



## Exploring Change Management

NAIFA Live hosted by NAIFA-CO

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### **Dawn Wolfgram, CLF, President of Women in Insurance and Financial Services (WIFS) and Regional Managing Director at Principal Financial Group**

“Change management is not rocket science,” said August NAIFA Live presenter Dawn Wolfgram, CLF. “In fact, it’s not a science at all. It’s an art.”

It’s an art that it is crucial for workplace leaders and financial professionals working with clients to master. The secret to mastering the art, she said, is understanding the feelings and emotions people have when they are confronted with change.

Different people will have very different reactions to change. Often this range of reactions will break down into two camps: those who are resistant to change (the “if it ain’t broke, don’t fix it” camp) and those who actively encourage change (the “change, evolve or die” camp).

“Both mindsets could get us into trouble because of the polarity of the sentiments,” Wolfgram said. “However, I think we all know intellectually that there is a huge risk to not changing.”

Not all changes cause distress or require management, but others do. These are changes that cause concern, discomfort or anxiety. “They’re upsetting,” Wolfgram said. “Sometimes even scary, and the people affected will resist.”

### **Managing Change With Our Teams**

Leaders must be able to help the members of their teams thrive when faced with uncomfortable changes. It is their job to set the members of their teams up for success during times of change. A leader needs to help people understand what the world will be like during and after the change, see their roles in the changed world and if possible feel good about it.

Change is inevitable, but it is important for leaders to keep their teams happy. Studies by the Department of Economics at the University of Warwick found that happy workers are 12% more productive than average workers, while unhappy workers are 10% less productive than average, a 22% swing. Unhappy workers cost their employers over \$300 billion each year.

To encourage employees to feel good about change it is important to understand their feelings and emotions. Once a leader understands employees’ reactions to change on an emotional level, they can work to help them visualize what the change actually will mean and help them feel better about it.

There are six key components to helping team members feel better about change:

- Communicating effectively
- Involving the team in decision making (if possible)
- Minimizing uncertainty
- Celebrating successes
- Maintaining transparency
- Continually explaining the need for change

It's important for leaders to help people trust their own abilities and their ability to adjust to change. "A bird sitting on a tree is never afraid of the branch breaking because her trust is not in the branch but in its own wings," Wolfgram said.

These skills are more important than ever in 2020. The COVID-19 outbreak has accelerated the need for leaders to manage change effectively. Teams are facing huge, unprecedented changes. Wolfgram encouraged leaders to evaluate themselves, based on the six components above, on how well they are helping their teams deal with COVID-19-related changes.

## **Managing Change With Clients**

Advisors work numbers, projections, math, solutions, and products, but it is very important to remember "we work with people," Wolfgram said, "and people are driven by emotion."

Many advisors say their role is to take their clients' emotions out of financial planning.

"I suggest this is the wrong goal," Wolfgram said. "I believe as advisors we should accommodate these feelings instead because we are about to embark on massive changes with our clients."

Clients are often reluctant to make changes. They are resistant to changing their habits, even bad habits, or moving away from situations that are familiar to them. Familiarity is comforting, even when it inhibits success.

"Many people would rather avoid the possibility that they may need to change than to actually live out their financial dreams," she said.

Topics that financial professionals must discuss with clients, including death, disability and potentially facing financial difficulties, are things that no one wants to talk about. But they represent important changes that people need to be prepared to face. "Our job is to help them self-discover and change certain things today on the journey to get them to where they want to go tomorrow," she said.

For clients as with employees, it is important to help them deal with change by minimizing uncertainty and helping them understand what the change will look like. It's also important to address the emotional impact of change on clients. "Discussions around change are not solved by grabbing your calculator," Wolfgram said.