



Weathering the Brexit storms with Change Management best practice

The breakneck and sometimes surprising developments that are playing out on the UK political stage in the wake of the EU referendum have underscored the truth in the oft repeated mantra: ‘change is the only constant’.

FTI Consulting takes a look at leading people through change and provides some top tips for leaders.

“ *55% of institutional investors felt the EU would try to punish the UK should they leave.*

49% felt it was likely companies would relocate from the UK to the EU. ”

[Source: FTI Consulting research with global institutional investors and global full time employees]

With the UK voting to leave the EU, a new Prime Minister taking office 21 days later, and the upcoming US presidential election looming, we are all too aware of how ferocious the winds of change can be.

Business leaders need to strike a delicate balance with their people between the reality of the challenges they face and hope for the future. Yet collective wisdom accumulated through past moments of upheaval tells us that change can be managed successfully and can even present unforeseen opportunities for businesses and leaders to learn, grow and prosper.

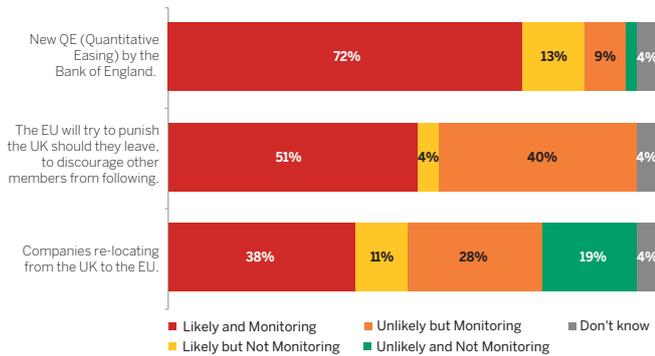
Change is inevitable; the trick is to turn challenging circumstances to your advantage.

For those that remember the property crash of the 80’s, the dotcom bubbles and the 2008 financial crisis, they know only one thing is certain: financial markets and employees don’t like uncertainty. And yet, they might have to get used to it. There’s more to come.

In a recent poll conducted by FTI’s Strategy Consulting & Research team, 85% of institutional investors surveyed thought it likely that a new quantitative easing programme would be introduced as a result of post Brexit events, and 55% felt it likely the EU would try to punish the UK to discourage others from following the same path. Nearly half (49%) felt it likely companies would relocate from the UK into the EU [see graph 1] and the large majority of those surveyed also felt that in the years following Brexit (and potentially up to 5 years afterwards) the UK would experience worsening economic conditions.

Graph 1: Likelihood of Post Brexit Events

Q. How likely do you consider the following to be and are you monitoring it?



While the effects of the British EU referendum are only beginning, it will doubtless take years for governments to fully understand the implications. It is clear that strategy and scenario planning is already underway across numerous businesses as leadership teams start to prepare for the business and financial implications.

Planning for the ‘new normal’

Alongside all this scenario planning, leaders have an opportunity to start equipping themselves to confidently and capably manage through this prolonged uncertainty.

For example:

- Consider how the scenarios you are working through might affect your people. Where do they need reassurance?
- When thinking about your brand, what opportunities for talent attraction might be created?
- Reflect on lessons learned from previous changes that could have been handled better: A second poll conducted by FTI in January 2016 found that 40% of employees who had experienced a one-off crisis or industry change claimed that their leaders did not manage it well.
- Even if you don't have any answers or decisions yet, be clear on the steps being taken to assess the situation and communicate these.

What practical steps can leaders take to help employees manage uncertainty around change?

1) Resist the urge to wait until decisions have been made before communicating.

The lack of clarity on ‘what happens next’, either at national or corporate levels, doesn't mean pulling down the shutters on employee comms. FTI has found that communicating with employees on an ongoing basis was the No. 1 factor (46%) in increasing employee confidence in leadership during a change [see graph 2]. 70% of employees were very concerned to hear about a major change for the first time via the media so don't leave Twitter to do your job for you.

2) Reinforce your corporate values.

Organisations can undergo tremendous changes in a short time — to their leadership, their operations, or even their business strategy. And the uncertainty around a political or industry event can be equally unsettling. However, a company's values should be a constant that helps ground your people by reminding them what is still expected in terms of their behaviours and actions.

3) Build up Change Management bench strength.

If a skilled change practitioner isn't already amongst your stable of trusted advisors, that's your first move. You need a strategic thinker with strong communication and people skills and an eye for detail. Communication is one critical element of change management, but there's a lot more to it. Planning the ‘people side’ of any change is critical, and it's important to ensure you either have internal capability or enlist external support to help guide your organisation through the change.

4) Proactively decide your approach – don't leave it to chance.

After choosing which messages to share, remember to lead from the front and show enthusiasm for the decisions being made. If a political decision or industry event occurs that might negatively impact your business, get out early and explain to employees what you are doing to assess the impact; mitigate the effects and protect the organisation.

5) Stay visible to your people.

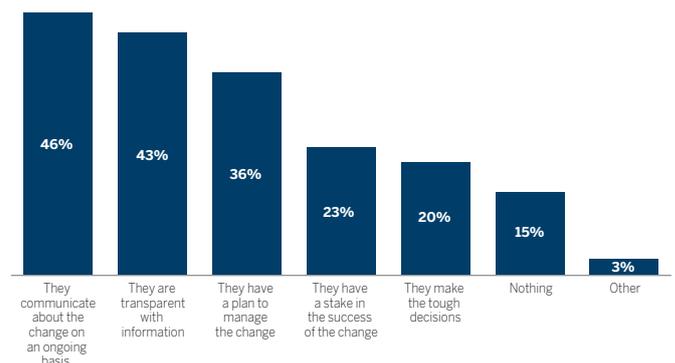
In eight longitudinal studies conducted over 16 years by Prosci®, a company that focuses on change management research, products and services, a lack of active and visible leadership was cited as the No. 1 obstacle to a successful change. According to Prosci's research, the biggest mistakes executives make are:

- Failing to remain visible and engaged during the change
- Failing to demonstrate support for the course of action
- Failing to communicate effectively about the need for change

So this is the time to show your people and wider stakeholders you are up to the task of facing uncertainty head on.

Graph 2: Increasing Employee Confidence During Change

Q. What would increase your confidence in your organisation to drive change?



6) That said, beware of 'Change Fatigue'...

Whilst it's important to be visible and communicate regularly, it is also important to balance that instinct with awareness of what else your employees might be dealing with, especially if your organisation was already undergoing significant operational or leadership change.

Understanding how the cumulative changes might impact each other is important in planning your communications

In Summary

Whilst uncertainty is uncomfortable, it is possible to adapt your leadership style and approach so that your organisation not only weathers the storm but also recognises and harnesses opportunities that might appear on the horizon.

Being mindful of how you are approaching change and communicating with your employees can make a difference to their perception of you as an employer, their perception of you as a leader and their engagement and productivity.

As the winds of change continue to blow, having a considered approach to managing and communicating change provides an important opportunity for your organisation to evolve. As Winston Churchill famously said, 'never waste a crisis.' Moments like these can be opportunities to equip your workforce to better withstand the next wave of uncertainty.

strategy, and while all of the steps above will be relevant to any change programme, this point takes on particular significance in light of events such as the UK's recent referendum result. The velocity of information many employees encounter in their organisations often leads to the most important messages being lost. Simple, concise messaging that considers the industry or political context and provides clarity on how the business will cope - and what employees need to do - is best.



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How we can help:

FTI's **Employee Engagement and Change Communications team** has broad industry knowledge and deep change management in-house and agency expertise to guide leaders through periods of volatility. FTI's experience includes helping organisations manage situations like merger integrations, acquisitions, restructures and changes in strategy and leadership.

For more information on change management best practise and how to apply this in practical ways that are relevant to your business, please contact a member of the team.

RESEARCH METHODOLOGY

Global Institutional Investors: A total of n=100 global institutional investors with \$8+ trillion assets under management. Research was conducted from 27th to 29th June 2016.

Global full time employees: A total of n=7,751 full-time employees globally, broken down as follows: UK (n=1,132), Germany (n=1,105), France (n=1,125), USA (n=1,105), Canada (n=1,117), Belgium (n=1,033) and Australia (n=1,134). Research was conducted from 13th – 15th January 2016

All research was conducted online by FTI Consulting's Strategy Consulting & Research team. Further information can be obtained by emailing: alison.minns@fticonsulting.com

Lucy L.M. Phillips
Managing Director & Lead,
Employee Engagement &
Change Communications
+44 (0)20 3727 1420
lucy.morrison@fticonsulting.com

Alison Minns
Senior Director,
Employee Engagement &
Change Communications
+44 (0)20 3727 1525
alison.minns@fticonsulting.com

Dan Healy
Managing Director,
Strategy Consulting &
Research
+44 (0)20 3727 1239
dan.healy@fticonsulting.com



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