Facing into organisational change? Could a business game help smooth out your journey?

elgood
effective learning for improved performance

Organisations face change every day. According to the CIPD, "All organisations are in flux: changing their focus, expanding or contracting their activities and rethinking their products and services." [1] **Changes can be large and can affect a whole industry, or they can be small and affect a simple process within a single team or department.**

One example of industry-wide change, in this case largely driven by technology, is banking. Firstly, there has been a move away from face to face, retail banking to online banking. According to a recent Which? report, over 1,000 UK bank branches were closed between January 2015 and January 2017, with HSBC stating "that the amount of footfall in its branches had fallen on average by 40% in the last five years as a result of more customers banking online." [2] Secondly, the rise of smartphones has enabled customers to manage their money via their mobiles. Banks have developed mobile apps to allow their customers to carry out transactions whenever they want and wherever they are. According to the British Bankers' Association, in 2015 there were 11 million banking app logins a day, 50% more than in 2014 with 347m payments done using apps, an increase of 53% during the same period. [3]

The impact has been significant. While the purpose of the banking industry remains unchanged, the way in which business is conducted and how organisations interact with their customers has fundamentally changed. It has resulted in the establishment of new infrastructures and operating models, all of which put tremendous pressure on leaders and frontline staff to be re-skilled and confident in the new ways of working.

Any change can bring uncertainty to an organisation and its employees, so it is key that people at all levels understand what is driving the change and why things need to be done differently to ensure the organisation's future success.

This white paper offers some ideas about how those leading or managing change can maximise their chance of implementing change successfully by utilising business simulation games to highlight changing market conditions, communicate new rules or procedures, forge links between people and allow teams to experience the impacts of change in a safe, risk-free environment.

> Progress is impossible without change. And those who cannot change their minds cannot change anything."
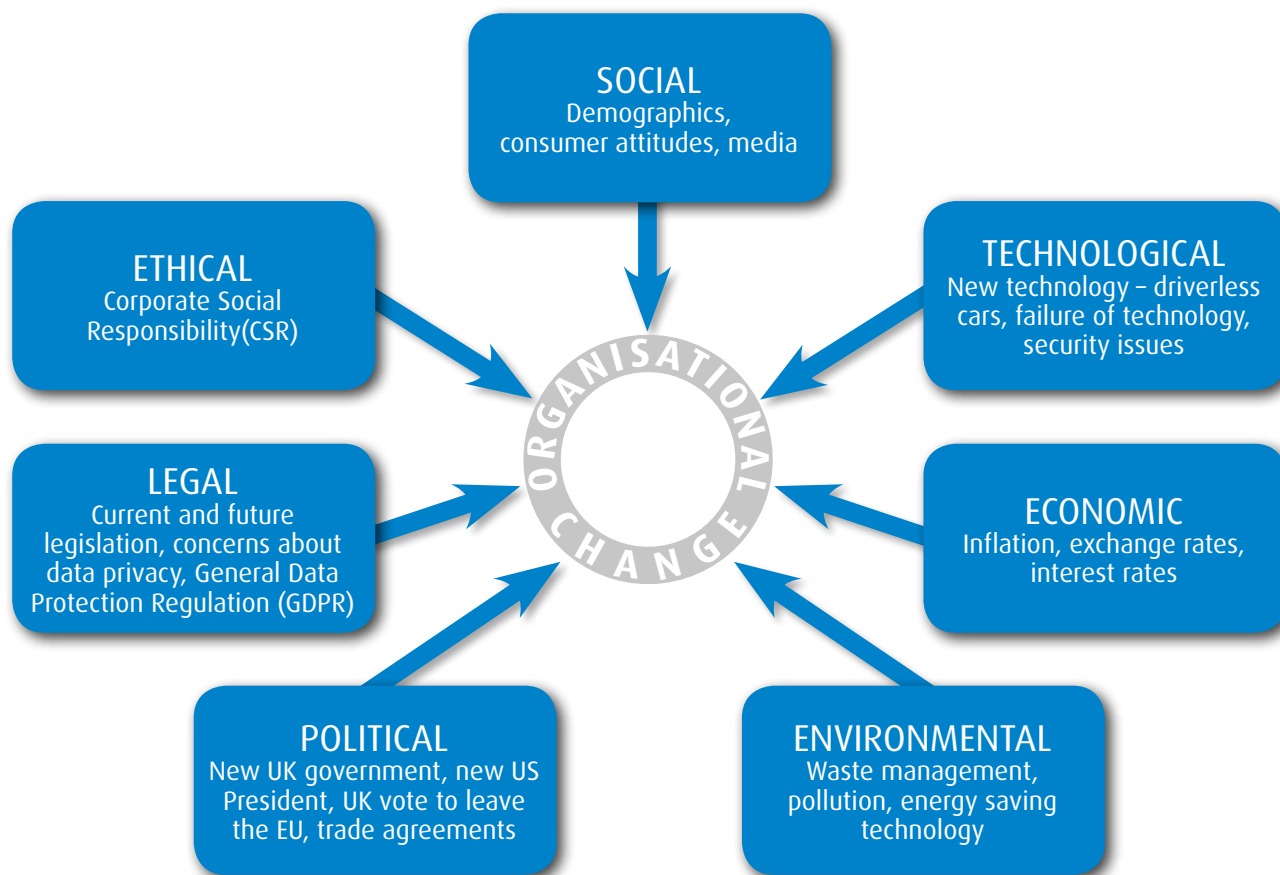> *George Bernard Shaw*

What is change?

Change is the journey which moves the organisation and the people within it from today to the future.

TODAY   CHANGE   FUTURE

Organisations are driven to change for a number of reasons. Pressure will come from internal factors (resources and competencies) and external macro forces: social, technological, economic, environmental, political, legal, ethical.

Big changes which are felt across an organisation are often driven by external forces. For example:

SOCIAL
Demographics,
consumer attitudes, media

ETHICAL
Corporate Social
Responsibility(CSR)

TECHNOLOGICAL
New technology – driverless
cars, failure of technology,
security issues

LEGAL
Current and future
legislation, concerns about
data privacy, General Data
Protection Regulation (GDPR)

ECONOMIC
Inflation, exchange rates,
interest rates

ORGANISATIONAL CHANGE

POLITICAL
New UK government, new US
President, UK vote to leave
the EU, trade agreements

ENVIRONMENTAL
Waste management,
pollution, energy saving
technology

Other changes may affect smaller parts of an organisation. For example, changes needed to:

● Improve the performance of a team, department or business unit

● Merge new members of staff into an existing team, or create a new one

● Align part of the organisation with a new market opportunity (small scale structural change, company merger or outsourcing)

The main difference is often that big transformational changes or industry-wide changes get a lot of publicity. Smaller changes may be implemented almost undetected.

Why does change fail?

According to the Harvard Business Review, 70% of change initiatives fail. [4] Considering that change is a constant for all of us, this is an astonishingly high percentage and one that is up for discussion. We believe some of the failures can be attributed to three common challenges:

1 **Inability to define the desired result of the change programme**

2 **Lack of a detailed plan on how to achieve a defined vision**

3 **Resistance because the people in the organisation have not been involved and are not committed to it**

This white paper will primarily focus on reasons 1 and 2 and how Business Simulation Games can help. Although reason 3 is very important it merits a paper in its own right.

1 Inability to define the desired result of the change programme

As the pace of change and the speed of technology innovation increases, organisations may find themselves having to react to technological or regulatory changes where the end result has not been fully defined. This is often the case when a regulator mandates changes to benefit consumers without having a detailed understanding of the impact it may have on an industry.

A good example of this is the changing regulatory environment around data protection. The increase in the amount of data and the speed at which it can be shared around the globe has caused regulators to implement the General Data Protection Regulation (GDPR). This is designed to provide better governance in this area and must be implemented in the UK by 25 May 2018.

Every organisation that holds or processes EU citizens' data must comply with the new set of regulations, but no one has ever had to do this level of compliance before. The closest example would be the Sarbanes-Oxley legislation (2002).

The Information Commissioner's Office (ICO) has issued a report [5] which details 12 steps businesses should take to prepare for the legislation.

The first step is to raise awareness with the decision makers and key people within the organisation. Often change is seen as the responsibility of one part of the organisation (i.e. the legal department, or compliance), when in fact all departments need to be involved. A well-designed business game would help the organisation to appreciate the importance of the new regulation and its potential impact. In this example, the game would involve a cross-functional team working together to complete a business task or problem. The team would need to move around a board gathering information from the business to complete each activity. At random intervals a GDPR card would be introduced, which would detail a challenge and lead the team to think about how they could do that activity in a different way. The game would uncover the reality of what might happen following the new legislation and enable the team to start identifying what the organisation may need to do differently.

A further suggested step is for organisations to prepare how they will manage subject access requests. Currently, under the Data Protection Act 1998 (DPA), anyone can contact an organisation and ask for a copy of the personal information that is being held about them. Organisations are currently able to charge up to £10 for this service and have 40 days to respond. However, the new GDPR will mean organisations will not be able to charge and they will have to manage new requests in a shorter time frame. This creates a huge potential for increased costs! To help communicate the new rules and procedures in an engaging way, a bespoke business game would ensure everyone knows what the new process is, why it is necessary and how to handle subject access requests going forward. This would benefit the organisation by increasing productivity whilst driving down any costs and reducing the risk of errors when things go live. It is likely that high profile companies will be targeted with requests by privacy evangelists and a Business Simulation Game allows organisations to gain confidence and play out risks and the impacts of not adhering to the legislation.

Another important step is to make sure the organisation has a process in place to detect, report and investigate any data breaches. Collaboration is crucial as data is likely to be held and processed by different departments within the organisation. A business simulation would provide an excellent way to illustrate the new process in a safe environment and to get teams working together.

In this example, teams could negotiate their way through a maze to reach a prize or goal in the centre, whilst trying to avoid potential data breaches. Bridges could act as obvious areas where a breach may occur and teams would have to answer a question to move forward. In addition, some nasty surprises would also be hidden behind secret squares. During the activity, the team would win GDPR tokens which could be used if they landed on a secret square. Without a GDPR token, they would face a fine.

2 Lack of a detailed plan on how to achieve a defined vision

In June 2016, the world watched as the UK voted to leave the EU, creating huge uncertainty and disruption within the market. On the surface, Brexit appears to have a very simple destination. However, following the referendum it soon became clear there was no plan of how to get there, or who would be leading the change following David Cameron's resignation as Prime Minister.

To date, no country has agreed a deal that doesn't require contribution to the EU budget or to accept free movement of citizens. As a result, the value of the pound plummeted and is still at a 30-year low. Share prices initially fell, but the FTSE 100 and the wider FTSE 250 lifted by the end of December 2016. Organisations across Europe will be trying to work out the best way to plan and react to this uncertainty whilst maintaining business growth.

The standard response to these challenges would be to get department heads and business unit leaders together to talk through different scenarios and brainstorm the impact upon their areas. However, these brainstorm meetings often become distracted by individual personalities, company politics and a lack of clarity on the operational impact of change.

A business simulation would enable the teams to take control of an organisation and maximise its value. Initially setting a 5-year goal, the teams would need to generate ideas, collaborate and work out which decisions would enable them to reach their objective. For example, to increase market share the team may decide to push volume sales as well as pull other levers to assess which route will help them reach their goal successfully.

3 Resistance

The full involvement of employees has a tremendous influence on the success or failure of a change initiative. Their belief in any change is essential to avoid resistance.

To help communicate the reasons behind a required change and the consequences of not adapting, a business simulation would provide a more engaging alternative to traditional briefings and training. It would also encourage team-working and gain the commitment of the organisation.

Our white paper "Experiential Learning: Why learning by doing builds agile supportive organisations," discusses the very positive impact on team engagement, buy in and information retention.

Conclusion

In all situations where there is change, whether it is small or large, the success of that change will depend on the processes, culture and people of the organisation affected. Importantly, they all rely on a group of inter-connected people being able to work together in a new way. Business simulation games are highly successful in building links between people, developing their understanding of why changes are required and providing them with the skills to adapt to the new reality.

Why Elgood?

Elgood Effective Learning offers a creative service, listening to your business needs, working with you to identify the key issues, and developing an engaging method to communicate critical messages throughout your organisation. We have over 50 years' experience in developing business games and simulations and have worked across the globe with a range of different Companies.

References

1. CIPD, 3 Oct 2016, https://www.cipd.co.uk/knowledge/strategy/change/management-factsheet

2. http://www.which.co.uk/news/2016/12/revealed-1000-bank-branches-shut-in-two-years-458451/

3. BBA, The Way We Bank Now, July 2016, https://www.bba.org.uk/wp-content/uploads/2016/07/TWWBN3_WEB_Help-at-Hand-2016.pdf

4. https://hbr.org/2000/05/cracking-the-code-of-change

5. ICO, Preparing for the General Data Protection Regulation (GDPR) 12 steps to take now