Wasted Change
by Charles B. Wendel

As a consultant, one of my major goals involves promoting some type of change, that is, my goal is to have the managers and the institutions they work for, operate differently in the future than they have in the past.

The area of change might involve adjustments to the organizational chart, increased operating efficiency, new revenue streams, and/or the establishment of consistent processes to improve bottom line performance and the customer's experience with the bank. Cutting costs has become the preferred approach for many consultants, some of whom take a piece of the reduced expenses, never mind their impact on culture or the customer.

The sad fact is that too often little change occurs as a result of our work (or any other consultant's work) as our recommendations are marginalized and whittled down before implementation. OK, in some cases we may be to blame. Maybe our analytics did not present a sufficiently compelling case. Perhaps we failed to gain the confidence of senior management or our sometimes brusque messaging alienated them.

Often, though, the fault for failure to change can at least equally be shared by bank managers who go to the trouble and cost of hiring consultants but decide, ether implicitly or explicitly, not to follow through on the recommendations they asked for and, then, head-nodded agreement with during presentations.

Why the hesitancy to change?

Managers don't want to admit there is a substantial problem they have failed to address. I remember one project during which we assessed an underperforming business line. When we presented the results to a top exec his initial response was, "Yes, but look at all the progress we've made." It is true they had made some progress, but my more calloused view was "look at all he progress you haven't made and could make." By the way that turns out not to be a winning marketing message for a consultant.

*Time will resolve personnel problem*s. We've seen executives wait years for a mediocre senior person to retire. What is the harm done by allowing that person to remain? Probably a lot, particularly if related to IT or revenue producing areas. But it did allow management to avoid an uncomfortable meeting with an established colleague/friend. Too often I have heard bankers say "He [and so far it has always been a he] must have pictures" that protect him from the dismissal he deserves.

Change is messy. While some banks face problems, many continue to sail along, producing OK, if not stellar results. Some managers see more risk in trying a new path versus maintaining the status quo. Understandably, personal job security remains their job number one.

Consistency and persistency are critical for change efforts. Consistency and persistency are not the strongest characteristics at many banks. As the meeting breaks up, the clarion call has been sounded: “We will do x, y, and z.” But when push back occurs or other initiatives pop up, what was high priority may no longer be high priority.

The Board is uninvolved until it is too late. The quality of BODs varies dramatically. The worse Boards rubber stamp decisions and then are shocked if results suddenly turn negative. Another memory involves a BOD presentation during which we listed multiple actions that the bank (now long gone) should take both. One member of the oversized Board looked up and said, “We knew that already.” They may have known “that” already, but they did nothing about it.

Successful, sustainable change happens only when a bank has a leader committed to drive implementation and, if necessary, drive over those who resist. Those leaders are too rare and worse, can find themselves marginalized by a bank’s entrenched bureaucracy.