Core Platform Implementations:
The Importance of Change Management

Innovation comes at a cost. As business leaders who are enacting change within their organization, we often focus solely on the quantifiable aspects of innovation. How much capital is required? How long will it take? What is the internal rate of return (IRR) and net present value (NPV) of the cash invested? Financially driven metrics like these are crucial to making informed business decisions, but they all hinge upon a major assumption — the successful facilitation of change.

The change process is critical for businesses to understand and plan around, especially for insurance companies who have long tenured employees that are rooted in legacy process/systems. When we assume that change will be smooth, we neglect to recognize one of the most important aspects of enterprise software implementations. No matter how methodically the project is scoped, challenges and obstacles will arise. By having an effective change plan in place, with *clear communication, change champions, and a well-defined set of expectations*, projects will persevere through these moments of struggle and remain on target for a successful go-live. Organizations that fail to facilitate the change process with their internal teams will find themselves frustrated and paying the price.

Experienced software buyers understand that burned out project leads and lapses in team morale can have significant impacts on the total cost of an implementation. As your business decides to evaluate and implement new core platform, it begs the question: *are your teams ready to change?* Throughout the course of this article, we will discuss the natural progression of innovation and how this applies to core platform implementations, as well as cover three critical steps to successfully facilitating the change process during your next technology implementation...

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The Diffusion of Innovation

The Diffusion of Innovation theory is a guiding principle for how change is spread throughout an organization. If you think back to any major technological development that has revolutionized the way we think about something, you'll notice how this theory holds true — take smartphones as an example. Today, everyone has an iPhone or Android in their pockets. They're connected through a robust satellite and fiber network that enables them to have instant accessibility to the internet, as well as the computing capabilities to run applications that were once reserved for desktop computers. But back in 1994, when IBM released the original "smartphone", owning the Simon Personal Communicator (SPC) was something of a novelty. Over the last three decades, we've diffused this innovation throughout our communities to the point that *not* owning a smartphone is considered the novelty.
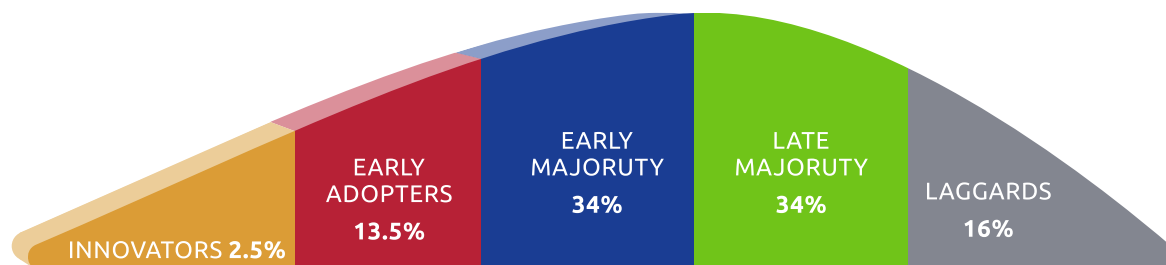
Knowing what we know today, it's hard to imagine why anyone would have resisted this change. Smartphones have enabled the progression of society in countless unforeseen ways and continue to lay the foundation for future innovation. Yet, reflecting back, we realize that the progress we made didn't come without friction. There were intense public discussions on the impacts of smartphones, creating factions on either side and dividing society into two groups — those for the change and those against it. Over time, people were able to embrace the changes at a pace that fit their needs until the innovation was fully integrated. However, for insurance executives who are getting ready to implement a new core system, patience is a luxury you are not afforded.

With new technology implementations, time is the enemy. The longer a project stretches on, the more costly it becomes, and not just financially. As an implementation drags out, internal teams will slowly lose morale. The, consistently overlooked, reality is that many of the team members for an implementation are being asked to devote additional time and energy, on top of their full workload, typically without any additional pay. Continuous motivation is key, and nothing stifles motivation more than unmet expectations. Timelines that become moving targets are an implementation team's worst nightmare.

This is the dichotomy of the guiding principles of innovation and technology implementation projects. A natural tension arises between the need for a new way of doing business and an organizations capacity to facilitate change, so a leader with the ability to effectively shepherd their teams through the implementation is crucial. For any project, a successful change process starts with communication...

Change Starts with Communication

Simon Sinek, the New York Times best-selling author of **Start with Why**, says it best when he says, "**People don't buy what you do; they buy why you do it.**" For leaders within the insurance industry that are looking to facilitate a new core platform implementation, this is key to understand.

At its core, a new piece of technology is helping displace the current process around "**what**" is done within the business. Maybe it was the need for a streamlined portal experience for your insureds/agents, a modern claims management solution that enables your adjusters to get employees back to work faster, or total accessibility to your programs data for comprehensive reporting, that led your organization to evaluate a new solution. Although these functional requirements are important, it's the impacts of implementing these solutions that insurance companies care about: **Driving Premium, Reducing Combined Ratios, or Providing Greater Services**. As leaders of the business, connecting the dots is simple - this is where the opportunity for facilitating change begins.

The first step in executing on a new core system implementation, is articulating a clear message about the purpose of the change with the rest of their employees. Importantly, this begins when the company decides to evaluate solutions, not when the vendor contract is signed. What is it that will make this project a success to the business? How will the organization prosper due to this change? What does it mean for all the employees moving forward? The business should be able to answer all these questions before an implementation begins and you owe the team members on the frontlines the opportunity to share in this perspective. Their day-to-day is being disrupted, and by understanding the value these disruptions bring the business, they are more likely to rise to the occasion. Don't forget that communication is a two-way street. Listening to your team can help you identify additional obstacles to project success as well as additional reasons why they are committed to the success of the project.

This open dialogue about the value of the project shouldn't be a singular event either. At every stage of the process, the purpose of the project should be reiterated to every team member and new feedback should be provided and received. When milestones are completed, teams should celebrate these accomplishments and why they are so important to the business. The more these impacts are communicated to the team, the stickier the ideas will be, and the greater the adoption of the new system. It also promotes influential people within the business to help lead the change from the frontlines – another critical element to successfully facilitating change.

Creating Champions of Change

As the narrative for change takes shape, it's important to amplify the voices sharing it. One of the easiest ways to do this is to have more voices throughout the business who are aligned and driving the message of innovation. Internal teams are going to look to key influencers for how they should react to any situation. By ensuring that those voices are promoting a message of acceptance and receptivity to the impending changes, your business will be able to accelerate past a pivotal moment in any implementation. With a culture of change acceptance in place, your teams will be primed to tackle the complexities of the project at hand.

Start every implementation by identifying who your influencers are. These are the individuals whose opinion holds the most weight amongst their peers and are plugged into critical areas of the business. Although many of these people will be understanding of the proposed change, it's important to note that not all of your influencers will be quick to adopt the new way. Identify the loud voices of resistance and do what you can to change (or isolate) their voices to help ingrain the narrative of change across the business. If left unchecked, resistance, especially from influencers, can metastasize into a cancer that hinders progress and the overall success of the project.

Enterprise software implementations will never be perfect. The best implementations will still have their fair share of obstacles to overcome. But, having positive influencers to act as project champions and communicate priorities to their respective teams will promote alignment and support a smooth rollout of the new solution. In addition to influencers, there are critical project members that should be given a seat at the table. The 80/20 rule — 80% of the knowledge is held within 20% of the people — goes into effect here. Surface these experts and involve them from the beginning. A common misconception is that the process of implementation begins at contract signature. The reality is the project begins during evaluation, when your teams architect the initial requirements for the new solution. Having these experts involved throughout the evaluation gives them an opportunity to share invaluable details about the pitfalls of the current process, help prototype the upcoming project, and feel more direct ownership over the project and its intended success.

Empathy and Expectations

As you select a vendor, the process of setting expectations begins. Part of the evaluation process is the establishment of a Scope of Work (SOW) and Project Plan document, the foundational elements of your implementation. Lean on your new vendor for a clear breakdown of what each milestone will entail — who's involved, how much of their time is required, and what is delivered. Although there is a necessary expectation of changes throughout the implementation, your SOW and Project Plan create the backbone to support project teams throughout the implementation. Having diligence during the early stages of any project will pay dividends in the long run, especially as roadblocks arise.

Vendors will spend countless hours scoping and planning the project. Yet, those who have experienced a core system implementation understand that it would be impossible to fully understand the nuance of how the new solution will be delivered. The amount of time and energy required to put together a comprehensive outline of every detail, down to the most refined level, is unreasonable. Instead, both organizations embark on a partnership where mutual respect of each other's abilities to embrace challenges as they arise is established. Strong communication and the role of change champions comes back into play here as you set these expectations internally.

In the thick of a big implementation effort, we forget that we've asked individuals to take on additional responsibilities, in addition to what is already a full workload. It falls on leaders and change champions to continuously call back to why the organization embarked upon the project and help motivate their teams to work towards this common goal. Having empathy in these moments is critical for morale and keeps team members aligned with the project vision. Sometimes it's hard to see the forest beyond the trees, which is why building a narrative for change is so important — it provides a foundation throughout the implementation.

The Role of Your Vendor

So, what does all of this mean for you during your next implementation?

The next time you're looking to implement a new core system, be ready to rely on your new software vendor's change management expertise. Their business is centered around successfully executing these types of projects and their practical wisdom will make a difference in how your teams respond to change. Throughout the evaluation process, start by asking your vendors their implementation methodology.

How will the project be structured? What are the timelines for each milestone?

Who needs to be involved and how much of their time will be required?

What is their change management methodology? What happens when challenges arise?

How much executive involvement do they have in each of their projects?

The goal of questions like these, is to uncover what an implementation and long-term partnership with this vendor will look like. A vendor's **implementation timelines and cost structures** are two straight-forward criterion that help outline the type of partner you will receive. While 18-to-24-month project timelines might be introduced by a vendor, 6-to-9-month project timelines are possible. Shorter timelines offer agility and reduce the risk of change. In addition, look for fix-bid implementation offerings; this puts the financial responsibility of delivery back on the vendor. An implementation without endless change orders and "nickel and diming" for functionality will provide insurers a partner that is as equally invested in project success and invested in providing a continuous stream of value over the life of your partnership.

Although the financial metrics of a new core system investment are important, the success of the project hinges upon the relationship you build with your vendor and methods in which you leverage this partnership to manage the change throughout the business. A good vendor will be motivated by your organizational goals and work to align their resources with yours.