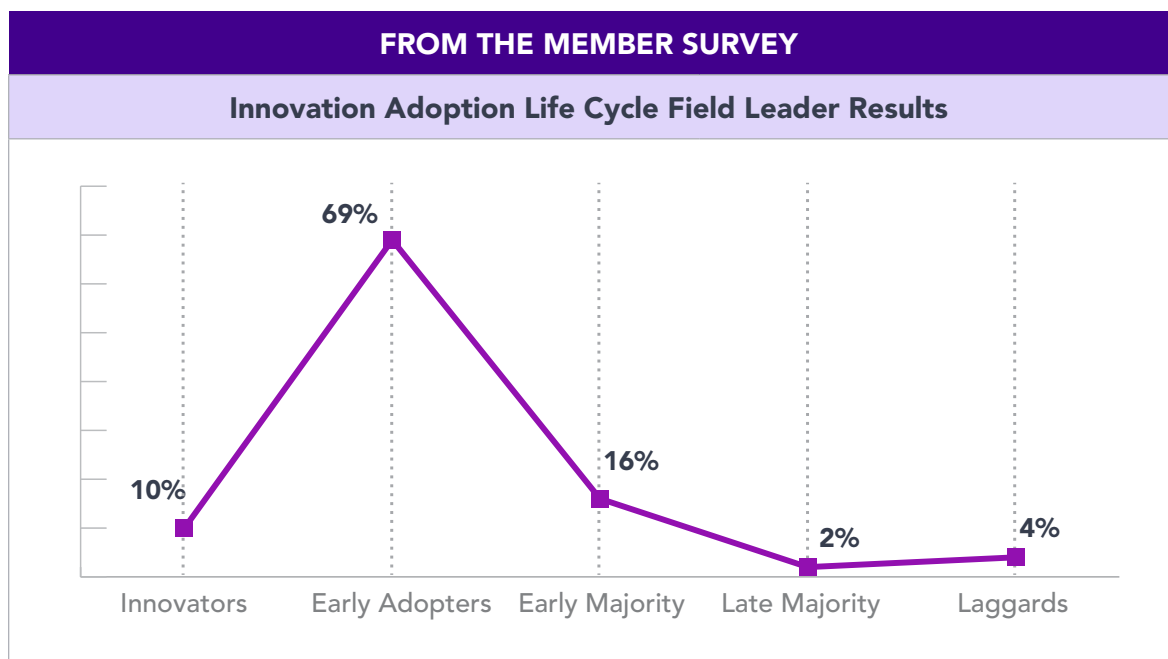
<https://www.psychologytoday.com/us/blog/the-truisms-wellness/201701/why-we-resist-change>

³ Rogers, E.M. *Diffusion of Innovations* (5th edition). New York, NY: Free Press. (2003).

the benefits. Early adopters wait until they believe there will be a benefit, while early majority adopters wait until they know others have actually benefitted from the new idea. Late majority adopters only adopt when they are sure there is support in place for the idea. And laggards only adopt when they are required to.



In our research, an overwhelming majority of the leaders responding to the survey self-identified as early adopters. If this is representative of leaders in insurance and financial services as a whole, it is good news for the industry. In the *Building a High-Performance Business* study published by the Finseca Foundation, early and early majority adopters outperformed their peers in loyalty, retention, successful execution of best practices and the strength of their cultures. They showed superior performance in overcoming barriers and were seven times more likely to overcome resistance to change in their agencies and firms.



Are You Willing to Fail?

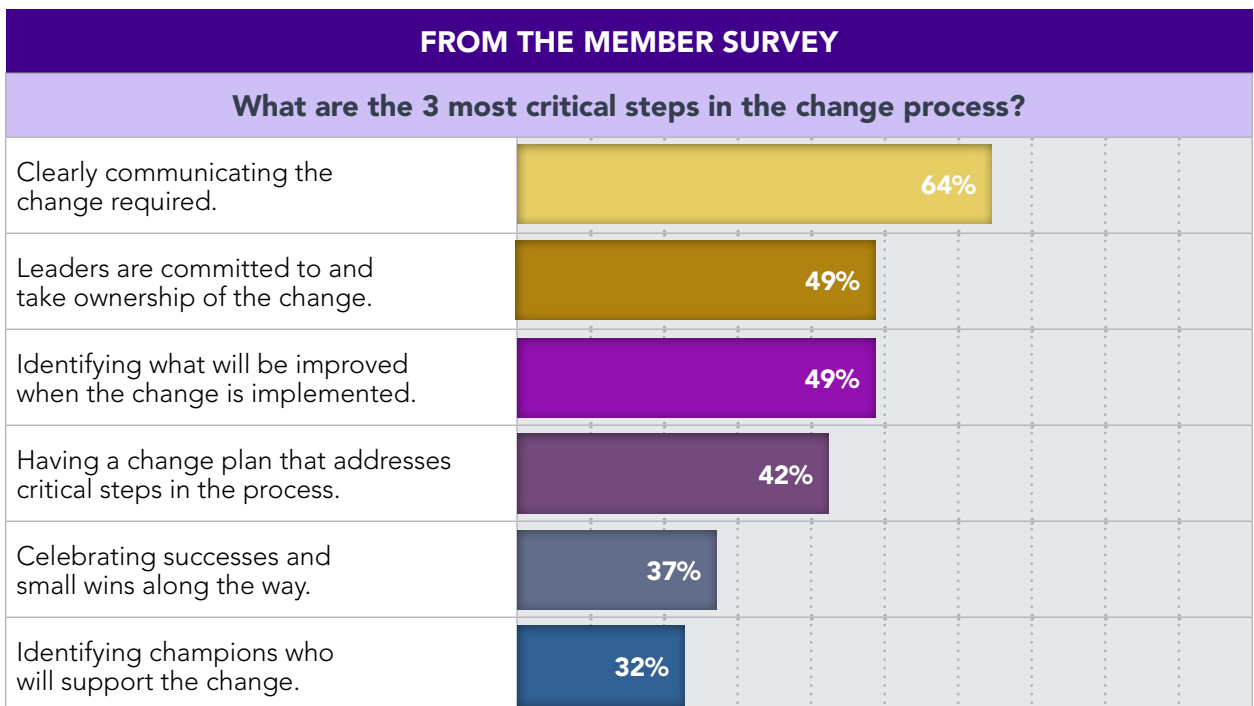
Hand-in-hand with being an early or early majority adopter is being willing to take risks, and in taking risks, being willing to fail. Top-performing leaders evaluate both the likelihood of success and the risk of failure, but they place greater emphasis on success and reward than they do on failure and loss.⁴ These leaders understand that failure is where learning happens. As John Maxwell says in his book, *Failing Forward: Turning Mistakes into Stepping Stones*, “Recognize that you will spend much of your life making mistakes. If you can take action, and keep making mistakes, you gain experience. If you’re not failing, you’re probably not really moving forward.”

Darrel Christian, Regional Executive Vice President with AXA Advisors, has worked successfully with his leadership team for years, in part because they are willing to risk failure. “We’re not afraid to try. The work we do is not brain surgery. People are not going to die because of something we do wrong,” he says. “It is better if we find a way to do it by sometimes stumbling. It shows people it is better to move forward and develop as you go through something than to sit and wait until it is perfect —because it never will be, and you’ll be left behind.”

Are You Committed to the Change?

Forty-nine percent of the leaders in our research identified the leader’s commitment as one of the three most critical steps in the change process. And 15 percent said lack of commitment by the leader was the most critical factor that contributed to an unsuccessful change initiative.

As the leader, you set the example for how people react to a change. Successful change leaders step up to the challenge and take personal responsibility for delivering results.



⁴ *Building a High-Performance Business*. The Finseca Foundation. (2018).

In 2017, Darrell Christian was charged with changing the firm operating system because his span of control had expanded so much. His team fast-tracked this significant change, packing a six-month implementation process into two days. "Looking back, we realize we were a little ambitious," he says. "However, we were committed to making a change and felt like if we're going to do it, we have to be committed. We have to be strong. We have to be very focused on how that change is going to be done."

Being open to change is easier when leaders see the benefits of the change. What happens when you are asked to implement a change you don't agree with?

Travis Hart, President of Pacific Advisors, says acceptance is key, "I think, as leaders, it's our role to find out what is behind the change. There are some changes I've experienced, and I didn't totally agree with the rationale behind them. Sometimes, you're dealt a card that you can't do much with, and you have to just help your people understand that this the world we live in."

Shawn Smith, Agency Manager with Farm Bureau Financial Services, says it's important for leaders to be positive when introducing changes even when they may not completely agree. "I think you have to be careful if you have your own feelings about it. You just have to take time to understand what the positives are," Shawn says. "You have to get on board with the change and recognize that this is what's happening, and it's going to be a waste of your time to fight it." He adds, "You have to trust that leaders have thought it through."

Shawn believes the leader is the catalyst for the entire organization to embrace change. "If everyone can see that you're on board and you see the good in it, it's much easier for your team to adopt it and much easier for them to buy into what's going on."



John Kotter's 8-Step Change Model

1. Create a sense of urgency.
2. Build a guiding coalition.
3. Form a strategic vision and initiatives.
4. Enlist a volunteer army.
5. Enable action by removing barriers.
6. Generate short-term wins.
7. Sustain acceleration.
8. Institute change.

Are You Successfully Navigating Your Own Change?

Remember that at the same time you are leading others through change, you are very likely experiencing the same feelings of uncertainty and loss as your team. To support others through change, you must also support yourself. That means understanding how the change affects you and understanding where you are in the change cycle.

Athan Vorilas, CEO and President of Lighthouse Financial Network, LLC, had a tough time accepting a major change in the firm he worked with at the beginning of his career. In the early 1990s, as a new manager with Prudential Preferred, the leadership team at his firm sought out best practices and identified key practices they wanted to change. For example, they realized that the firm needed to move from a transactional-based selling model to a values-based model using a referral-only approach.

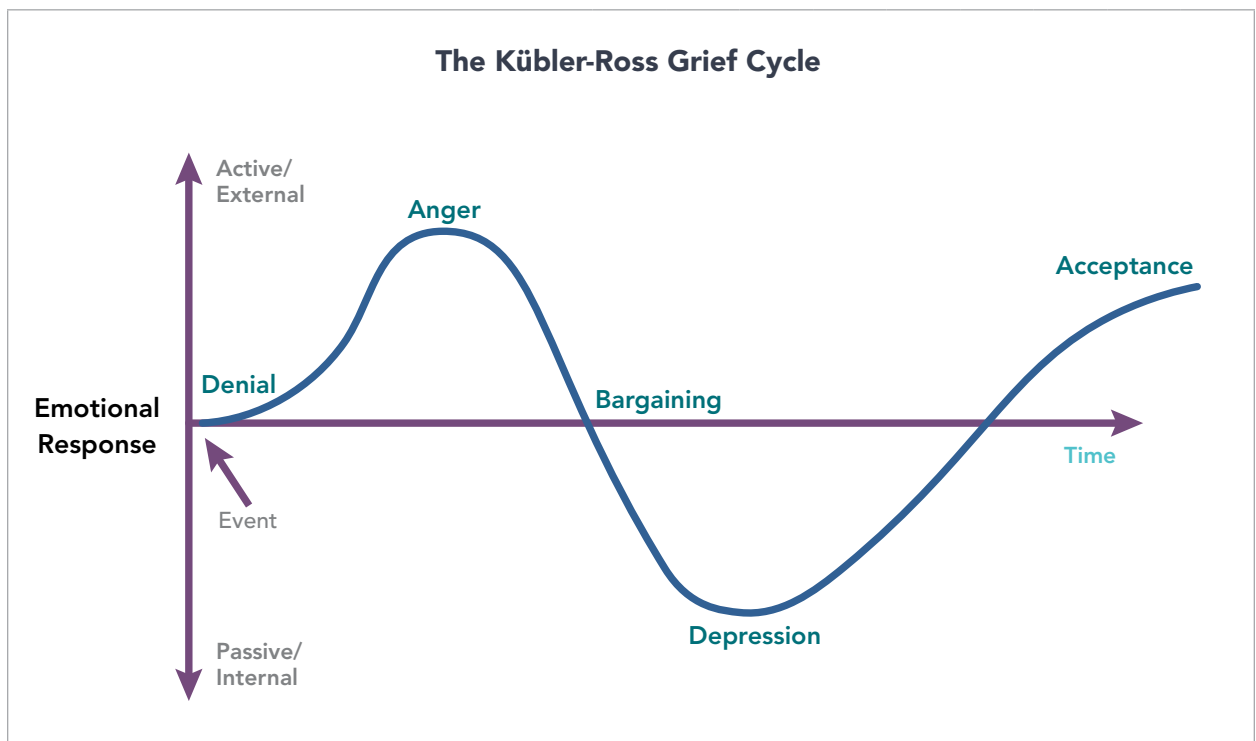
This was Athan's first introduction to the best practices available to him through industry and professional organizations. He had built his own successful practice/team using a cold calling, basic needs analysis approach and other traditional methods, and was very resistant at first. "Suddenly, I was being told that everything I was doing was wrong. I didn't want to hear it. I was very angry."

The company hired clinical psychologists to help managers and advisors adjust to the change. They taught the team about the Kübler-Ross model, popularly known as the "five stages of grief." The model, originally designed to show the progression of emotions experienced by terminally ill patients, includes five stages: denial, anger, bargaining, depression and acceptance.

"I was in the first step of the Kübler-Ross grief cycle — denial," Athan recalls. Morrie Shechtman, now a change-management consultant, was a psychotherapist working with Athan's group. "He was in our faces, talking about how to deal with change and I just wasn't buying it. A few weeks into the change, I was in the office of my managing partner, Esther Bourne, complaining and moaning. She looked straight at me and said, 'You know it is the right thing to do, so why are you fighting it?'"

Athan sat back for a moment and then had an "A-Ha!" moment. He subconsciously always knew that the change was the right thing to do for his team, his clients and his business, and he made his decision. He jumped in with both feet — fully on board with best practices — and worked through the grief cycle, finally reaching acceptance. "After that, I completely transformed my team and my own practice using these best practices — spending time with clients and understanding their values and goals and not trying to sell them something."

That was a turning point for Athan. Since then he's experienced many changes, including moving into what he considers the third phase of his career, behavioral-based selling. And he's never forgotten the lessons he learned from that early experience. "Now the way I deal with change is understanding where people are in the Kübler-Ross model grief cycle because they can't move forward, and you can't move them forward, until you get them to the acceptance phase."



Do You Have a Change Mind-Set?

It seems as though we are constantly talking about the rapid pace of change and the inevitability of change. But do you actually behave as though this is true? Do you seek out new ideas and stay abreast of trends within and outside the industry? Are you constantly looking for ways to improve? Or do you believe that change is something that happens to you and treat each change as a separate experience that you just have to get through? Seeing each change as a one-time event may limit your growth.

Top-performing leaders understand that change is constant and that their role is to create an environment where continually adapting to change is part of the culture. Having a positive mind-set about change was among the top three items leaders identified as important for preparing themselves to successfully lead change in their organizations.

Ed Deutchlander, CEO of North Star Resource Group, believes change is not a one-time event; he agrees with a 2017 article in Harvard Business Review that says all management is change management. The author of that article, Robert Schaeffer, specializes in large-scale change. He says, "Change never occurs as some sort of happening; it is part of everyday life." Leaders should view change not as an occasional disruptor but as the very essence of the management job.⁵

Ed feels the most successful firms abide by this belief and never settle for the status quo. They don't treat a specific change as a special circumstance and then "set it and forget it." Instead, he says, "The best organizations set it, they watch it, they modify it and they improve it. And then they do it all again."

Evolve is the word Ed prefers because the suggestion of change can scare people. He refers to constant improvement as evolution management. "Every day there has to be change in your organization. Your values, your purpose and your mission are clear. But given the speed of change we are experiencing today, leaders are going to have to change constantly. Everything you're doing has to be put through this process, this filter."*

⁵ Schaffer, Robert H. "All Management Is Change Management." Harvard Business Review. (October 26, 2017). <https://hbr.org/2017/10/all-management-is-change-management>.

* DOFU 2599087/06-19



On Grief and Grieving

This seminal book on grieving by Elisabeth Kübler-Ross and David Kessler provides a framework for understanding and coping with grief and loss. With change, there is also grief and loss. Understanding this model will help you to personally navigate change and to lead others through change.

1. **Denial** is nature's way of helping us to pace our feelings of grief. It helps us to survive loss.
2. **Anger** gives us temporary structure. Something or someone to be angry at is better than feeling lost.
3. **Bargaining** is like a temporary truce — a way to try to hold onto the way things were.
4. **Depression** is when we finally move into the present, understanding that we can't bargain our way out of loss.
5. **Acceptance** does not mean we are OK with a loss. It is when we accept the reality of the loss and begin the process of adjusting to the new reality.

In 2019, David Kessler is publishing a new book on grief titled, *Finding Meaning: The Sixth Stage of Grief*.

Adapted from <https://grief.com/the-five-stages-of-grief/>



Checklist: Understanding Your Personal Attitude Toward Change

Assess your personal attitude toward change by:

Determining where you fall on the innovation life cycle.

Exploring your beliefs and feelings about risk and failure.

If you are in the midst of a change, reflect on how personally committed you are to the change.

If you are in the midst of a change, identifying where you are in the grief cycle.

Examining your change mind-set.

Questions to Consider

1. How does your personal attitude toward change affect the way you lead?

2. How might your personal attitude toward change be affecting your organization's culture and your team's attitude toward change?

2

Understanding the Human Dynamics of Change

64%

Leaders who say clearly communicating the change required is the most critical step in the change process.

“ It is normal for human beings to want to do the things we’ve always done that we’re comfortable doing. Almost always, change means we’re going to have to get comfortable being a little bit uncomfortable. That means there is always going to be some resistance, even when it is the best of ideas. ”

— Eric McDermott, Pacific Advisors

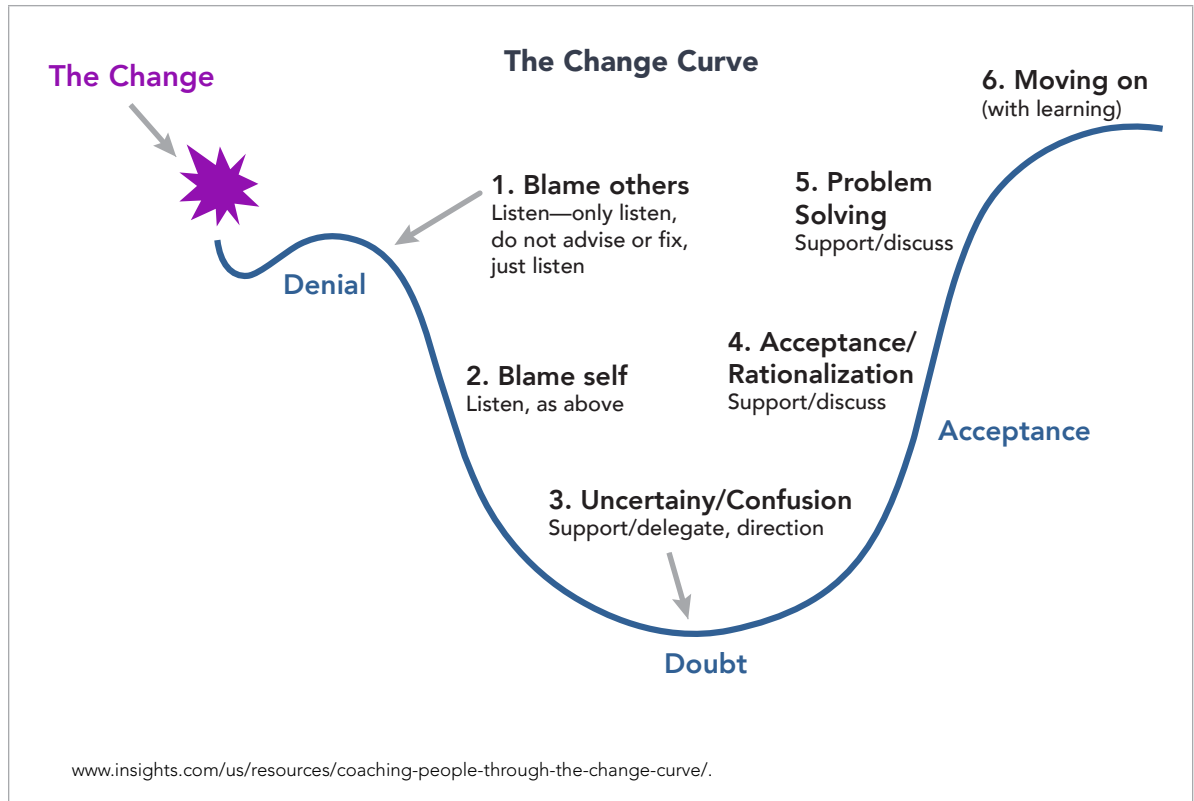
Top-performing leaders understand that change doesn’t happen by simply establishing new systems and processes. Change happens when the people within the organization accept and commit to the change.

Understand How People Move Through Change

Several leaders in our survey indicated they use the Kübler–Ross model to help their teams navigate through change. Originally developed to explain the five stages of grief, it has been adapted over the years to understand people’s response to change from a business perspective. Some leaders in our study identified the Change Curve, an adaptation of the Kübler-Ross model, as the tool they use to lead change in their organizations.

Whether you use the Kübler-Ross model or the Change Curve, remember that moving through change is not a linear process. An incident could occur that moves someone from acceptance back to uncertainty and confusion or blaming others. If you understand why these behaviors occur, you can adapt your communication style to help them move forward. You can’t eliminate the curve altogether. But you can build a bridge to help them get to the other side more quickly.





Be Prepared to Deal with a Range of Emotions

As people move through the change process they will experience a range of emotions from anger to uncertainty and even grief. As a leader you need to support and guide them through this process.

Mark Zagurski, Director of Execution and Innovation for Mutual of Omaha, understands the importance of being patient as field leaders navigate change. “We need to have empathy and understand what people are going through. We’ve all been through it. I will sit there with you as long as I possibly can to help you understand and to answer your questions.

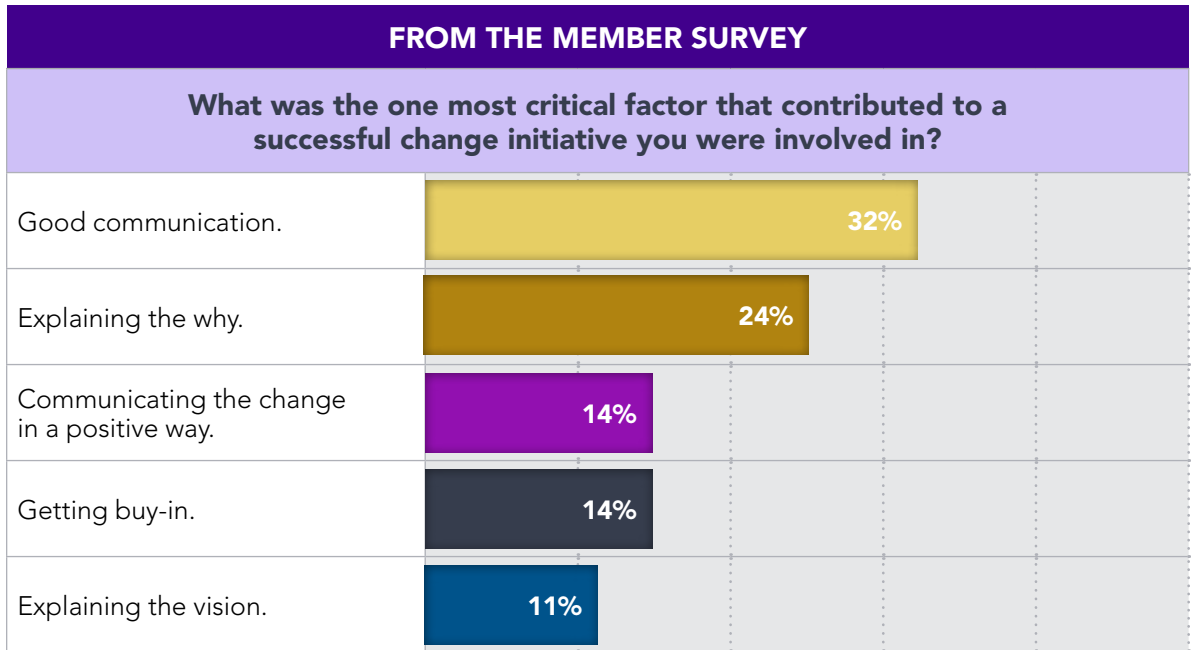
“Ultimately, if you are aligned with our vision and you see where we’re going, you will begin to see how the change is also aligned with our vision. We’re here to provide you with all the support and resources you possibly need to get there.”

Shawn Smith, agrees. “I think you have to respect their points of view. You have to respect the things they’re sharing and say, ‘I understand that’s how you’re feeling. Why don’t you sleep on it for another week or two, and let’s talk again in a week?’ I think you can’t be too negative or too hard-handed, or they’ll not want to do it.

“I prefer that people share their concerns with me and what they don’t like about it so I can understand it. Then I can say that I either agree or don’t agree, and why. But if you don’t communicate well, then sometimes you don’t ever hear the real concerns. People just give you the head nod. They’ll agree with you to your face, but behind your back, they disagree with you. You don’t want that.”

Create a Communication Plan

When asked what factors contributed the most to successful change initiatives, field leaders almost unanimously chose good communication. Similarly, when asked to list factors that contributed to unsuccessful change initiatives, leaders listed lack of communication as the contributing factor.



Communication is so important in the change process, that many leaders develop formal communication plans as part of the change initiative. “We build communication strategies and plans even for small changes,” says Darrell Christian. “We drip an idea on certain groups of people two or three times before it ever comes to fruition as a real idea. We’re getting their input. We’re getting their advice. We’re getting their counsel. We don’t take that ‘field of dreams’ approach that if we just build it and feed it to them, they’re going to accept it.

“We engage people very early in the process, as often as possible, to get their ideas and their thoughts. I want them to express their concerns. By doing that, we have become better at understanding and avoiding major mistakes. We’ve gotten to be better listeners, and we also ask a lot more questions.”

Darrell adds that problems with a change implementation always result from a lack of communication. “When we have had situations that got everybody’s fur all ruffled up, it is almost always tied to a lack of effective communication or failure to implement a communication plan.”

Focus on Purpose, Expectations and Impact

Clearly communicating the purpose for the change and the impact the change will have on individuals and the team were among the top three actions leaders identified for effectively implementing change.

In the article, “The Four Building Blocks of Change,” the authors call this “fostering understanding and conviction” and identify it as one of the four factors required for people to make a change. Believing in the “why” behind a change and understanding what is expected of them is what inspires people to change their mind-set and behaviors.⁶ But this can sometimes be the most difficult part of the process.

“The biggest challenge is explaining the why behind the change,” says Ben Bjerck, Regional Vice President with Farm Bureau Financial Services. “Even if somebody’s against it, you have to hear them out. Tell them, ‘I understand where you’re coming from, but here’s why. As leaders, we need to explain the why as it affects the industry, the company, all the way down to their individual agencies.’”

Michael Kane, CEO of Empire Wealth Strategies, agrees that clearly and repeatedly communicating purpose, expectations and impact is critical. If any of the details are unclear, people are likely to form their own conclusions. That can be damaging to the culture.

“As the Chief Culture Officer, if you aren’t out there doing everything you can to communicate what’s happening, how you’re changing things, what you’re trying to accomplish, and why, then everybody will make their own assumptions. As a leader, I believe my role is to communicate, communicate, communicate.”

Michael’s firm recently took over an office on Long Island. He held a meeting so everyone could express their comments, questions and concerns. He expected the meeting to last 15 to 20 minutes. “We sat in there for an hour with people just asking questions. They appreciated being able to sit there and communicate. We told them, ‘Here’s what we’re trying to do. Here’s the vision of what we’re trying to reach. Here’s what we will tolerate. Here’s what we won’t tolerate.’ I think if you’re clear on all those things, there’s no room for interpretation.”



⁶ Basford, Tessa and Bill Schaninger. “The Four Building Blocks of Change,” *McKinsey Quarterly* (April 2016).



Checklist: Understanding the Human Dynamics of Change

Assess your skill in navigating the human dynamics of change by:

Reflecting on a recent change and identifying how you and others experienced the different stages of the change curve or grief cycle.

Examining how you react when someone expresses anger, fear or blame.

Reviewing how you have communicated change in the past.

Questions to Consider

1. How has your understanding of the human dynamics of change affected your ability to lead others through change? What areas do you want to strengthen?
2. When leading change, how effectively do you communicate the purpose for the change, your expectations of others during the change process and the impact the change will have on individuals and the business?

3

Understanding Your Role as a Change Agent

Top 3

Most important things leaders do to prepare for change:

1. Have a positive change mind-set.
2. Create a change plan.
3. Gain knowledge and skills in navigating change.

“As a leader, you have to paint a picture in their mind’s eye about what it looks like on the other side. You’ve got to set the vision for the future state.”

— John Lefferts, AXA Advisors

Your role as a change agent is really not much different from your role as a leader. You set and share a vision, ensure that processes and people are aligned with the vision and provide direction for achieving the vision.

Paint a Picture of the Future

Top-performing leaders create a compelling story for change to engage people in the process and to help them envision a different future. That’s what Ryan Harklau, Regional Vice President with Farm Bureau Financial Services, did when he implemented a new wealth-management department. “We wanted to paint that picture for our agents and let them know, ‘Here’s the opportunity. Here’s where we’re going. Here’s how we’re going to get there.’ At the same time, we wanted to give them ownership to make them feel like they’re a part of this thing, where they have some control over us getting to that end goal.”

As part of that change process, Ryan made sure to show how the change was aligned with the agency mission and vision. “If the change is not aligned with your mission and vision — the foundational values in your

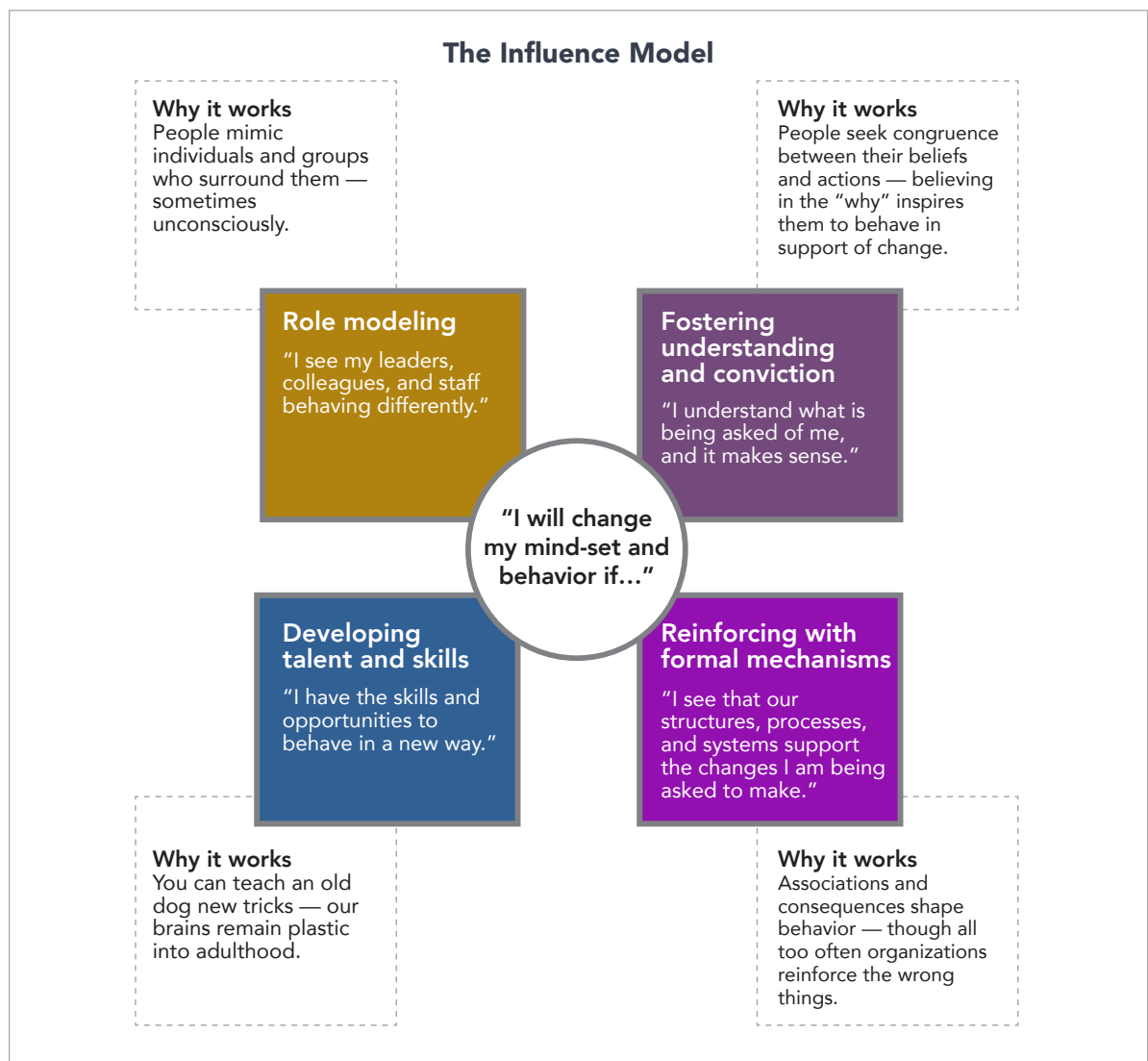


agency — you may implement it for a week or a month or six months, but it’s never going to stick. As a leader, you’ve got to find a way to make the change operate within your agency’s foundation — what you stand for, what the foundation of your agency is built on.”

Identify and Address Resistance to Change

Finseca Foundation research has shown that agencies and firms with cultures resistant to change are twice as likely to have lower retention and three times more likely to have lower loyalty than other agencies and firms.⁷ Understanding the change cycle and adjusting your communications to help people through the change process is an important part of eliminating resistance. You also must ensure that people have the skills and support they need to succeed.

The influence model, which identifies four actions for influencing change, is one model that addresses these factors.⁸ A McKinsey global survey found that leaders of successful change efforts were nearly eight times more likely to have used all four actions as opposed to just one.



⁷ *Building a High-Performance Business*. The Finseca Foundation. (2018).

⁸ Basford, Tessa and Bill Schaninger. “The Four Building Blocks of Change,” *McKinsey Quarterly* (April 2016).

Another strategy leaders use to mitigate resistance is to anticipate and prepare for objections and negative reactions. Aamir Chalisa, Managing Director with Futurity First, says leaders must be transparent about changes. This means being realistic about both the positive and potentially negative outcomes that could result once the change is implemented. “You can’t sugarcoat a change that’s coming. You just have to tell it as it is,” Aamir says. “Outcomes should be predicted, to the extent possible,” he adds. “I think changes fail when people don’t predict the outcome.”

Seek Multiple Perspectives

Leaders in our research all stressed the importance of including the team and other stakeholders throughout the process. Obtaining input from stakeholders who will be affected by a change can prevent problems later on. And team members who are involved in planning and execution are more likely to support the change, and less likely to push back and create disharmony.

Over the past two years, Wade Hampton, Senior Vice President and Managing Director with Transamerica Agency Network, moved from a recruiting model that was primarily an employee-agent model to an independent recruiting model where the recruits are self-employed.

Wade’s role was to lead the company’s leaders — the entire field force and internal home office team for the distribution company — through the change. “I was involved from ideation, to strategy, to tactical steps, to implementation,” he says. Because this change represented a huge cultural shift for most of the 90 Transamerica field offices, Wade got pushback from almost every field leader. So he involved them in planning how the change would be implemented.



McKinsey 7S Framework

- | | |
|------------------|--------------|
| 1. Shared values | 5. Structure |
| 2. Style | 6. Staff |
| 3. Skills | 7. Strategy |
| 4. Systems | |



“The field had input on the redesign of the compensation package to align with the different model,” Wade explains. “We had field leadership advisory councils and field leadership teams that influenced our decisions, including the timing, the compensation structure and how we would manage our firms through the transition.

“Because we kept the lines of communication open with the people who were actually driving the change, we were able to make some adjustments on the fly. At one point, we even accomplished a major restructure of the new compensation model for the new recruits. We were able to make those adjustments as we went. As a result, we wound up landing at a much better place, with much better results, than we would have if we had just tried to figure it out on our own.”

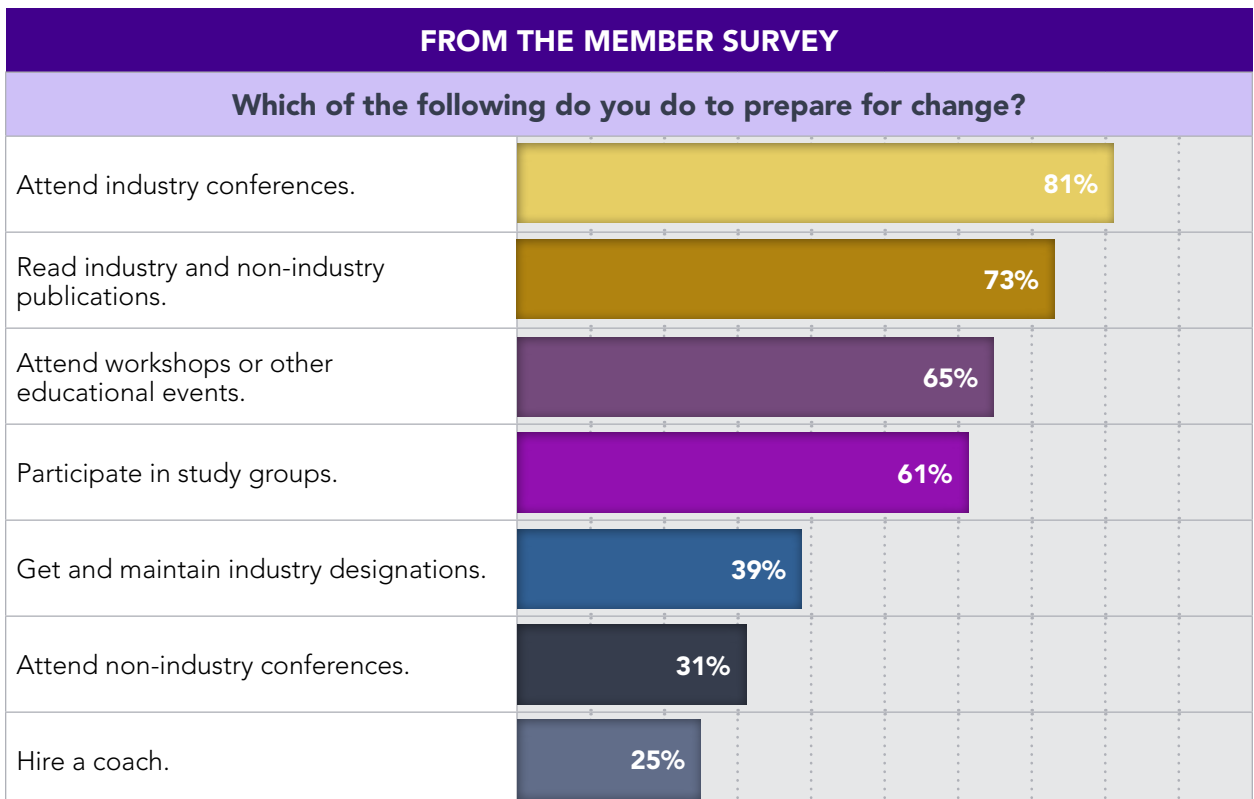


ADKAR Model

- 1. Awareness
- 2. Desire
- 3. Knowledge
- 4. Ability
- 5. Reinforcement

Be Prepared

Leaders who prepare themselves for change first will be more effective and confident when leading their teams through the change. Leaders in our research cited attending industry conferences, reading industry and non-industry publications and attending workshops or other educational events as the top three ways they prepare themselves for change. Participating in study groups also ranked high on the list.





Checklist: Understanding Your Role as a Change Agent

Improve your skill as a change agent by:

Reflecting on a recent change. Did you paint a clear and compelling picture of the future?

Examining how you deal with resistance to change.

Identifying changes you have anticipated before they happened as well as changes that surprised you.

Assessing how often you perform the activities that leaders use to prepare for change.

Evaluating how often you seek multiple perspectives when implementing change.

Questions to Consider

1. What trends or patterns do you see inside and outside the industry that may indicate future change?
2. What are some ways you can become stronger at anticipating change?
3. How can you use the McKinsey influence model to better navigate change?

4

Establishing a Plan

42%

Leaders who say an important step in change management is having a change plan that addresses critical steps in the change process.

The plan outlines what are you doing right now as an organization to make big decisions around why you exist, what your goals are, what your key metrics are for the organization, what you want to accomplish and the process you will use to determine where you are spending your precious time, energy and resources. //

— Ed Deuschlander, North Star Resource Group*

Thirty-five percent of the leaders in our research indicated they use a formal change model to develop their change plan. Models mentioned most often include: the McKinsey 7S Framework, John Kotter's 8-Step Change Model, the ADKAR model and the Entrepreneurial Operating System (EOS).

Whether or not they use a formal approach to change management, most leaders in the study develop a change plan. Important components of the change plan include:

Purpose	People	Process
<ul style="list-style-type: none">Reason for the change.Expected benefits.Scope.Financials/budget.	<ul style="list-style-type: none">The change management team.Stakeholders.Roles, responsibilities, expectations.Communications strategy.	<ul style="list-style-type: none">Change management process or approach.Supporting processes (e.g., training).Implementation plan and key milestones.

* DOFU 2599087/06-19

Build an Overall Execution Plan and Individual Plans

Ryan Harklau develops “initiative plans” on a quarterly basis to serve as road maps to implement changes. Each plan identifies three to six steps needed to implement a change, along with a timeline and key deadlines.

“We review these plans at least monthly with each individual agent or agency manager,” Ryan says. “We ask where they are on each step. It’s like a checkbook — a running total of where you stand.”

He says that, while overall team plans help guide the team from a wider perspective, the individual plans are critical in helping individuals understand why and how to execute the parts they are responsible for. “Their businesses are all different, so we need to have them build their own individual plans. They are all going to execute differently. We have to find a plan they feel they can own and execute, versus us dictating the plan we want them to execute.”

Position the Change as a Pilot

Travis Hart also creates a plan for every change initiative. The plan first explains the thinking behind the strategy and the intention for implementing it. “We stress that, as we roll out the plan, we might learn things that will cause us to modify it as we go along.”

Travis has found it helpful to present change rollouts as pilots. “People tend to respond positively when they hear that there is a pilot, and they have the opportunity to share their opinions, ideas or thinking around what we’re doing as we are shaping it,” Travis explains. “It helps build a community that’s willing to embrace it when they feel like they’ve had an opportunity to be a part of the design and structure.”



The Entrepreneurial Operation System

1. Vision
2. Data
3. Process
4. People
5. Issues
6. Traction





Checklist: Establishing a Plan

Increase your strength in establishing a plan by:

Reviewing different change models to determine steps you may have overlooked in your planning.

Developing the overall execution plan and individual plans so people understand their roles in the change process.

Facilitating discussions on past change initiatives to identify areas for improving future plans.

Questions to Consider

1. How do you currently introduce change initiatives? What can you do to position them as pilots in order to decrease fear and increase buy-in?
2. Do your change plans include a focus on purpose, people and process? What can you do to strengthen your change plan in each of these areas?

Conclusion

“ Change starts with you as the leader. You have to own it yourself. You have to believe it in your soul and have complete conviction that it’s the right thing to do. ”

— John Lefferts, AXA Advisors

Top-performing leaders understand their role as change agents in anticipating and navigating change for themselves and for others. They know that sometimes they need to be “igniters” of change in order for their businesses to grow and thrive.

Like any worthwhile endeavor, leading change is part mind-set, part planning and part teamwork. We hope this book will help you fortify yourself and your organization with the skills and tools you need to remain relevant and competitive in this constantly changing environment.

As you plan your change initiatives, remember that leading change starts with you and your ability to execute the three Cs of change.⁹



⁹ Bendix, Shannon Muhly, Campbell, Michael, Criswell, Corey, and Roland Smith. “Change-Capable Leadership: The Real Power Propelling Successful Change” Center for Creative Leadership. (2017).



COMING SOON!

The next eBook in the Leading Change series, *Leading Change: Leading Others*.

Learn strategies to:

- Equip and inspire your team to adopt change.
- Overcome resistance to change.
- Assess your team's readiness for change.
- Keep your team focused on key priorities in an environment where change is constant.

Acknowledgments

The Finseca Foundation thanks the following individuals for contributing to this research:

Ben Bjerk

Regional Vice President
Farm Bureau Financial Services
Phoenix, Arizona

Aamir Chalisa

Managing Director
Futurity First
Greater Chicago Area

Darrell G. Christian, CFP® CLU®

Regional Executive Vice President
AXA Advisors
Dallas, Texas

Ed Deutschlander, CLU® CLF®

CEO
North Star Resource Group
Minneapolis, Minnesota

Wade Hampton

Senior Vice President and Managing Director
Transamerica Agency Network
Baltimore, Maryland

Ryan Harklau, CFP® ChFC®

Regional Vice President
Farm Bureau Financial Services
Des Moines, Iowa

Michael Kane

CEO, Empire Wealth Strategies
Managing Partner,
The Penn Mutual Life Insurance Company
New York City

Travis Hart, CLU® LUTCF

President
Pacific Advisors
The Guardian Life Insurance Company
of America
Claremont, California

Eric McDermott, CFP® ChFC® CLU®

Managing Partner
Pacific Advisors
The Guardian Life Insurance Company
of America
Claremont, California

John M. Lefferts, CFP® CLU® ChFC®

Senior Executive Vice President
AXA Advisors
San Diego, California

Peyton Porciau

Associate Director
Transamerica Agency Network
New Iberia, Louisiana

Shawn Smith

Agency Manager
Farm Bureau Financial Services
Logan, Utah

Athan Vorilas, CLU® CMFC® CLTC®

CEO and President
Lighthouse Financial Network, LLC
Melville, New York

Mark Zagurski, CLU® CMFC® CRPC® ChFC®

Director, Execution and Innovation
Mutual of Omaha
Omaha, Nebraska