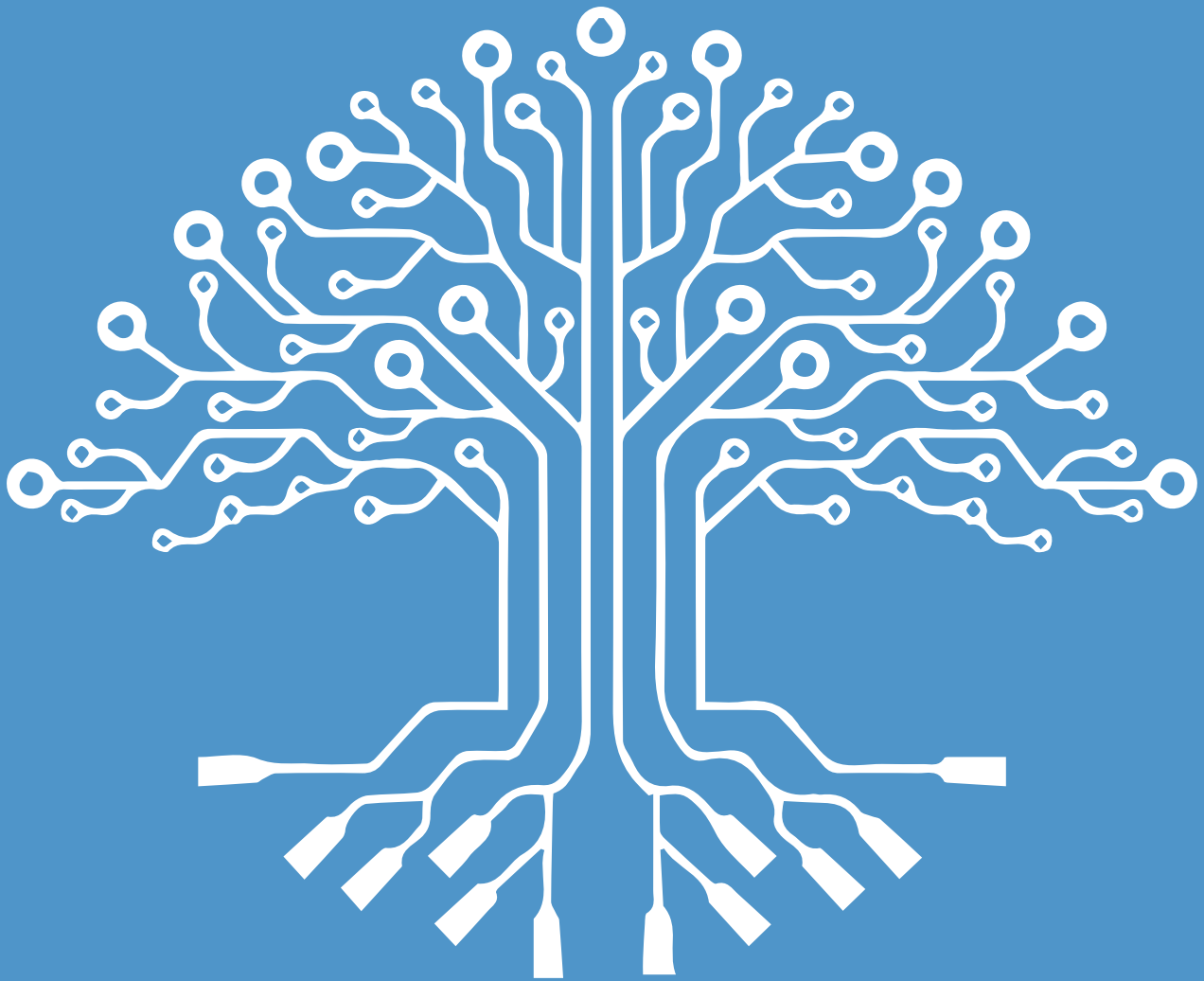


Change You Can Manage | Overcoming Resistance to Tech



With so many compelling reasons to invest in technology—and an ever-expanding landscape of digital tools available—why are financial professionals still using so much paper?

Why choose to print when it hurts the environment, creates inefficiency, and stalls your business growth? For many financial professionals, the answer is simple: clients aren't ready to make the switch.

Change can be intimidating, and new, digital processes often impose what feels like daunting change on an aging client base. Even people who would likely get value from a move to digital processes might shy from a shift that feels too onerous. People resist change for all kinds of reasons, including: misunderstanding the need for change, fear of the unknown, lack of competence, connection to the old way, low trust, not being consulted, poor communication, attachment to routines, exhaustion/saturation, etc.¹

As silly as it may seem, even tiny changes, like new processes in a financial transaction, can be met with deep resistance if they're not managed properly. To help people overcome these blockers and acclimate to change, psychologists, sociologists, and cultural influencers over the past century have developed the discipline of "change management." This is essentially a practice of guiding people through the various psychological states of change to fully embrace a new outcome. It aims to move people from point A to point B in a way that makes them feel heard, cared for, and empowered.

If you're experiencing resistance when it comes to implementing digital processes, it may be worth your time to learn key change management principles and techniques. In addition to moving from costly and inefficient paper deliverables, keeping your technology current has a host of benefits, including:



A recent study by Cerulli found that 55% of financial deliverables are printed materials.² Meanwhile, worldwide spending on technology has reached \$3,360 billion in 2019.³ In a survey by Spiceworks, businesses cited many reasons for investing in new technology: due to end of life (62%), to refresh cycles (52%), for business growth (52%), to support end-user needs (47%), to meet project needs (46%), to leverage new tech features (31%), and due to software compatibility (30%).⁴

- **Improved morale and productivity**—59% of IT personnel believe that utilizing antiquated technology can cause a blow to employee morale while 60% believe that it has a negative effect on productivity.⁵
- **Greater reach**—1 in 5 American adults is a smartphone-only user.⁶ They don't have traditional home broadband services and only rely on their mobile phones, so if your technology isn't up to date, you may be missing opportunities to reach 20% of Americans.
- **Higher valuation**—Technology is a top 10 driver of business value, according to Valuation Research Corporation.⁷

By understanding what might be holding people back, you can help them move forward. As an added benefit, change management can be applied to many aspects of your financial planning process. Once you understand the fundamentals, you can use this knowledge to guide people out of stasis and into decisions that better serve their financial goals.

¹Rick, T. (2011, May 23). *Top 12 Reasons Why People Resist Change*. Meliorate. Retrieved from <https://www.torbenrick.eu/blog/change-management/12-reasons-why-people-resist-change/> ²U.S. Advisor Metrics 2017: *The Next Generation of Planning*. (2018). Boston, MA: Cerulli Associates. 16 ³Holst, A. (2019, May 20). Global technology market spending from 2014 to 2019 (in billion U.S. dollars). Statista. Retrieved from <https://www.statista.com/statistics/886397/total-tech-spending-worldwide/> ⁴The 2020 State of IT: *The Annual Report on Budgets and Tech Trends*. (2019). Austin, TX: Spiceworks, Inc. ⁵Tsai, P. (2018, Aug. 20). *Data Snapshot: The Lifespan of Computers and Other Tech in the Workplace*. Spiceworks, Inc. Retrieved from <https://community.spiceworks.com/blog/3103-data-snapshot-the-lifespan-of-computers-and-other-tech-in-the-workplace> ⁶Pew Research Center. (2019, June 12). *Mobile Fact Sheet*. Retrieved from <https://www.pewinternet.org/fact-sheet/mobile/> ⁷Mellen, C. (2018, March 26). *Top 10 Drivers of Business Value*. Valuation Research Corporation. Retrieved from <https://www.valuationresearch.com/pure-perspectives/top-10-drivers-enhance-company-value/>

What is Change Management?

Change management is an umbrella term for a variety of methodologies that all level up to one shared goal: to aid transition. When a shift in behavior is required due to process changes, an organization can call on change management techniques to help stakeholders adjust. This can be on an individual, organizational, or enterprise level. Organizational and enterprise change management become important when systemic change is too significant to handle on an individual basis. Because most financial professionals work with clients on a one-on-one basis, we'll focus on change management techniques at the individual level.

To get at the foundations of change management, it will be helpful to understand where it came from.

A brief history

Since the early 20th century, change management has assumed many forms, and its earliest foundations were in psychology. As an organizational discipline, change management saw its greatest advancement and development in the 1990s, when several key figures published works that defined the discipline.

Prior to the 1990s, the foundations of change management were established and revisited every few decades. These early foundational figures each defined change as occurring in three states:

- **Arnold Van Gennep (1909)**—Anthropologist Van Gennep was the first to introduce three states of change: separating from our current state, moving through a transition, and reincorporating into a future state.
- **Kurt Lewin (1948)**—Social psychologist Lewin defined three states of change in pithier language: unfreezing, moving, and refreezing.
- **William Bridges (1979)**—Speaker, author, and consultant Bridges repacked the concept yet again, defining the three states as the ending, the neutral zone, and the new beginning.

Change management really took off when authors in the 1990s began publishing works on the subject, which may prove interesting or useful to you:

- **Daryl Conner (1992)**—Conner published *Managing at the Speed of Change*, which explores resistance to change and how managers can overcome it.
- **Todd Jick (1993)**—Jick's *Managing Change: Cases and Concepts* is a more scholarly work that includes case studies and introduces what Jick calls the Ten Commandments of Implementing Change.
- **Jeanne LaMarsh (1995)**—LaMarsh's work *Changing the Way We Change: Gaining Control of Major Operational Change* examines various change factors and how people within an organization can better adapt to the middle state of transition, which LaMarsh calls the "delta."
- **John Kotter (1996)**—Kotter's book *Leading Change: An Action Plan from the World's Foremost Expert on Business Leadership* describes an eight-step process for managing change. Kotter is also published in Harvard Business Review, where you can still find his articles today.
- **Spencer Johnson (1998)**—Johnson's *Who Moved my Cheese? An Amazing Way to Deal with Change in Your Work and in Your Life* is described as "a motivational business fable" about four typical reactions to change.

Since the 1990s, change management has solidified as an organizational discipline, and more formalized, repeatable processes have emerged. During this time, models like the popular Prosci ADKAR® Model emerged. An acronym, ADKAR refers to the five things people need in order to change:

- Awareness of the need for change
- Desire to support the change
- Knowledge of how to change
- Ability to demonstrate skills and behaviors
- Reinforcement to make the change stick

This is a helpful framework to keep in mind, and as we explore each of the three fundamental states of change, we'll look for ways you can help people obtain awareness, desire, knowledge, ability, and reinforcement.

Untethering

All of the founding scholars in the area of change management agree that the first phase of change is, in some way, letting go of the status quo. For many people, this is the first, biggest hurdle that never gets cleared. Rather, when faced with the prospect of change, the individual might double down on their investment in their current process or solution. As the old adage goes, “If it ain’t broke, don’t fix it.” (There’s a reason inertia is Newton’s first law of motion.)

At this phase of the journey, the change leader’s job is to make a compelling case that change needs to happen and will be beneficial to the person who needs to undergo it. This will involve empathy and insights into the needs of each of your clients because any change will affect each client differently, and they’ll all have different thresholds for being convinced. Your gen X clients, for instance, might not need more than a simple email notification to let them know a new digital process will be implemented. Your older clients, however, may need a longer one-on-one conversation about the benefits of a digital process—and the safety measures you’ve taken to ensure their data is protected.

If a higher-need client (e.g., older) is met with a low-effort case for change (e.g., email notification), then that could lead to immediate resistance in that person’s mind. When a person feels out of control and as if change is being “inflicted” upon them, resentments can develop. Once rooted in a person’s mind, resentment can be difficult to extricate, and it can make subsequent attempts to convince a person to change more difficult. You’re better off anticipating potential resistance and making the extra effort upfront.

Cybersecurity



One of the biggest points of resistance you might encounter to going digital is fear of data theft. Understandably, many people have become wary of digital methods of sending information. Cyber threats are real and common:

- More than 90,000 websites are hacked daily.⁸
- Cybercrimes accounted for \$2 trillion in losses by 2019.⁹
- Almost 60% of companies have experienced cyber attacks such as DDoS attacks, phishing, and social engineering attacks.¹⁰

Fortunately, there are a few things you can do to reassure clients their data is in safe hands:

- **Multi-factor authentication**—In addition to a password, make sure your platform uses at least one other factor to validate users’ access.
- **Data encryption**—For every platform and your email communications, data should be scrambled to that it’s unreadable to any unauthorized party.
- **Threat monitoring**—Employ a service to watch accounts for suspicious activity and confirm your and your clients’ identity when necessary.

With these precautions, in addition to being careful about where you store personally identifiable information (PII), you can confidently assure your clients their data is safe.

At Cetera, all of these precautions are included in the AdviceWorks™ platform, so you never have to worry whether you’re doing everything you can to protect your clients. We’ve got it covered.

And if your clients want an extra layer of protection? You also have access to ID360 °, which provides in-depth identity monitoring and recovery services.

⁸ HostingFacts Team. (2018, Dec.17). Internet Stats & Facts for 2019. Hosting Facts. Retrieved from <https://hostingfacts.com/internet-facts-stats/>

⁹ Juniper Research. (2015, May 12). Cybercrime Will Cost Business Over \$2 Trillion by 2019. Retrieved from <https://www.juniperresearch.com/press/press-releases/cybercrime-cost-businesses-over-2trillion-by-2019>

¹⁰ Milkovich, D. (2019, Sept. 23). 15 Alarming Cyber Security Facts and Stats. Cybint. Retrieved from <https://www.cybintsolutions.com/cyber-security-facts-stats/>

When it comes to implementing a new digital process, start by combing through your book and separating clients into groups, such as:

- **Very amenable to change**
- **Needs some convincing**
- **Likely to resist**

Then tailor a communications plan or campaign to each group separately. For the easiest group,

the plan may be a simple announcement communication followed by a few reminders as needed. For the most resistant, you may need a longer, multi-touch campaign, in which you focus on creating the conditions for change.

Loosely using the ADKAR model as a guide, let's look at some ways you can help create awareness of the need for change as well as desire to make the necessary changes.

Ideas for helping people untether

Using our example of moving from paper-based to digital processes:

- Include inserts with your paper deliverables with stats illuminating the environmental impact of printing. This can be coupled with announcements that you'll be introducing the option to "go green." Remember that at this stage you're still working to shift a mindset, so even if you plan to make your digital processes mandatory at some point, the softer approach of "option" will be more palatable to the highly resistant. In the earliest communications, your focus should be planting seeds you can sow later.
- Place an enthusiastic announcement about your forthcoming new digital process in a regular communication, such as a newsletter or client update email. Use this as an opportunity to talk about the ease it will bring to your clients' lives, as well as the positive impact it will have on your efficiency and ability to serve your clients. Because this is not a mandate but an opportunity to spread excitement, you don't need to get into the nitty-gritty details. If people are worried, let them contact you. That way you have the opportunity to speak with them and make a more compelling, personal case.
- Make a point of contacting the likely resisters by phone or in person to discuss your upcoming new process, and talk to them about the benefits they'll get from it. Share how much more quickly and efficiently you'll be able to complete their transactions, and explain how you'll help them learn the tools. If it's possible, run a demo during an in-person meeting. Use every opportunity to reduce fear and increase interest and curiosity.
- If resistance appears to remain unabated, you can increase the incentive to move voluntarily by introducing extra fees for paper deliverables. This is a less desirable strategy because it's a negative motivation—avoiding loss rather than pursuing gain—but it can be a tool at your disposal if needed.

In the end, you'll likely have some holdouts who are willing to spend the extra money to maintain their paper processes. If you've done everything you can to convince them and you're out of ideas, it may be a time to practice radical acceptance. That is, let go of your own resistance to that which you're unable to change.

Transition

Once you've convinced people of the necessity of change and untethered them from the status quo, they'll enter the messy middle stage. Each foundational scholar used a different term for this part of the process, but they all agree it's a uniquely difficult time. It's when people go through the uncomfortable learning process of shifting from something known to something yet unfamiliar.

When you're implementing a digital process, this will be the time clients get introduced to the new system and potentially experience frustration as errors and skill gaps arise. Your job, then, is to help people gain the knowledge and abilities they need to make the transition as smooth as possible. As

with your convincing campaign, this may be a more involved process for some clients than others. You may have highly tech-savvy clients who need little to no guidance to find their way around a new system or digital process. For these clients, a quick-start email or brochure may be enough. For others, in-person training may be required.

During your untethering campaign, you'll likely get a strong sense of the clients who will need extra help in the training department. Their fear of learning the new system will likely take the form of high resistance, and in the convincing stage, you'll have the opportunity to reassure them that sufficient help will be available. The transition stage is when you provide that assistance.

Ideas for aiding transition

Create (or commission) a comprehensive guide of every step your client will need to take in order to fully onboard to the new system. Include even seemingly obvious steps, like logging into the account or checking email for the verification message. In step-by-step guides, it's better to include steps some people will skip over than to omit any that could leave some people stuck.

- Host several training sessions at various times of day. Some people will have an easier time attending during the day, and others will find evening hours more accessible. Be sure to offer a few options for each to give clients the best opportunity to attend.
- Offer one-on-one trainings on a proactive basis. For clients you know will need that extra assistance, reach out to find a time when you can help them set up their new system. This will help them feel assured they can ask any questions and won't need to feel embarrassed in front of a group (or waste time fumbling their way through a written guide).
- If you have the resources for it, creating or commissioning a video guide can be a great tool to help people who may need more help than the written guide but less than an in-person training. Often vendors will provide start-up video guides for their systems—just make sure to vet the videos before sharing with clients.
- Assign a point person (or several people) in your office who can field calls and service as the "hotline" for this new system or process. If all calls go to one person, they'll become familiar with recurring issues and be able to help clients through roadblocks quickly. (If this person will be taking on extra workload during transition, consider a bonus or raise for their time.)

Importantly, remember that setbacks will arise. Whenever a new system is implemented—and this is true no matter the company, industry, or scale—unanticipated issues will bubble up. You won't be able to prepare for every eventuality, you can at least expect the unexpected.

New state

After you've ushered clients through the untethering and transitioning stages, most of your work is done. (Hooray!) The last thing you need to do is make sure the new behavior is reinforced—the R in ADKAR. When clients perform the desired behavior, such as using a new system or digital process, make sure they get a positive response. That includes reciprocal behavior on your part. For example, if you promise your clients faster turnaround with digital signatures, make sure you're promptly responding when their digital signatures arrive.

Ideas for reinforcing new behavior

- Find ways to incorporate celebratory messages, like a personalized “thank you for signing up” email.
- Include a thank you message with adoption stats in the same communication (e.g., newsletter or update email) where you originally announced the new system or process. As a bonus, this can serve as subtle social pressure for the last holdouts who haven't transitioned, if you still have any.
- For your most-resistant clients, consider a call to check in on how the new system is working. They might not have any issues to report, but knowing you care may provide a sense of encouragement.

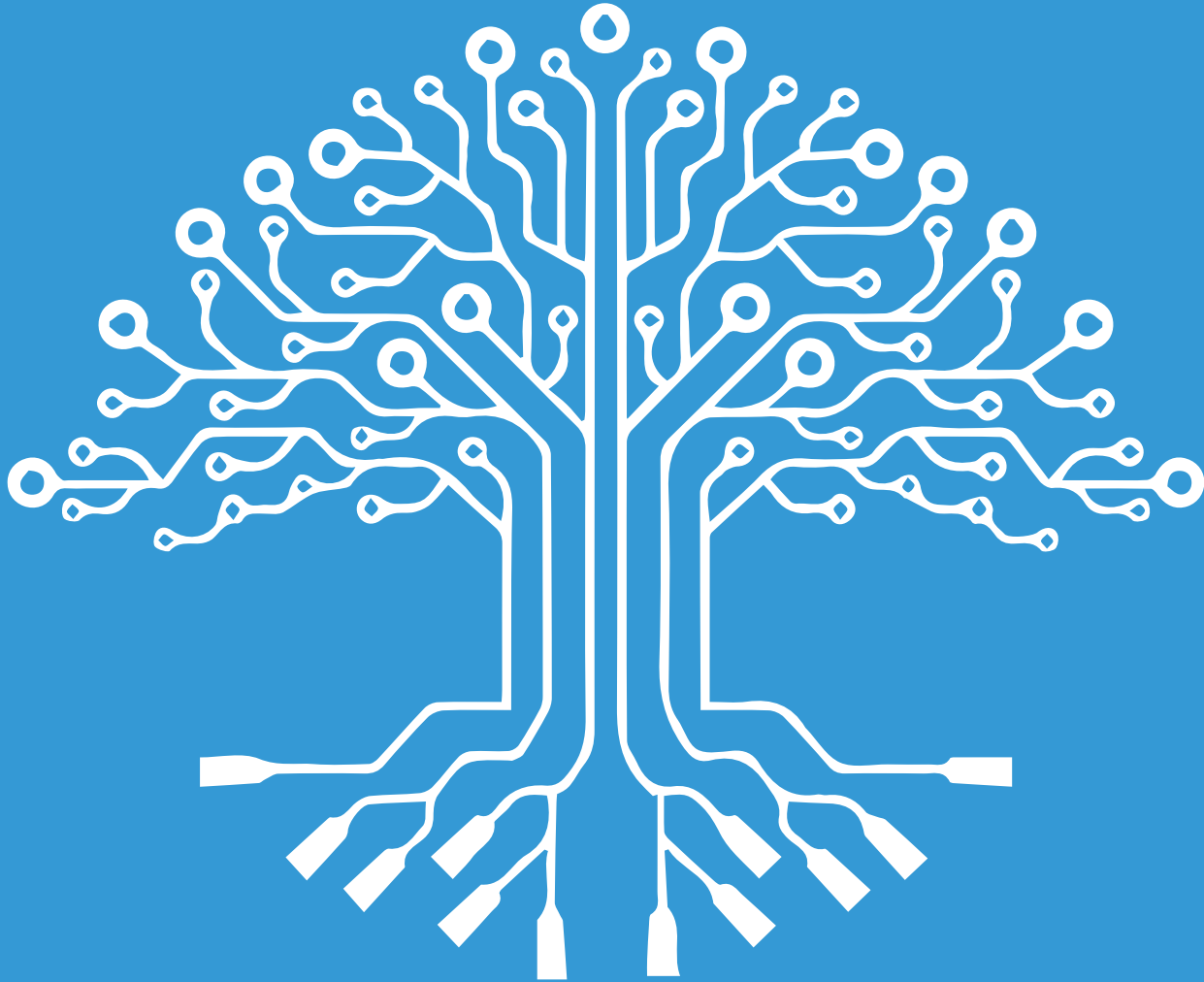
The main thing is to make sure people know you appreciate their efforts and that you've delivered on your promises.

Going digital with support

As you move away from outdated paper deliverables toward more efficient and valuable digital processes, Cetera has the tools, teams, and resources to facilitate your success. That includes automated email technology that can help you keep clients informed and enthusiastic about changes; business consultants who can help you understand the valuation of your business and how it might be improved with technology upgrades; and platforms that offer secure, easy-to-adopt digital solutions.

Our AdviceWorks™ platform protects your clients' personal financial information and is monitored continuously with robust security solutions and processes that adhere to regulatory requirements and cybersecurity best practices.

Contact the Cetera Business Development team at 800.336.8842 to discuss your technology and how we can help you move away from paper and toward digital solutions.



“Cetera Financial Group” refers to the network of independent retail firms encompassing, among others, Cetera Advisors LLC, Cetera Advisor Networks LLC, Cetera Investment Services LLC (marketed as Cetera Financial Institutions or Cetera Investors), Cetera Financial Specialists LLC, and First Allied Securities, Inc. All firms are members FINRA / SIPC.