Keeping up with Maria

Case adapted from Harvard Business Review

As the bank's recently appointed CEO, she had made site visits a priority. They helped her see how frontline employees were weathering the changes she'd been spearheading, and she used them to scout for young managers who were ready to move into more-senior positions.

But this time, Maria Halgard wasn't making the trip alone to Victoria, British Columbia. Olivia Novak, her long-time friend and mentor and a board member at British Columbia Dominion Bank's (BCDB) Canadian parent company, was with her, and the two women could have used much more than a half hour to catch up.

"I want to hear about work, of course, but first tell me how Matthew and the girls are doing," Olivia said.

"They're good. Sweet, but strong-willed."

"Just like their mother, "Olivia said with a smile.

"We were at a theme park this weekend, "Maria continued. "Emily was on the Tilt-a-Whirl for what felt like hours. We finally had to yank her off-over her very loud protests- and I found myself saying, 'You know, Emily, we all need to slow down sometimes." Which was funny, because Shivam said the exact same thing to me last week!"

Olivia didn't look surprised. Shivam Deo was BCDB's COO, and from the start he had chafed at Maria's appointment and approach. While her supporters, including Olivia, saw a bright 35-year-old former consultant to the financial industry who had lots of energy and big ideas for how the company should adapt to a rapidly changing market, detractors saw a young industry outsider who'd never held an executive position or even worked at a bank - and who still had a lot to learn.

Although the board had given Maria mandate to shake things up, Shivam had challenged every strategic shift Maria made: moving away from the siloed branch structure, letting about 40% of the bank's stodgy senior managers to go make room for fresh talent, and pushing to transform the hierarchical corporate culture into a more performance-driven one,

"I can just hear Shivam saying that "Olivia said. "He hates change."

"Or hates everything I touch, "Maria replied.

"You don't need his approval," Olivia said. "You're doing the right thing. And as long as he's executing on your decisions, there's no problem."

"He really doesn't like the new strategy though," Maria said. Tasked with rethinking the bank's retail approach, Maria rejected the traditional path of expanding the branches. Instead, she was ramping up mobile-banking operations - which competitors were also doing - and looking to experiment with something more innovative: partnerships with supermarkets and electronics stores that would allow BCDB to set up kiosks within them. This would enable the bank to serve customers where they needed access to cash and make it more convenient to apply for loans.

"He says the staff has 'change fatigue' and won't be able to get it done. And some board members may agree. I'm afraid they'll dig in their heels."

"Let them," Olivia said with a wink. "Our heels are sharper."

The branch manager in Victoria, British Columbia, Amanda Oliveira, met Maria and Olivia in the lobby and introduced a few staff members before showing the two women in her office. As they sat down, Maria noticed an organizational chart on the desk. It had x's though lots of roles and a few arrows signifying structural changes. She could barely read the names that remained.

Amanda caught her looking, "I know that must seem old-fashioned to print out and mark up an organizational chart. I was just using it to help employees understand what's happening with the broader business." Maria's heart sank a bit as seeing such a messy virtual representation of the changes she'd been making.

"Are people confused?" Maria asked.

"It's like any reorganization," Amanda said. "There's an adjustment period. We've been surprised by the, um, high turnover at headquarters. But I think people also see room for advancement where they didn't before."

"Do people understand the reason for the changes? Do you?" Maria needed managers like Amanda on her side.

"Oh, yes. The industry is changing. No one wants to come into the branch anymore. Customers want to do everything on their computers or their phones. Just yesterday, someone asked one of our mortgage specialists if he would mind dealing with her by text, since she no longer checks e-mail. He didn't know if he's allowed to do that."

“He is,” Maria replied. This was exactly the kind of agility responsiveness she was trying to encourage.

"Of course, and I coached him through it. But people are wondering how they'll fit into the business going forward. They want to know whether we're going to start closing branches. Will we be all working out of call centres or supermarket kiosk next year? It's stressful."

Olivia asked if they could talk to a few staff members. Amanda invited them to walk around. "I let them know you'd be here, and they do have some questions," Amanda said.

Maria joined the two tellers at the counter.

"Is it always so slow at this time of day?" she asked. There were no customers to be seen. One of the tellers, a tall young man with short hair, turned red, seemingly shy and embarrassed. His counterpart, a middle-aged woman, wasn't as hesitant. "This is a lull for sure, but it'll get busy at lunch time."

Olivia asked them if they had questions.

"Are we going to lose out jobs?" the young man blurted out, and then laughed nervously.

"Well, we wouldn't have put it that way, but it's all we're all wondering," his colleague said. She added, "My girlfriend says that at her company, when there are changes at the top, it isn't long when frontline layoff follows."

Maria assured them that no layoffs were planned. They nodded, but they didn't look as though they entirely trusted her.

Olivia and Maria met with a few staff analysts and loan officer. No one was as blunt as the teller had been, but the anxiety was palpable.

"Well, that was worrisome," Maria said as they walked out the door.

"Change is necessary fur survival," Olivia replied.

"Yes, but maybe it doesn't need to happen so fast.

The next day, back in Vancouver, British Columbia, where the bank is headquartered, Maria met with John Lloyd, the CFO. He'd been at the bank for decades, like many of the leaders. Maria had pushed out, but she valued his expertise, and he's been very supportive of her transformation efforts, especially ones that cut the bank's costs. He'd also invested a lot of time in the model for the kiosk pilot.

"The projections looked mostly good," John said. "Market research from Capital is promising. But the IT system we'll need to handle the loan applications are complex. The execution on this is going to be a beast, which" - he paused for a moment - "is why Shivam is up in arms?"

"He's been up in arms since I got here," Olivia said.

“True, but he might have a point on this one. Olivia said. "This means that Shivam's team will have to work 24 hours a day to make this happen on the timetable you're suggesting. It's going to take a huge marketing push and some big shifts in staffing, which could result in even more attrition - not just us old folks, but even some of the youngest people who like the way we do business now.

Olivia grimaced at the way he’d characterized the recent management shake-up, but she let him go on.

Also, we don't know that the model will work. Will people want to use the kiosks? If they do, can we screen their loan applications quickly and effectively? I know the idea is to reinvent banking in this country, but are you sure customers are ready to apply for loans without a specialist helping them with the process? Are you sure we're ready for that? Why not slow down a bit - do some more intensive market research to check that our assumptions are accurate?"

Maria values John's opinion but she thought that they can experiment and learn in real time. She believes that if they just focus on mobile banking, they will not differentiate themselves from their competitors and differentiation is the only way to win the market.

"But it's not the BCDB way," John said. "I know that you might think that slowing down will give the impression that you're second guessing your decisions. It won't; it will just give people a much-needed break. Trust me. I understand why you're pushing this. The Board is watching you like a hawk, and we need to deliver the growth. It’s demanding."

“Exactly. Part of my job is to change the BCDB way – keep the good, of course, but move us into the future. We have to weigh those risks you just cited –which are serious – against the potentially bigger risk of not having first on this idea. We’d all hate it if a competitor beat us to this. If we focus just on mobile, like everyone else, we won’t differentiate ourselves – and differentiation is the only way to win in this market.

That night, Maria sat down in her dining room at home, reviewing all the feedback and information she gathered during her visits. Her husband Matthew came downstairs and noticed Maria frowning. Maria closed her laptop. She appreciated that he could read her so well; it kept her honest about her feelings. She told Matthew if he remembers what Shivam told her about slowing down. She told Matthew that John agreed with Shivam and that she's worried that they're right.

"But the board brought you in to be a change agent. That's your job." Matthew replied.

"I know, and I really feel that it's my duty to keep pushing. Change is good. It is necessary, as Olivia always says. This bank has been sitting down for too long. We need to continue moving" Maria said. Maria then found herself pounding on the table to make her last point. "We can't lose momentum. If we take the break they're asking for, when and how will we start up again?" Maria said.

"It is good to see the fire back," Matthew said to Maria. "You're doing the right thing, Maria. But I also get where Shivam and John are coming from. I know how hard it is to keep up with you. You have been competing with them since your university years. You are awesome. They were second to you in academic excellence."

After Matthew left, Maria went over the blueprint of the change that she was planning to implement and got refreshed by the enormous amount of savings that the company could gain. In her mind came the possibility of being featured in Fortune Magazine if she can pull this through. Or possibly the coveted “CEO of the Year” trophy. But her vision got cut off by the thought of the suffering of the families of employees who will be laid off.

Suddenly she noticed that the Chairman of the Board of BCDB was calling. She picked up the call and heard, “Maria, your plan and our bank are getting bombarded with negative publicity in social media. I want you to get to the bottom of this and clear it out!!! Finish what you have to do this week!!!” and he hanged up. Maria slumped herself in the couch. She asked for 3 months for the implementation of the plan, and she is just in the middle of it.