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Change Management

One of the principal functions of a bank's Compliance Department is Change Management. Banks must continuously evolve and adapt to meet a variety of challenges. Potential changes could come from changes in technology, laws, regulations, or internal operations, such as changing products or services. To ensure this evolution is successful, a bank should establish a set process for change management.

Change management is the process of guiding an organization from the earliest stages of conception and preparation through implementation and, finally, to resolution. Let's review the phases of a successful change management process.

1. Prepare the Organization for Change

Once you have identified a regulatory or business process change through risk monitoring practices, you can begin to prepare your bank for the change.

Before diving straight into the nuts and bolts of a change, it is best to ensure cultural preparation has taken place. This phase focuses on helping the Board and employees recognize and understand the need for the change. Your job will be to help leadership and employees understand the following:

- Reason for the change
- Problems/challenges that may arise during the change
- Goal(s) of the change
- Key stakeholders of the change

2. Craft a Plan for Change

Once the bank is ready to adopt change, develop a thorough and realistic plan. The plan should detail the following:

- Strategic goals: What goals does this change help the bank work toward?
- Key performance indicators: How will progress be measured? Track due dates.
- Project stakeholders and team: Who will oversee the task of implementing change? Who will be responsible for implementation? Who needs to sign off at each critical stage?
- Project scope: What steps and actions will the project include? What falls outside of the project scope? Evaluate the bank's policies and procedures, software, vendors, and internal controls.

Your change management plan will be your primary tool to help manage the entire process. A well-written plan can provide insight into your budget, schedule, communication, workflow, overall scope, and available resources.

3. Implement the Changes

Once you have a crafted plan, all that remains is distributing responsibilities and following the steps outlined to implement the required change. During the implementation process, key stakeholders must be aware of the following:

- Update processes and procedures where needed. Assign training to staff.
- Empower employees to take the necessary steps to achieve the goals.
- Anticipate roadblocks and prevent, remove, or mitigate them once identified.
- Repeat communication of the organization's vision.

4. Review Progress and Analyze Results

Just because a change initiative is complete doesn't mean it was successful. Once the change initiative has been completed, key stakeholders must prevent a return to the prior status. Conducting a review/audit can help stakeholders understand whether a change initiative was a success, failure, or mixed result. It can also offer valuable insights and lessons that can be leveraged in future implementations of change.

Implementing a log to track your change management process is a crucial step. Logging updates in the change log will help to keep your process organized. Failing to implement the change log could allow for critical mistakes. CCI has supplied a [Change Management Log](#) for your use.

With the Small Business Lending Data Collection 1071 Final Rule due March 31st, this is a perfect time to use your change management process to ensure proper implementation of the new ruling.

-CCI Team