

Change Management

The Challenge of Organizational Culture

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Change is...

- Scary
- Disruptive
- Necessary
- Inconvenient
- Exciting
- Opportunity
- Unsettling
- Frustrating
- Energizing
- **Inevitable!**

Change Management 101

Change must be actively and openly communicated for the process to be effective.

Goal: People accept change

Change Management 201

Change & managing change is critical to survival.

Goal: People participate in change

Change Management 301

Managing change is what the heart of operational risk management is all about.

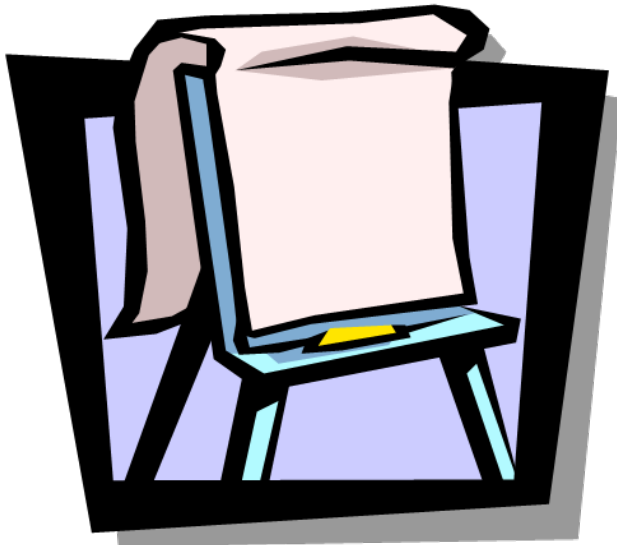
Goal: People manage change

3 Questions

Operational risk management is all about change management, both in terms of how we implement it and how we respond to it.

Change may not be the enemy of effective risk management, but it is most certainly the antagonist.

Course Overview



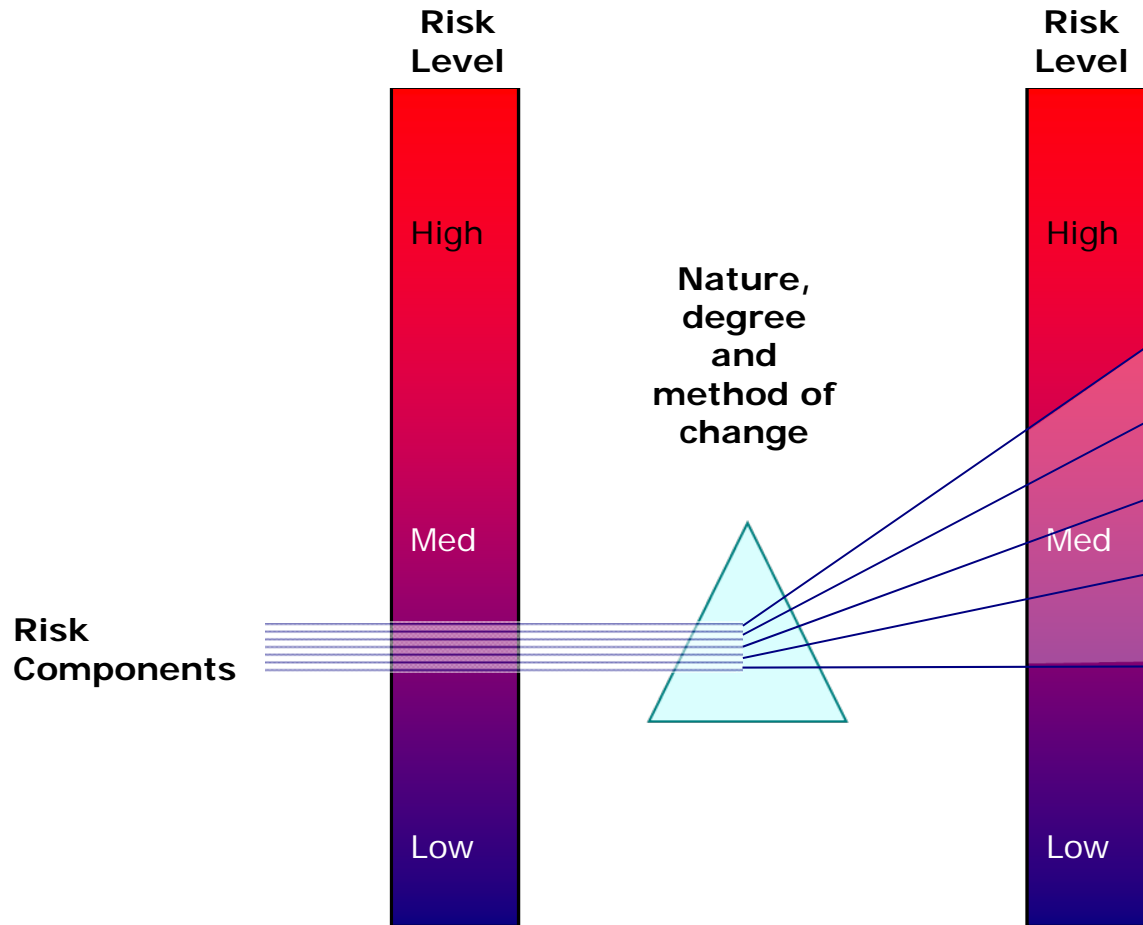
- Change and risk
- Change and ORM
- Implementing change
- Encountering change
- Wrap up discussion

**How, exactly, does
change affect risk?**



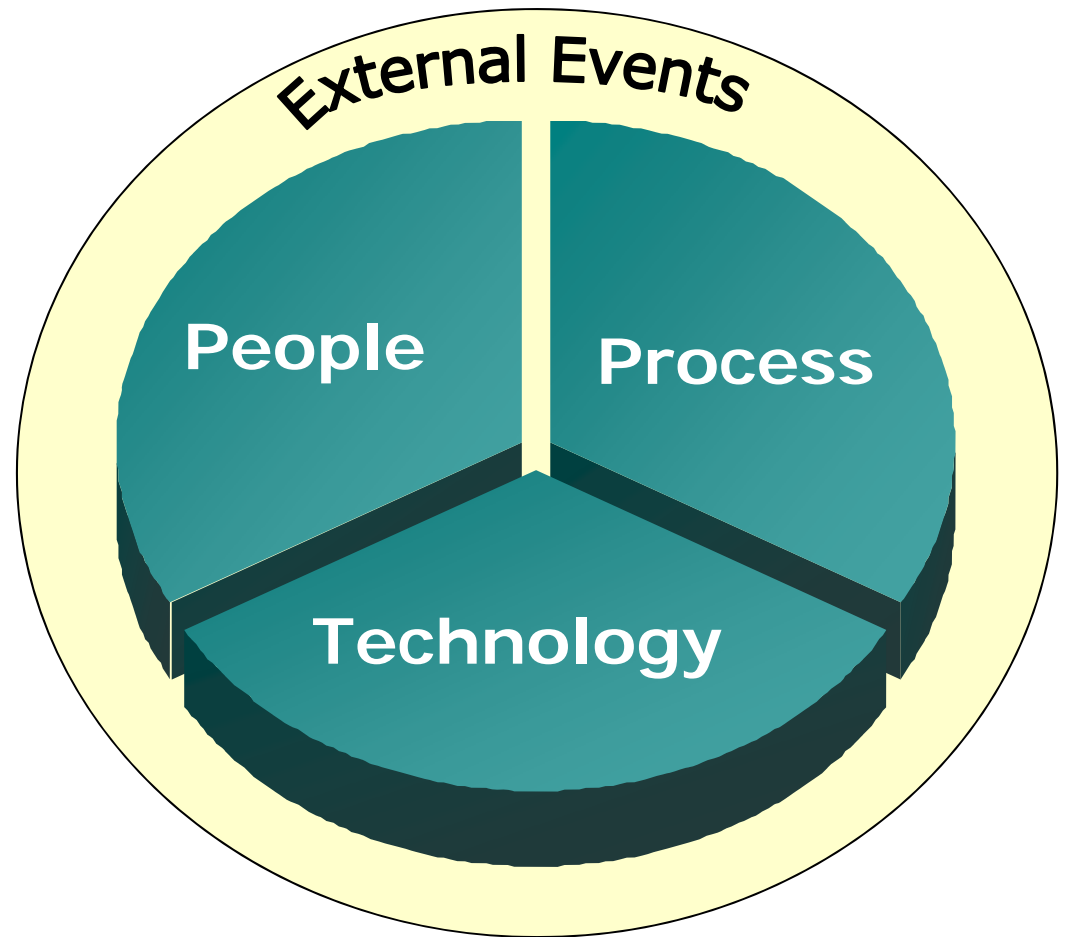
Questions on Change

- Does all change increase risk?
- How far does communication relative to change go to reduce risk?
- How do we identify and assess the risk associated with change?
- What's better, ability to assess or to respond?
- Where is the line between proactively managing risk associated with change versus just dealing with it when it comes up?



The Prism Effect of Change

Change can originate in 3 of the 4 areas of operations: people, technology and external events.



Change affects risk by...

- Creating unfamiliar processes
- Altering base assumptions we make about risk
- Altering people's emotional commitment

**Altered processes + altered assumptions
+ altered commitment = INCREASED RISK**



Why change becomes a problem

- Risk is often managed by intuition not by fact
 - Reactively not proactively
- Ability to assess the impact of change is directly correlated to our awareness of assumptions
- People, in general, don't want things to change
- Change forces a dilemma in priorities
 - Me versus the company (efficiency, security, compliance, customer service, etc.)
- Significantly impacts risk quantification

Using ORM to reduce change risk

- Risk and compliance awareness are critical
- Document assumptions
- Use scenarios to test assumptions
- Educate about the impact of change
- Get people past “What does this mean to me?”
- Build resiliency
- Model for change?



Change that we impose

Because, like it or not, while
incredibly disruptive, change is
critical for survival.





Critical Aspects of Technology Change

- All technology leverages the affect of change
- All technology risk assessment must have both IT and business area input into risk assumptions
- A bad process automated is still a bad process
- Tech. is the most inter-connected tool we have
- Even the subtlest of changes can have catastrophic consequences
- Changer/chagee have different risk tolerances

The “Why” really, really matters

- People’s ability to manage risk is tied to “why”
- “Just because” doesn’t cut it
- The seeds of risk are sown in the “why” and sprout and grow in the “how”
- People must have a clear objective
 - If the objective isn’t seen as the enemy then the project will be
- “Care about it” and “quality of it” are linked



You can't communicate enough

- People can only manage the risks they know
- Use "need to know" with extreme caution
- Take stakeholder analysis very seriously
- RM is in a unique position to create dialog
- Risk awareness is largely defined by people's area of responsibility
- Change must always be approached as a team effort



Document Assumptions

- Never stop asking...
- Assumptions agreed, assumed or ignored
- The connection points between functions
- Assumptions can be test, events can't
- Beware "What could go wrong bottomless pit.
- Impact broader than you think
- Connect to risk assessments
- Small steps better than big, ambitious ones

Manage Expectations

- Risk mgmt and efficiency are not the same
- Don't over focus on the potential benefit
- There is such a thing as too much risk
- Remember: people like to do it their way and set their own risk tolerances
- Accept that things still can, and will, go wrong
- Understand the difference between inherent and residual risk

Change that we encounter

Also known as, “Stuff happens.”

Build world class incident response

- The most critical for information security
- Clearly defined roles and responsibilities
- Flexible procedures with room to improvise
- Grant authority as appropriate
- Never settle for “What do we need to do?”
- Learn, learn, learn, learn, learn, learn, learn
- Continually re-visit assumptions, risk assessments, self-assessments & KRIs

Same thing with continuity planning

- How many assumptions are in BCP plans?
- Stay practical and flexible
- Efficient and effective communication
- Never settle for “What do we need to do?”
- Learn, learn, learn, learn, learn, learn, learn
- Continually re-visit assumptions, risk assessments, self-assessments & KRIs



Remember...

Every unexpected event that has ever happened did so because something changed.

The question is not whether things will change but whether you are prepared to respond?

Questions



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