

Examples of Equator's Change Management approach

# PROTECTING YOUR INVESTMENT BY STOPPING VALUE EROSION

CERTAINTY  CHANGE

EQUATOR



# A. INTRODUCING A NEW CRM SOLUTION

**Problem Statement**

- Portfolio Company in a B2B industry does not have (or share) good intel on existing clients and new opportunities to enable revenue growth:
- Farming of existing Accounts does not happen in an efficient way
  - The relationships are not senior enough, no plan to access CXOs
  - New clients are not targeted and campaign planning is ineffective
  - Account Managers chase opportunities but don’t build relationships.

**Objective**

Increase revenue growth by selling more to existing clients and entering new markets via new clients. This will be enabled by the introduction of a new CRM solution to make the capture, sharing and actioning of intel more efficient and more effective.

**Uncertainty Created**

- The investment case focuses on the technology design, build and implementation but limited mention of the change aspects.
- The solution is designed to be ‘super-intuitive’ but that doesn’t counter concerns from team members about sharing their clients, revealing their go-to-market activities & being publicly performance managed on sales efforts.
- Who is going to drive sales efforts? Everyone is busy delivering for existing clients. How do we free up capacity to do more?

**Change Activities Required**

- Update the investment case to include the cost and time of change support required.
- Adopt:
- Develop assets that will support team members to adopt the new solution – communications plan, engagement activities, training delivery, guidance playbook.
  - Coach new ways of working.
- Adapt:
- Revise role descriptions to reflect new activities and workload – for teams and individuals.
  - Assess capabilities and deliver development support to fill the gaps.
  - Develop and embed new performance management mechanisms.
  - Train managers to have different (difficult) conversations.

## B. AUTOMATING PROCESSES

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**Problem Statement**

Portfolio Company is on a Buy & Build strategy and is planning to acquire 4 or 5 companies over the next 2 years. Operational efficiencies will be driven out by creating shared corporate services and, in particular, automating HR recruitment & vetting processes, finance processes and client onboarding. The automation programme will establish a consistent technology stack across all acquired businesses.

**Objective**

To standardise HR and Finance processes, automate where possible and deliver operational efficiencies. Headcount reduction should be possible.

**Uncertainty Created**

- HR & Finance Team members hear automation and immediately believe robots will take their jobs.
- There will be concerns about the experience resulting from the automation of processes.
- Team members in the wider company will believe their roles are next therefore will be guarded, cautious and potentially unwilling to support change.

**Change Activities Required**

- Communicate the vision for automation as clearly and quickly as possible. Be clear on impacts – what and when?
- Engage line managers to equip them to support the design of the automated services.
- Develop an automation playbook that describes the full range of changes.
- Review job roles and capabilities post-implementation to design new delivery arrangements.
- Upskill capability in data interpretation and service management to enable ongoing improvements.

# C. CHANGING LEADERS

**Problem Statement**

It is not uncommon 12-18 months into a deal for there to be a decision taken by the Investment Board to bring in new/different capabilities at senior levels. This may be any of the CXO roles including the CEO. This often results in senior leaders exiting the business or assuming new roles that were not in the organisation design.

**Objective**

To bring the best technical and leadership capabilities to the company at the right time to drive the growth ambition.

A secondary objective may be to take whatever remedial action is required to secure the PE investment.

**Uncertainty Created**

- Senior changes/exits create a level of general uncertainty. Team members are not sure what is happening as they are rarely privy to the full plan or rationale.
- Good leaders generate followership and change can have personal implications for team members who joined for them.
- Attrition at all levels can increase.
- If the new senior leaders are interim appointments then this creates additional uncertainty.

**Change Activities Required**

- Design the exit organisational structure as quickly as possible and share so that everyone is clear on the direction of travel.
- Identify and communicate the new capabilities required at all levels – this reduces any anxiety about whether people ‘fit’ and also enables them to develop in line with the future direction.
- Communicate changes and exits. You may not be able to say much but at least share the news internally before people find out from the market.
- Explain the expectations required of team members to enable them to understand the new performance management regime that is now in place.
- Engage across the company as an Executive Team – reducing dependency and focus on any particular individual.

# D. INTEGRATING ACQUIRED BUSINESSES

**Problem Statement**

For many investments, growth will be delivered via an aggressive ‘Buy & Build’ strategy. This requires companies (& their team members) to be integrated as quickly and as painlessly as possible.

**Objective**

To integrate new businesses quickly and ensure that the benefits of acquiring the new businesses are realised as quickly as possible. These can include:

- More capacity to do more of the same
- Access to new markets and new clients
- New capabilities to expand service offerings
- Access to technology that enables a platform solution to be rolled across the company.

**Uncertainty Created**

- Team members in acquired companies can sometimes feel very uncertain and uncomfortable as they are the ‘newbies’.
- Existing team members can feel neglected.
- There can be a fight over who has the best processes, systems, ways of working.
- All of this is incredibly disruptive and negatively impacts productivity.

**Change Activities Required**

- A clear organisational structure that can be shared with senior leaders in the acquired company – provide assurance/direction of travel.
- Integration asset that sets out all the communication, engagement & HR activities that start before the actual joining date.
- An integration ‘portal’ that enables communication with all team members simultaneously (relying on different Teams environments or email address lists is not OK).
- Standardise processes based on good practice and make adoption mandatory.
- Migrate data (clients, finances, projects etc) quickly to minimise double-running of systems.
- Establish buddying relationships and new networks to ensure everyone feels included.

# E. CHANGING WAYS OF WORKING

**Problem Statement**

A company going for growth is an amazing opportunity. It is the time when everyone needs to pull in the same direction and ways of working become more important as do behaviours (and consequences for poor behaviour). Unfortunately, the exact opposite can happen as team members become disenfranchised or disillusioned.

**Objective**

To design and embed new ways of working that support growth.

**Uncertainty Created**

- In the absence of regular and effective communication, team members will fill the vacuum and will be more easily distracted.
- When companies are acquired, an environment can emerge where 4 or 5 sets of processes, practices and protocols co-exist. This is inefficient and unproductive.
- Different performance management mechanisms, line management approaches and quality standards can be divisive and make collaborative working harder.
- The values of acquired companies may be consistent but their interpretation and application may be significantly different.

**Change Activities Required**

- Review of values and plan of action regarding how values will be lived, respected and nurtured.
- Review, standardisation and embedding of key processes.
- Communication of standards in relation to client handling, collaborative working and even basic hygiene issues such as use of MS Teams.
- Review of key policies relating to DEI, ESG etc and development and communication of standard policies.
- Creation of shared services for key functions such as administrative support, marketing, finance & HR.



**LET'S TAKE  
ON TOMORROW  
TOGETHER**