logic
retail rising

WHITE PAPER

Committing to Change

Successfully Leading Business Transformation

Contents

At a Glance

- Change is peripheral, transactional or transformational

- By embracing successful change factors and modeling expectations, leaders can encourage transformational, behavior-based change

- Leaders are found at every level within the organization—identify and use them to your advantage

Committing to Change

Undertaking a major implementation project forces a retailer to undergo transactional change, but business commitment – early and often – is what delivers transformational change.

Types of Change

It is inevitable; at some point your organization will undergo change. The degree of organizational impact is dependent upon the change force. At Logic, we think of change as falling into three main categories:

Peripheral change occurs when a leader or board makes a decision that ultimately changes the direction of an organization, but does not immediately impact employees' day-to-day lives. .

Examples of peripheral change include closing down a brand or adding a new division. Once executed, typical processes and procedures remain and people continue with business as usual.

When a change requires modifying processes and procedures, such as a retail systems integration project, **transactional change** occurs. It is best navigated using thorough business process documentation and end-user training.

The most difficult yet most rewarding type of change, **transformational change**, aims to change the way people behave. This is applies to individuals, and how people work together across an organization. It focuses on improved outcomes through improved interactions and can be the difference between accepting and embracing organizational change.

Regrettably, experience shows many businesses stop at transactional change and do not fully realize the transformational opportunity an implementation provides.

Transformation Success Factors

Factors leading to successful change vary by level, as outlined in the table below. A study conducted by McKinsey across various industries demonstrated that even if only two of the three levels achieve the Success Factors, the realized results of the overall program were above expectations1. But if all levels fall short, or only one level achieves these Success Factors, the project may 'go-live' but not deliver the anticipated results. True transformation is realized only when all levels commit to change.

Factors for Effective Change[1]

Senior Managers

Commitment	Put initiative on top of agenda
Communication	Relate single, clear compelling story—no mixed messages
Financial Incentives	Reward senior managers if initiative is successful
Nonfinancial Incentives	Provide recognition for strong performance
Leadership	Identify owner/champion
Stretch targets	Uphold goals with mantra-like consistency; team 'lives or dies' by the numbers

Middle Managers

Decision Authority	Exercise consistent control over defined set of tasks
Skills in Managing People	Provide feedback to employees on status of initiative
Skills in Managing Projects	Achieve measureable milestones in timely manner

Frontline Staff

Skills	Consider training key aspect of initiative
Tools	Make technology and techniques available to employees
Motivation	Clearly reward excellent performance to improve morale

1 *Adapted from "Helping Employees Embrace Change" – McKinsey Quarterly 2002 Number 4*

Gaining Business Commitment

Oftentimes, large-scale projects are driven through non-business units, such as information technology or strategy departments. To be transformational, the endeavor must impact the bottom line and as such will directly impact business operations. This fact comes as no surprise to the business leaders, and support is promised in exchange for improved tools and procedures.

However, with a team already overburdened by complex processes or time-intensive tasks, finding resources is almost always a challenge. Everyone involved in the effort knows that business commitment is essential, but everyone is hesitant to take the focus off daily operations. What to do?

A carefully crafted plan, with a focus on "What's in it for me?" (WIIFM) messaging will help the business commit to the project and ultimately lead to transformational change. To gain business commitment, consider the following techniques:

Provide a sense of purpose

Change is a journey, and people are more likely to follow if they know the destination. Focused and well-timed communication vehicles such as corporate meetings, email notifications, signage and newsletters keep the end goal on people's minds while providing frequent but lightweight progress updates. Business momentum can halt after initial decision-making sessions as the project team settles into months of design and testing. Consider, for example, hanging simple posters around the office advertising the new system, what it will do, and who is going to use it.

WHAT'S IN IT FOR ME?

"My management team cares that I'm informed."

Make change fun

Encourage dialog and enthusiasm by having everyone (not just those involved in the project) take a break from their "day jobs" to learn about what's coming. One idea is to host an employee luncheon. Begin with booths staffed by the project team and business leads where front line employees can mingle, hear 2-3 minute presentations on what's going on, and ask questions. Follow up with a picnic lunch served by senior managers.

WHAT'S IN IT FOR ME?

"This project isn't going to make my life more difficult, in fact, it's already more enjoyable."

Identify Change Agents and Change Champions

During transformational change, it's important to recognize leadership exists at all levels. Change Agents are trusted individuals tasked to "influence without authority." Depending on the size of your organization, a Change Agent could be someone whose official role includes project-based work. Perhaps they designate 25-50% of their time as Subject Matter Expert or SME and are involved in testing and training.

Another avenue to consider is Change Champions. These are people who are the first ones over the fence, and then turn around to help others. A Change Champion is the voice of change, and helps get others excited about it. The time commitment could include a few specific process- reengineering meetings or one-on-one input gathering discussions, but not at the same commitment level as Change Agent or SME.

Engage early, engage often

It is critical to incorporate business users into the project, but difficult to get their time. As a project gets going, business users expect to be involved as part of scope outline and requirements gathering, but after that you may see commitment wane. One way to maintain engagement is to identify key users and give them small, formal roles on the project. This should be acknowledged as an
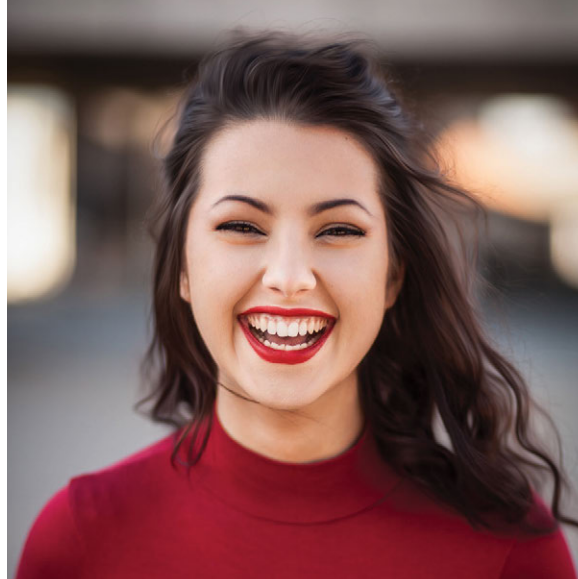
official career-driving activity by the retailer, as a way to draw out people looking for more influence or knowledge.

The time commitment should be minimal, averaging about 2-3 hours per week over the course of the project. Roles such as tester and trainer provide a valuable benefits to these users: Early involvement and learning the intricacies of the system will make them stand out among their peers and be seen as experts by leadership. This makes their future day jobs easier, and provides an opportunity to demonstrate excellence to the people making promotion decisions.

Use the rumor mill / grapevine to your advantage

Having already identified change agents and champions, you should also know who can effectively spread good messages and put a stop to negative or mixed messages. Ask change agents to report back on these negative messages (of course never who is saying them, but the overall theme). Use that information to address fears or concerns

head-on in an informal QA session or as part of an FAQ in a newsletter. It's okay and even recommended to plant questions! If one person is saying it, you can be sure several others are thinking it.

"I'm getting clear and honest communication, management is addressing my concerns without pretending that everything is easy or perfect."

Model new behaviors

Since transformation is focused on behavior, it is important that everyone "walk the walk" and "talk the talk". Start by sharing new terminology with the management team, and ask they incorporate it into daily conversations as it makes sense. Inform managers of the new behavior expectations, and provide leadership training on proactive management styles such as delegating tasks and providing achievable deadlines.

There is nothing more powerful to a front-line employee's perception of behavioral change than a senior leader publically stating how they plan to change, and then delivering on that plan.

Develop in-house experts

Whenever possible, and depending on the size of your organization, reallocate a business person to be a part of the project. This person need not be a senior leader; often times a mid- level individual contributor such as a pricing analyst, planner or assistant buyer will deliver the best results. He or she is intimately aware of the details and is also still at a point in their career that "doing" instead of "leading" is favored. You will want diligent oversight from senior leaders with an overall viewpoint of the strategic direction of the organization, but by giving a well-respected doer an elevated role on the project you are recognizing achievements and paving the way for a future SME role. An in-house expert is the best way to ensure sustainable adoption once the implementation is complete.

Use caution in hiring an outside person to fulfill this position. Unless they are extremely adept at the system and at communication, and you feel they will quickly assimilate into the organization's culture, it is unlikely they will be able to glean the details a seasoned employee can uncover.

"My contributions are important."

Show gratitude

Being asked to be a part of a project, especially if it's not full-time, can add new stress and time commitments to a person's day. Show appreciation by tying recognition or even financial incentives to project involvement. Do you have an analyst looking to get promoted to planner? Allow them to show their attention to detail by being a tester and be open about the fact that undertaking this additional work will help earn a promotion. Once promoted, make sure it is known their involvement helped get them there.

Public recognition is another way to show gratitude that requires little budget. Give out awards for outstanding contributors as well as a small gift card to a local restaurant or coffee shop.

Being recognized in front of peers makes people proud of the work they did, and lets them know they are valued. This type of recognition is known to be a strong motivator, and costs very little.

WHAT'S IN IT FOR ME?

"I am valued."

Road Show

Within a retail organization, the stores often feel disconnected, or "left out" when major corporate events are discussed, or when a significant event like undertaking a retail systems integration initiative occurs. Changes at the corporate facility will always have an impact on the stores, even if there is no store-specific portion of a new system going into place. The largest numbers of any retailer's

staff are located in the stores, and more importantly, these people are directly customer facing. It is important that the organizational leaders within the Store Operations teams and Store Management feel included, and a part of the transactional and transformational changes. Make certain to take the time to visit key locations throughout the change process – keep the store teams updated, so they will also understand their future role in the 'new' organization.

WHAT'S IN IT FOR ME?

"We (the stores) are valued by the organization."

Leading Through Change

Not everyone will welcome what is about to happen, but that does not mean all is lost. People may resist change because:

- They do not want to lose control

- They have other, more immediate motivators

- They oppose disruption to the status quo

Do not diminish these feelings. There will be people who are negatively impacted by the change, and things will not always go as planned. As a change leader, your role is not to minimize change nor to please everyone, but rather to help people through it most effectively.

The consumer's expectations and journeys are constantly changing. But for retailers who can keep up, the possibilities are endless. That's where Logic comes in.

Our deep knowledge of the retail industry combined with our technology experience can help you keep up with what's happening now, and be ready for what's next. We partner with you to truly understand your needs then create the processes and systems to help you achieve better outcomes for your business.

About Logic

Whether a retailer's enterprise is regionally focused or extends around the world, Logic stands ready to partner in every geography. The company maintains offices around the globe to serve its clients and ensure alignment with our partners' global practices.

Logic's clients range from mid-sized retailers to some of the largest retailers in the world across nearly every type of retail business model including grocery, hardlines, softlines, fashion, and government. Whether brick-and-mortar focused, pure-play e-commerce or multichannel, Logic offers a complete range of services to help retailers succeed. Logic's end-to-end service offerings include:

- Strategic Advisory Services
- Implementation Services
- Testing Services
- Change Management & Training Services
- Cloud Services
- Managed Services
- Staffing Services

Logic's solutions support the entire breadth of a retailer's business processes in the following business areas:

- Merchandising
- Planning and Optimization
- Supply Chain Management
- Store Operations
- Commerce
- Analytics & Big Data
- ERP, Finance & Accounting

Most importantly, Logic puts clients first. That means we do the right thing for our customers. We do what we say, and say what we do. Always.

To learn more about how Logic can help you transform your retail organization & deliver better business outcomes, visit us today at logicinfo.com.

Consumer-driven retail experts.
Focused on better business outcomes.

Discover the **Logic** difference.

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