Change and Transformation

Why is it different today?
Who Am I?

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Love understanding the connection between technology and business problems
As business and technology standards continue to shift, how do we keep pace with the current rate of change? During these times of transformation, we must address and consider the elements that contribute or hinder a successful journey as an organization. Each individuals and/or teams' opinions, emotions and biases along with corporate culture have to find alignment with new and emerging technologies, implementation strategies, project economics, corporate strategies and change management in order to find the value for your organizations. How can we navigate these elements to be effective?
My Understanding of PIDX

Mission
• PIDX International aims to bring the entire global petroleum industry together to develop, advance, and optimize global electronic commerce standards. We are the forum industry experts use to educate and optimize operations for the electronic marketplace.

Guiding Principles
• Focus on business-oriented objectives
• Enlist the most qualified people to lead and participate in our organization
• Act as an inclusive global standards forum
• Broadly and frequently communicate with our industry
• Leverage the work of others where possible
• Recruit and maintain a diverse membership
• Make standards available on an open and royalty free basis
What these words mean to me?

Change with Purpose

Change Definition: make or become different

Purpose Definition: the reason for which something is done or created or for which something exists

We changed from X to Y because of Z

Who? | What | How? | Why?
Change Management: is a collective term for all approaches to prepare, support, and help individuals, teams, and organizations in making organizational change. 

• It can mean a lot of things to a lot of people
  • SOX Controls - “Show me you followed a process”
  • IT Service Management (ITSM) - “Show me that you updated this system and have a test plan with verification and approvals that it works”
  • Project Management/Change Control - “We are going to swap from Program X to Program Y. Let’s make sure all of our processes still work?”
  • “We need to optimize our weekly reporting process so that it doesn’t take two weeks to build”

1 https://en.wikipedia.org/wiki/Change_management
Technology Change

• Who’s been involved in a technology focused change project?
• Did it fail? And Why?

McKinsey notes the building blocks necessary for digital maturity
• Note that Culture drives maturity

They also note that of respondents, only 10% state that culture is not a problem


Why?

• Understanding why the change is occurring also varies based on people, emotions and bias

How?

• Understanding how to change is harder to understand and capture. The past, the present and the future all matter to people.

What?

• Describing what you are changing is also easy. Could be new software, business process, team structure, etc..

Who?

• Identifying who is involved in a change is easy. Usually a team or department.
Focus on People First?

- Change Management is comprised of 2 components
  1. Change, which is situational (external). Moving offices, new reporting structure, ending a relationship
  2. Transition which is psychological (internal)

Figure 1

We focus here

We skip this
We changed from X to Y because of Z

• Why do we decide to make a change?
  • It could be because a software tool is being updated
    • MS Skype to MS Teams
    • RSA to Multifactor
    • Version 1.0 to Version 2.0
  • It could be because it’s a regulatory requirement
    • IFRS
    • SOX
    • Environmental, Sustainability, Governance
  • It could be because standards got updated
    • ....PIDX
  • Introduction or Optimization of a process
  • It could be because an Executive said you’re going to do it
  • It could be that you don’t know why?
Accounting and Financial Reporting
Points of Agreement

• **Why** are we changing?
  ✓ • Do we agree that we are losing support of our existing software application?
  ✓ • Do we agree that we need something new?

• **What** is changing?
  ✓ • Do we agree on the tool we have chosen?
  ✓ • Do we agree that it won’t work the same?
  ✓ • Do we agree that you will have to learn a new tool?

• **Who** does this affect?
  ✓ • Do we agree that this only affects the financial reporting team?
How are we going to change?

• You have to understand the current state. This includes technical state, process state and emotional state.

Identify the people you are affecting

- Change Agents
- Lagards
- Sheep
- The One everyone trusts

Have a conversation about the process

• That Works? Why?
• So you've never thought this takes too long?
• Find areas of agreement before disagreement
  • So we agree something could improve here?
  • We agree that this process could be faster? More reliable? Etc..
• During our current state we identified a few things
  • While they had this fancy cube, they still used excel like an excel file
  • Their calculations, aggregations were $=\text{Sum}(A1:E1) + 100,000$
  • A1:E1 represented Balance sheet item driven from the Income statement and it wasn’t represented anywhere but the excel file
  • They were all doing data management and had the one tool they knew

• **We changed** our focus from replacing a cube, **to** teaching them how to manage and govern their data **because** they wanted to optimize
Then we started over……

- Why are we changing?
  - We want standards around aggregations
  - We want to stop copying and pasting
  - We want to know where we have made adjustments

- What is changing?
  - How we manage the data and accounts between Income Statement, Balance Sheet and Cash Flow

- Who does this affect?
  - Still the financial reporting team?

This was the TRANSFORMATION
What changed? Who Transformed?
Change isn’t going to happen, It’s Happening

How did we change and transform along the way?

https://medium.com/@bankai_ux/history-of-ux-timeline-infographic-4a2035b5014a
What’s changing today?
Jonathan Friedland, Netflix’s communications director, told Wired in November, “We know what people watch on Netflix and we’re able with a high degree of confidence to understand how big a likely audience is for a given show based on people’s viewing habits.”

Based on that information, the execs at Netflix plunked down $100 million for two seasons.

- They knew that their customers liked Kevin Spacey.
- They knew they really liked David Fincher.
- They knew there was interest in the British version House of Cards. (Note: Fincher only directed the first two episodes, setting the tone.)
- They knew that people who liked Fincher also liked Spacey.
- They knew that if they liked both, they typically liked shows like House of Cards (in statistics, this is called a strong correlation).
2008 Professor at Cambridge University created a psychometric model to measure 5 personality traits

Created MyPersonality App on Facebook as a questionnaire

Received 10’s Millions of responses

Correlated Personality traits to your likes (images, news feeds, etc.)

In 2012 no longer needed the questionnaire to reveal personality traits

With 68 Facebook Likes they could predict your:

- Skin Color (95% accurate)
- Sexual Orientation (88% accurate)
- Political Affiliation (85%)
- Religious leaning, Intelligence, drug use, etc.....

Targeted marketing based on your personality traits, socio economic factors, political leanings, demographics, etc. to change voting outcomes a.k.a The Trump Effect
Should we fear change?

At companies with enterprise-wide workforce-planning and talent-development practices, success is more likely.

Success rate of digital transformations, by adoption of organization-wide workforce and talent practices, % of respondents

- Practice adopted
- Not adopted

Offers leadership-development programs focused on leading cross-functional teams
Offers programs to develop skills for coaching others in new ways of working
Identifies skills required to deliver digital products and services in organization’s portfolio
Sets hiring goals based on specific skill needs
Quantifies gap between current and needed skills to deliver digital products and services in portfolio
Defines which skill-building programs are necessary to run (including number of employees to include in each)
Offers multi-session learning programs to develop employees’ knowledge and train on new behaviors and mind-sets
Offers individual learning modules to develop specific skills

- Will this replace me?.......Only if you let it.
- In an HBR article titled “Digital Transformation Is Not About Technology”, they talk about leaders recognizing the fear of replacement
- Embrace the transformation opportunity and develop digital capabilities

https://hbr.org/2019/03/digital-transformation-is-not-about-technology
What can change?

The relationship between technology, technologists and business experts

- Change and Transformation
- Transformational Ideas
- Just some cool stuff
- Status Quo
Organizational Change – Can we rethink how to put people together

Multi-Disciplinary Collaboration includes Experts & Technologists
We change from X to Y because of Z

• Think differently

• Be aware of what you are letting go

• Embrace the transformation and the future opportunity

• Find partners and peers to collaborate and advance