

Topic 1: Digital Immersion

8 february 2022 - 1 march 2022

Welcome to the digital transformation for internationalization course!

This first topic aims to give you a sneakpeak of the topics that will be covered throughout the programme so we can all start on the same page and thus start or continue building your digital transformation path.

Contents: change management

The **objective** of this document is to present the main concepts and aspects of digital transformation that will shape the other topics proposed in this programme, so that it will be possible to adopt digital transformation from a strategic thinking and apply it to all areas of the business.

¡Get ready! It's time to start learning together

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Market Context

The pace of change is now proving so rapid that the current way of doing business may well have come to an end. The scale of change and disruption in the economy, and across industry, is driving leaders to make dramatic internal changes to keep pace. However, the human nature and design of most organisations resist change and shorten their trajectories, making the pace and scale of change in most organisations insufficient.

When change does not occur fast enough or deeply enough, organisations are not the only ones to suffer. Globally, pandemics, climate change and other hazards threaten future generations. Slow and sufficient organisational change is no longer enough. Small incremental changes cannot drive strategic shifts that keep pace with external changes. The challenges facing businesses, governments and society require agility, adaptation and speed.

"The long-term trend of change has reached a point where the era of classical commerce and government may be over or may soon come to an end." Kotler

Amidst increasing disruption, greater complexity and high employee expectations, organisations cannot afford to fall into the same traps that typically get in the way of transformations, such as:

- Lack of alignment with business purpose or outcomes
- Inability to adapt to an evolving and increasingly complex landscape
- Lack of data-driven decision making
- Misalignment with human experiences and expectations

Comparing the 1970s and 1980s with today, it is possible to observe an increasing difficulty in making a change in companies. One of the factors is a consequence of the increasing business complexity, seen in the last lesson on value chain, and the extremely changeable market.

Change

What is Change Management?

Brief history of change management (PROSCI)

Four distinct eras mark the evolution and growth of the discipline of change management:

- **Pre-1990s** : Foundations.
 - Scholars begin to understand how humans and human systems experience change
- **1990s**: On the Radar
 - Change management enters the business world
- **2000s**: Formalization
 - Additional structure and rigor codify change management as a discipline
- **Further ahead**: Individual professional development and growth in organisational maturity emerge

Change management is a discipline that guides how we prepare, equip and support people and the enterprise to successfully make change in order to drive the organisation's desired outcomes and achievements.

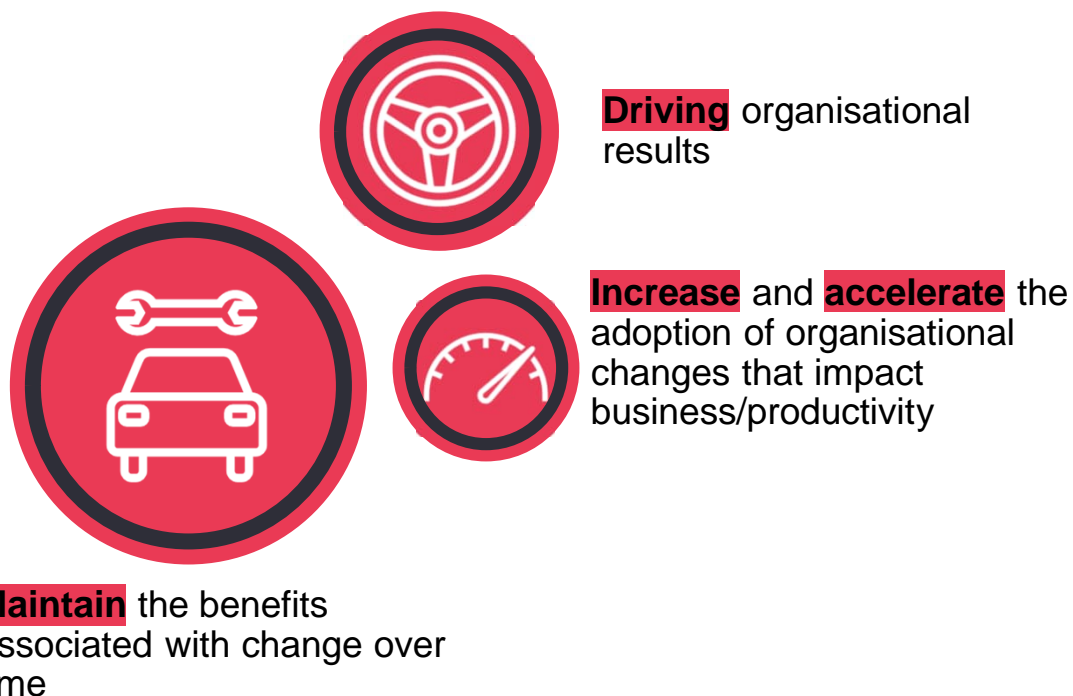
Change management addresses individual needs - how the individual lives and executes change as an experience - and organizational needs - how the enterprise lives and executes change on a large scale, with all its stakeholders.

The stakeholders include not only the company's employees, but also suppliers and even competitors, who, with the innovation of the ways of doing business, not only compete with the company, but also cooperate with it.

Change Management is a broad and complex discipline that addresses different pillars such as stakeholder mapping, risk mapping, engagement strategy and training.

However, **taking into consideration the Digital Transformation for Internationalisation Programme**, we will focus on some aspects of change that will better serve female entrepreneurs.

The main objectives of the practice are:



To achieve these goals it is necessary to always keep in mind that change is a continuous process, it is a movement that has no end.

Therefore, it is important to take some points into consideration. Change and people experience management is only effective if we ensure the **right conditions** and **structures**, as well as adequate **support and guidance**, throughout the change journey.

It is necessary to have a plan according to the company's reality, with an achievable objective, monitoring metrics, knowledge and an engaged leader, who also influences his or her subordinates.

Without this, the change process becomes more difficult, costly and time-consuming.

Regarding Change Management strategies, we have ADKAR. It was created in 2003 by the US-American Jeff Hiatt, founder of PROSCI, which offers a global change management certification.

ADKAR is an acronym formed by the five stages of change:

| ADKAR element | Definition | What you hear | Triggers to develop |
|----------------------|---|-------------------------|---|
| Awareness | Of the need to change | “ I understand why...” | Why? Why now? What if we don't change? |
| Desire | To participate and Support change | “I decided...” | WIIFM (What's in it for me?) Personal motivators Organisational motivators |
| Knowledge | About how to change | “I know how...” | In context (after A&D) What you need to know during What you need to know after |
| Ability | To implement necessary abilities and behaviours | “I am capable of...” | Size of K-A gaps Barriers/capacity Practice/coaching |
| Reinforcement | To sustain change | “I will continue to...” | Mechanisms Measures Sustainability |

According to Hiatt, these elements of ADKAR are sequential, and each of us takes a different amount of time to leave one stage and go to the next. In other words, there is no prescription of how long each one stays within each stage.

Rather than determining what lies ahead, the ADKAR model helps us think about what we can do to get out of a particular stage in search of change

How does change occur?

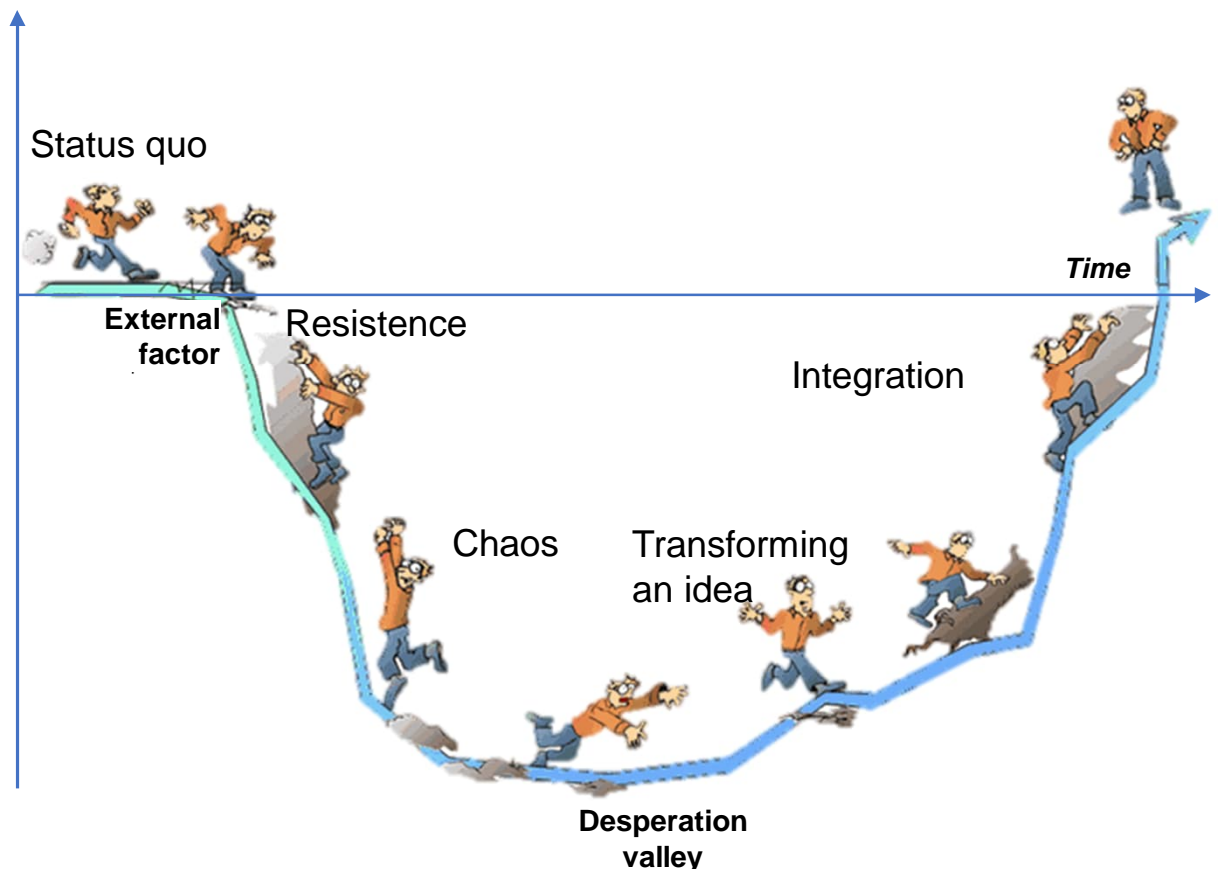
Change is always complicated and complex because it requires the breaking of a current habit, or way of working and thinking, and at the same time promotes a new, possibly unfamiliar set of actions.

The people involved in the change have to relearn how to do the activities. Even if in the future this change will be beneficial, it is still uncomfortable to leave the comfort zone.

Therefore, this process takes time - usually longer than we'd prefer. Something as simple as drinking an extra glass of water a day can take an average of two months to become a consistent and usual behaviour.

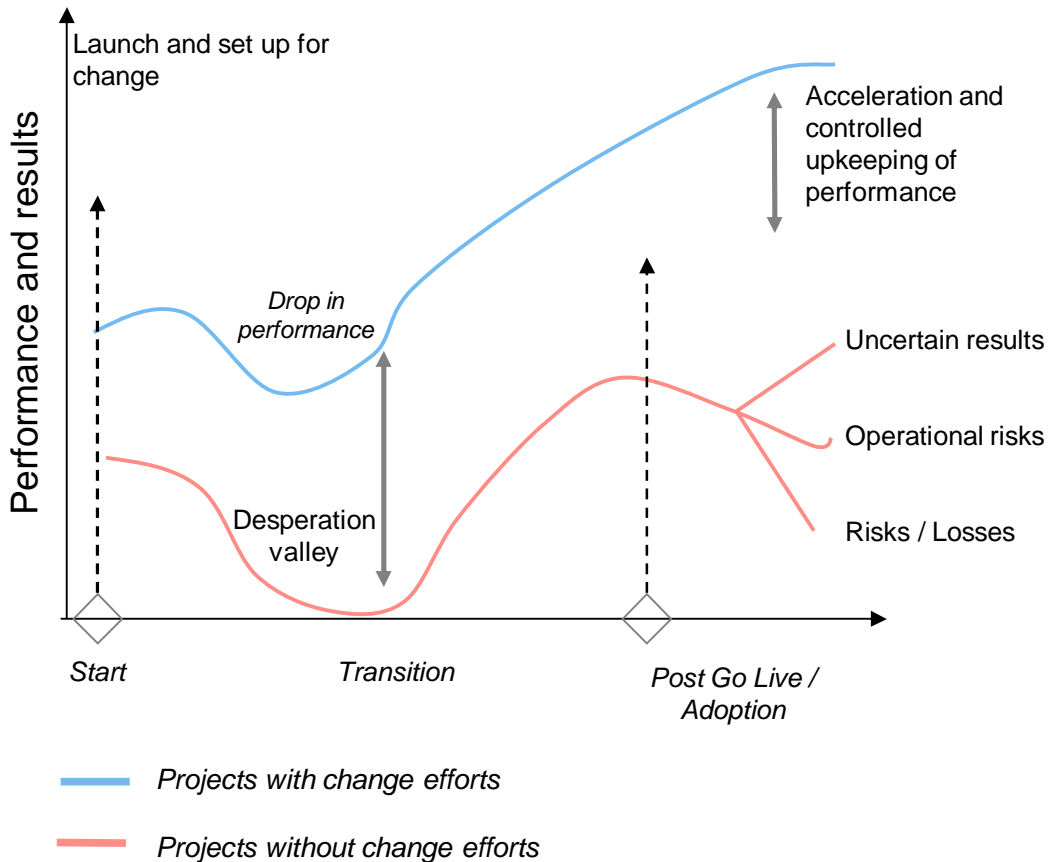
Change follows a curve, it is triggered by an external element, which pushes the protagonist to change, passing through different stages until reaching the "valley of despair", which is the place of greatest difficulty, and where many companies and people fail to progress and finalise the change. After the "valley of despair" the protagonist manages, from acceptance, to put the change into practice and integrate it into their daily life, as can be seen in the figure below.

Performance



Change management supports this process by helping the company to change more efficiently, as shown below:

Change phenomenon and its impact on people and business



Change is initiated in a more structured way (e.g. communication and beginning to convince those involved), and already shows greater results. Also the "valley of despair" is softer and shorter. After the acceptance of change and improvement in day to day activities, it is possible to observe that in a project with change management the results continue to rise after the go live, while in the other the results are uncertain, since there is no monitoring and support.

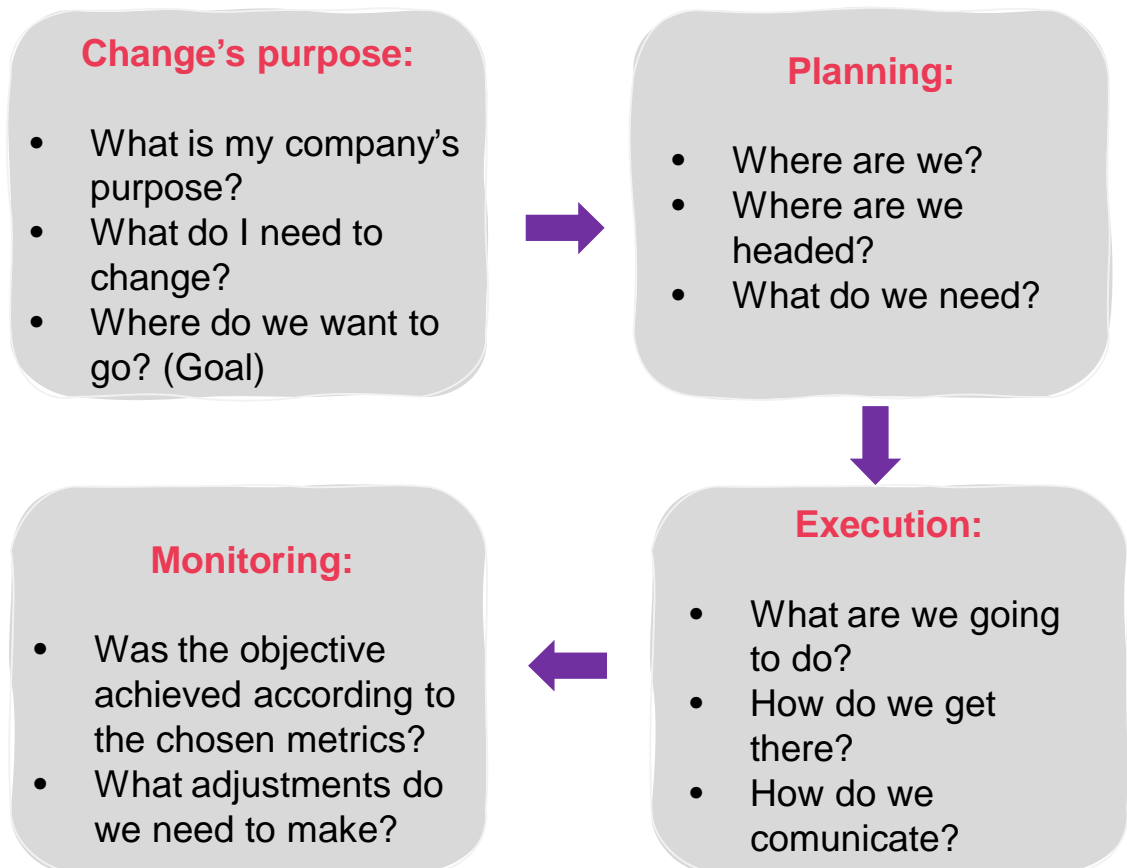
What is needed to change?

Increasingly, the approaches used for change must also help people and the organisation navigate complex and ongoing transformations.

We list here some important points to take into consideration when initiating change, whatever it may be.

- **Empathy** with the people impacted by the change is an essential aspect - people who feel supported and empowered show more motivation to change.
 - It is also necessary when making communications and designing the process. We should ask ourselves questions like "How will this person feel about this change?", "How will they understand this message?"
- **Creating together with people** is a must, after all, all stakeholders in the organisation are agents of change - it is necessary that leaders, employees, customers, suppliers are becoming more actively involved.
 - We have previously raised the need to include competitors as stakeholders, but here, in the creation of the change plan, it is necessary to include only internal stakeholders. This way, they also feel part of it and have their role recognised. This initiative also results in a more comprehensive change plan, as everyone is listened to.
- **The evolution of mindsets and behaviours** requires the application of human-centred design, and the strategic use of incentives to cut through the noise in communications and help a resilient workforce to learn, develop and transform.
 - As raised in the previous topics, people are the focal point of change. They are the ones who make change happen. If there is communication noise, those involved often end up confused, or receive misinformation, which results in a decrease in trustworthiness.

Our take on change



These are the four steps for change in practice, which we will address in this class.

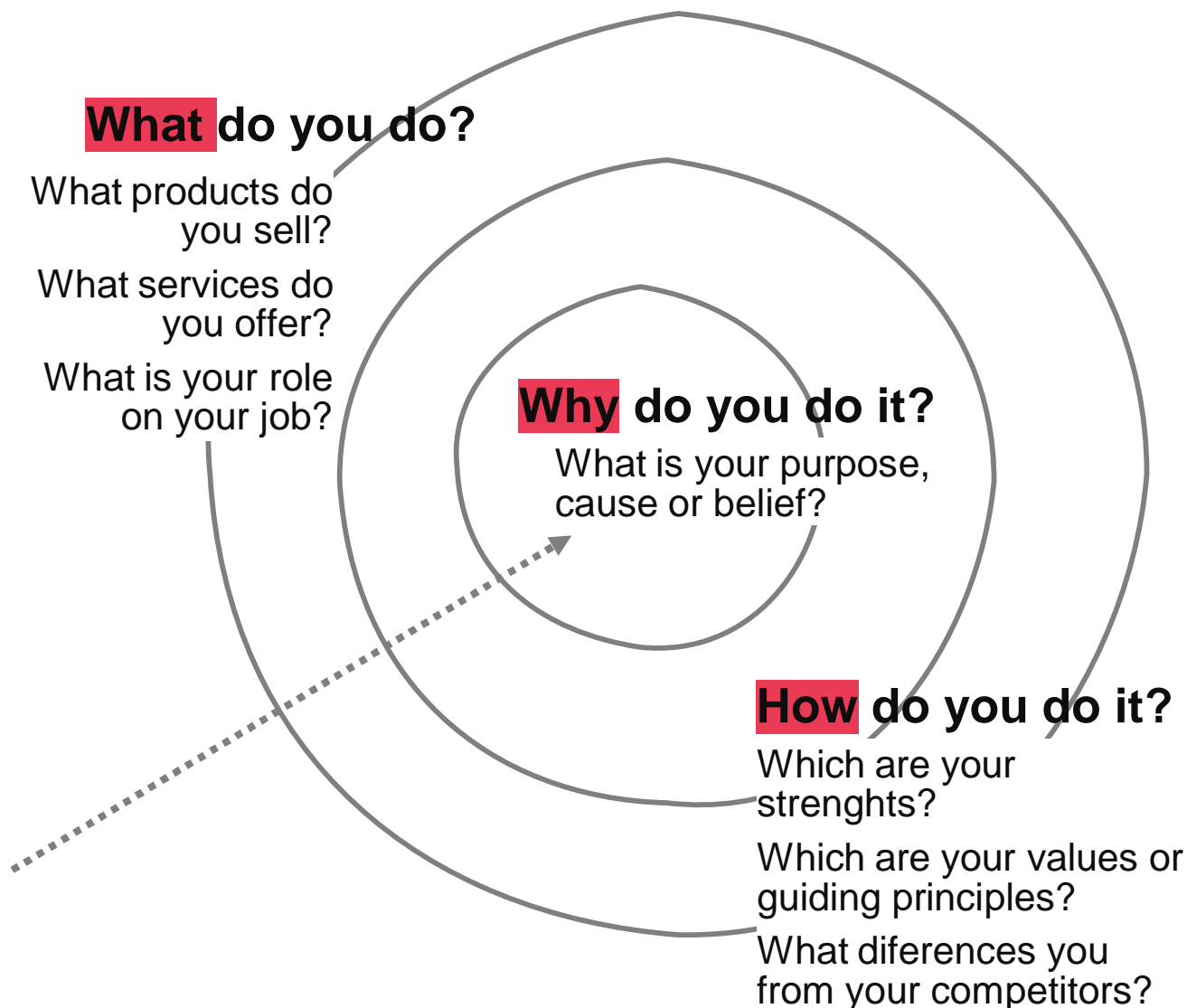
The purpose of change starts from understanding the company's purpose, so that from there we can understand where we want to go (set goals). Purpose is the basis for change and for the choices we will make.

Company Purpose

Golden Circle

Too often in our business, we focus too much on what we do, rather than why we do it. Our clients rely on us to help them solve problems - and it's our job to show them why they need help and why we are the best choice to help them achieve success.

In this short video on [TED Talks](#) where author Simon Sinek describes his simple but powerful concept of the "Golden Circle". He highlights that the goal is not to do business with everyone who needs what you have. Rather, the goal is to do business with people who believe in what you believe in.



Starting from outside the circle to the inside it is possible to organise in a simple way **what** you do, thinking about an end product, sales, services. The **how** comes soon after, from what you make them, what moves you. And then comes the most important, the **why**, why you make your end product the way it is made.

"People don't buy WHAT you do, but WHY you do it." Simon Sinek

After understanding the company's purpose it is possible to understand what needs to change. Managing the company with purpose makes it easier to know where we want to go and what we need to get there.

To find what needs to be changed for the change's purpose we will use a different approach. This is an approach created by EY, called EY Growth Navigator for more information please contact Caroline.abreu@br.ey.com.

As each company is unique and has its own particularities, we present the seven factors for assessing your company below. These pillars will help us think about each area separately to understand which are the most critical and what needs to be changed.

Below are the pillars and some examples that may be useful when analysing each:

- **People, behaviours and culture:** This factor covers capability; performance management; innovation; leadership and recognition.
- **Digital, technology and analytics:** This factor covers digital venture; analytics and information technology; security and privacy; and IT.
- **Operations:** This factor covers operations strategy; operational excellence and continuous improvement; and a flexible and sustainable supply chain.
- **Customer:** This covers products and services, markets and channels; marketing; sales and pricing; and the customer experience.
- **Capital and finance:** This factor covers growth of financial resources; people and organisation; financial process and control; data and technology; and stakeholder management.
- **Transactions and alliances:** this factor covers partnerships and alliances; transaction strategy and planning; and transaction effectiveness.
- **Risk:** This factor covers risk management; policies, procedures and compliance; and stakeholder management.

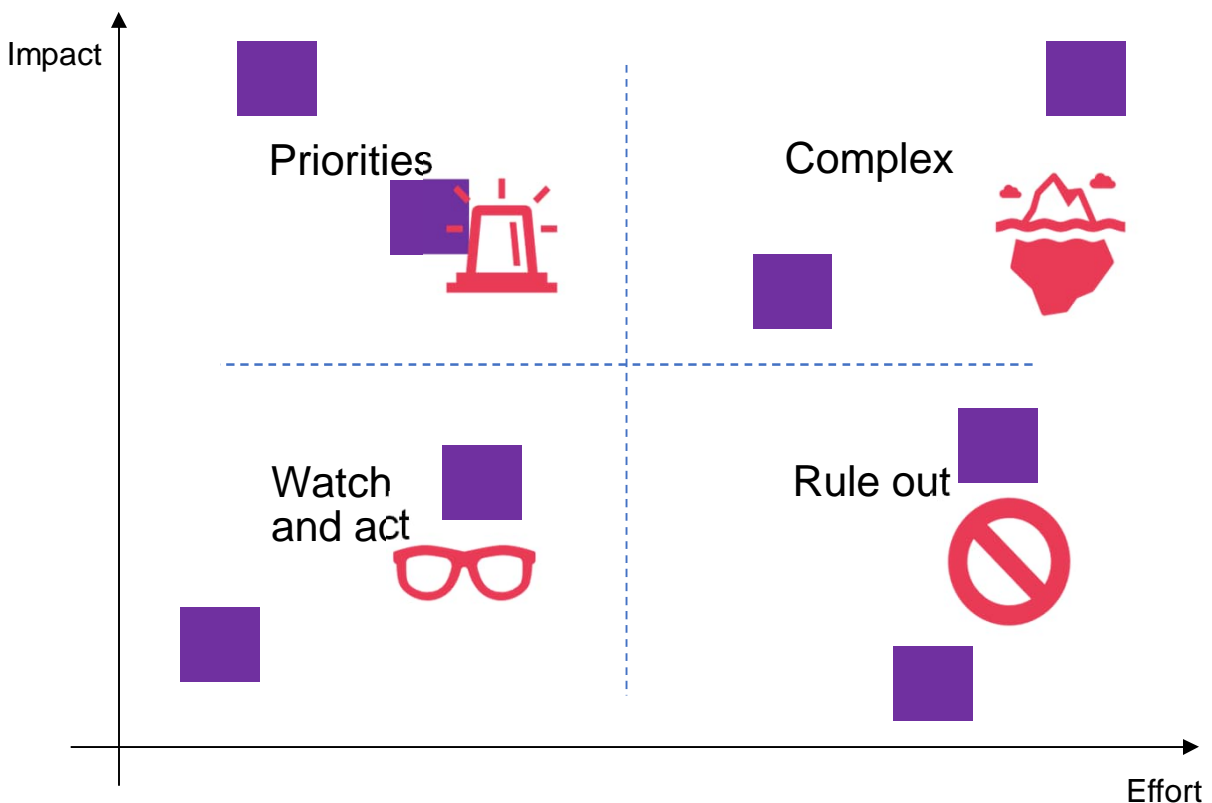
Planning

The second step for change to be effective is to plan how the actions for change should happen. Therefore, it is important that we have a baseline, a picture of the company today, and understand where we want to go. From this we can see what we need to get there.

- Where are we?
- Where are we going?
- What do we need?

By doing this analysis we facilitate the understanding of the actions to get to the desired point.

Furthermore, it is important to know how to prioritise the actions that we discover by asking the questions. To do this we can use the matrix below:



By adding the actions in the matrix, according to the Effort required (x-axis) versus the Impact (y-axis) that the action will have, it is possible to prioritise what should be done first.

Execution

According to the actions chosen and prioritised in the previous phase, now is the time to put them into practice.

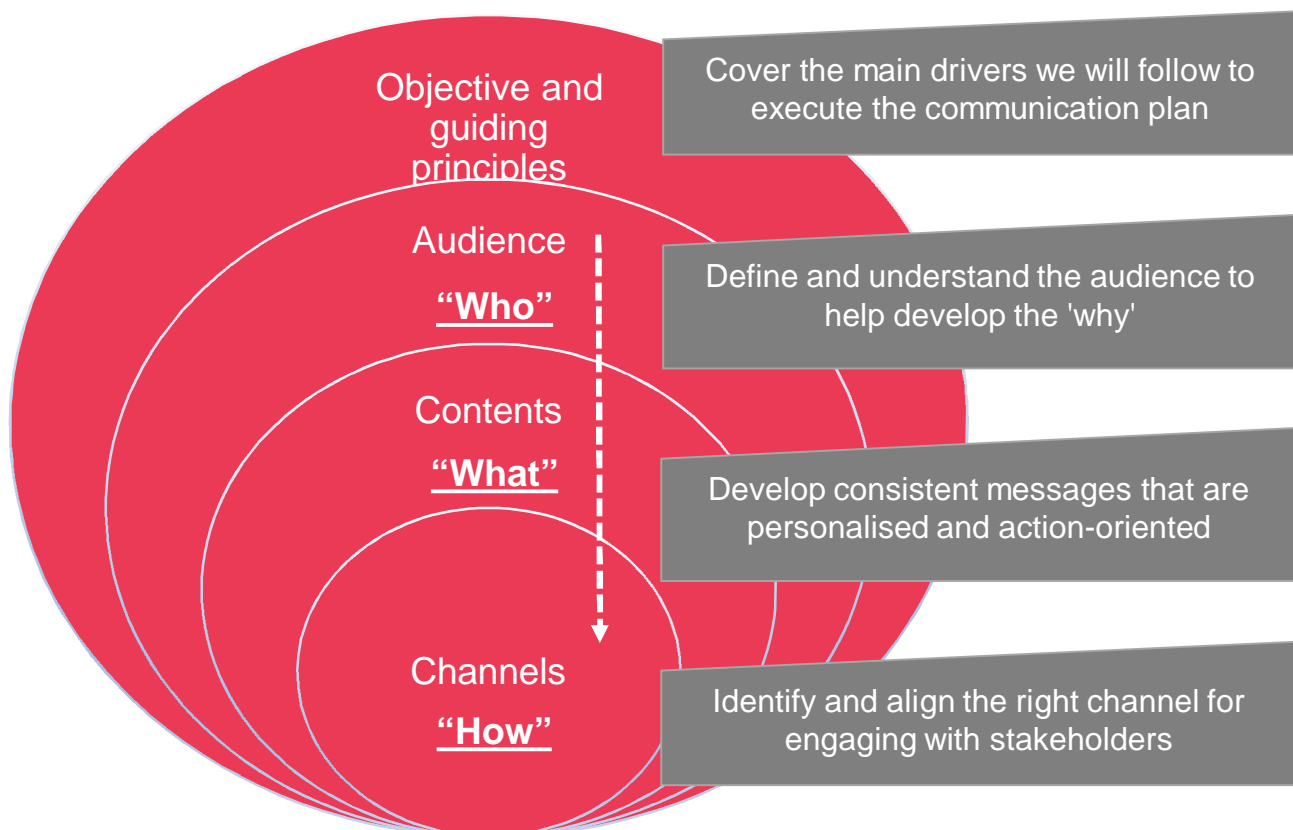
As the actions are particular, we put some examples below:

- Delegate
- Pay attention to the deadline
- Communicate
- Monitor
- Create clear goals
- Celebrate achievements

For example, let's focus on an action that is always important and recurrent in change processes, which is **communication**.

Our communication strategy is divided into three key components (audience, content and channel) which are all encompassed by our guiding principles.

Each communication decision will be guided by the Who (audience), What (content) and How (channel). We start with our audience, whose ways of working shape the targeted content that is distributed through the preferred channels.



Monitoring

Finally, the last phase of change is monitoring. We must always remember that change is a process. Even if we follow all the steps, sometimes we come across other needs or difficulties.

Monitoring is the time when, after the change, we compare where we were and where we are.

"Did we get where we wanted to go?"

"What has changed when we compare it to our baseline?"

"Were the targets set achieved?"

"What could be better?"

"What do we still need to change?"

It's okay to change strategy and start over, or even give up on change and prioritise other actions.

But keep in mind that we cannot lose sight of change, we have to give strength to it, even after it is implemented. We cannot let all the work be lost with the return of old habits or of the previous *modus operandi*.