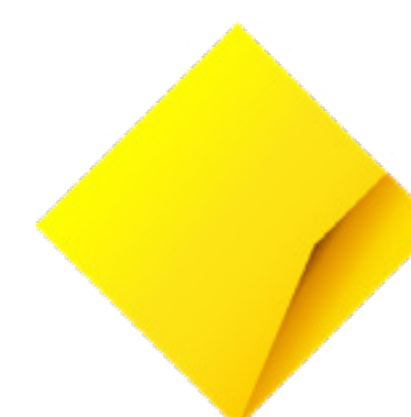




# **Embracing the shift:** Change management for small business





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# Introduction

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The pandemic remains the ultimate case-in-point for the importance of adaptability in business. Almost overnight, COVID-19 upended everything from daily operations and supply chains to talent management and consumer preferences—and in doing so, swept the rug out from under organisations that weren't well equipped for change.

Whatever happens in the future, one thing's for sure: there will be more changes ahead. And like COVID-19, we won't always see them coming. But the way we perceive change—whether as an opportunity or a threat—will greatly influence our approach to it.

In a recent vodcast, SmartCompany's editor-in-chief Simon Crerar spoke about change management with Rebecca Warren, Executive GM for Small Business at CommBank, Jane Robertson, founder of Millwoods Shoes, and Cam Grant, founder of Unyoked.

This eBook, which was created in partnership with CommBank, has packaged up some of the panel's key insights, with the aim of encouraging SMEs to rewire their thinking on change. It delves into why change management skills are such a crucial trait for modern business leaders, and how to create a workplace culture that thrives on change. It also explores ways of maintaining financial stability through change, and how the right partnerships can provide invaluable support.







## Chapter 1

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# BECOMING A LEADER WHO EMBRACES CHANGE

*In this chapter, we discuss why adaptability is a critical trait for business leaders, and how creating a culture that embraces change can take your organisation to new heights.*





It's often been said that running a start-up is like trying to build a plane while you're flying it. But what if you found out that your customers, who you thought were always in the air, actually spend half their time on the water? Some quick thinking, a few design tweaks, and—voila! Now you're cruising along in a seaplane.

As a business leader, this sort of responsiveness and agility is your secret weapon. It can help you take advantage of new opportunities and modify approaches that aren't working, or that could be working better.

Take Millwoods Shoes, for example. When Jane Robertson originally founded the business, the idea was to make children's shoes that were cute, super comfy and easy-to-clean. She was a new mum of three herself, and like all good entrepreneurs, was on a mission to solve a problem that was close to her heart.

Turns out, Robertson's high-quality shoes were a big hit with kids and also with adults, who wanted their own version. Robertson was smart. She had an ear to ground, heard the feedback coming in, and decided to take a risk. Now, a line of extremely popular women's shoes has seen her business grow, and change, for the better.

So, don't be afraid of change. Yes, it often comes with uncertainty and this can be intimidating. But if you can find a way to embrace the unknown, you'll unlock new possibilities for your business.

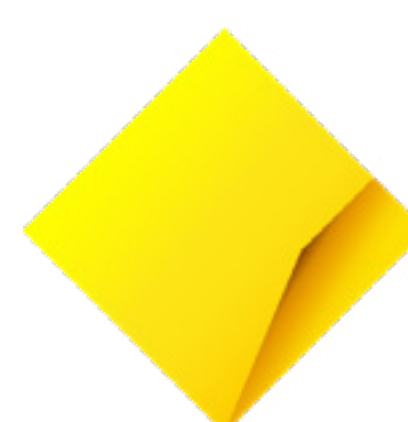
## CREATING A CULTURE THAT THRIVES ON CHANGE

In 2017, Cam Grant and his twin brother, Chris, were feeling burnt out by corporate jobs and city life, and strongly suspected they weren't alone. So, they built a couple of secluded cabins just outside of Sydney, where people like them could go to reconnect with nature, boost their creativity, and de-stress.

The brothers weren't looking for small-scale success in Unyoked—they were on a mission to become “the Nike of nature”, Grant says. And they knew just what sort of **workplace culture** was going to help them get there.

“We did an exercise where we wrote down ‘how would we like people to be?’ in the business,” Grant recalls. “And one of the most important ones is being able to change—not even [just] adapting to change, but trying to drive change.”

In a savvy display of conscious culture-building, they then brainstormed ways they could create and encourage these traits. And sure enough, their business has grown rapidly—from two cabins to 100, in three different countries, with plans for further expansion.





# HOW TO BUILD A CHANGE-READY TEAM

## 1. Explain.

Use storytelling to help your employees see why being able to adapt to change is a useful and critical skill. (Think of all those quick pivots during the pandemic.)

## 2. Empathise.

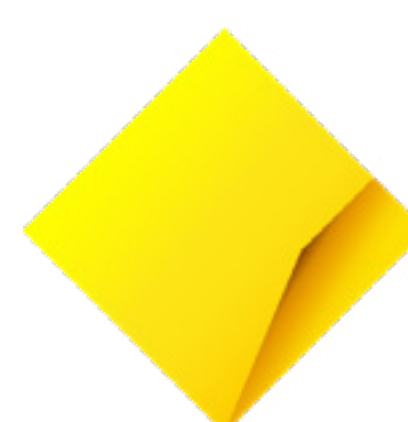
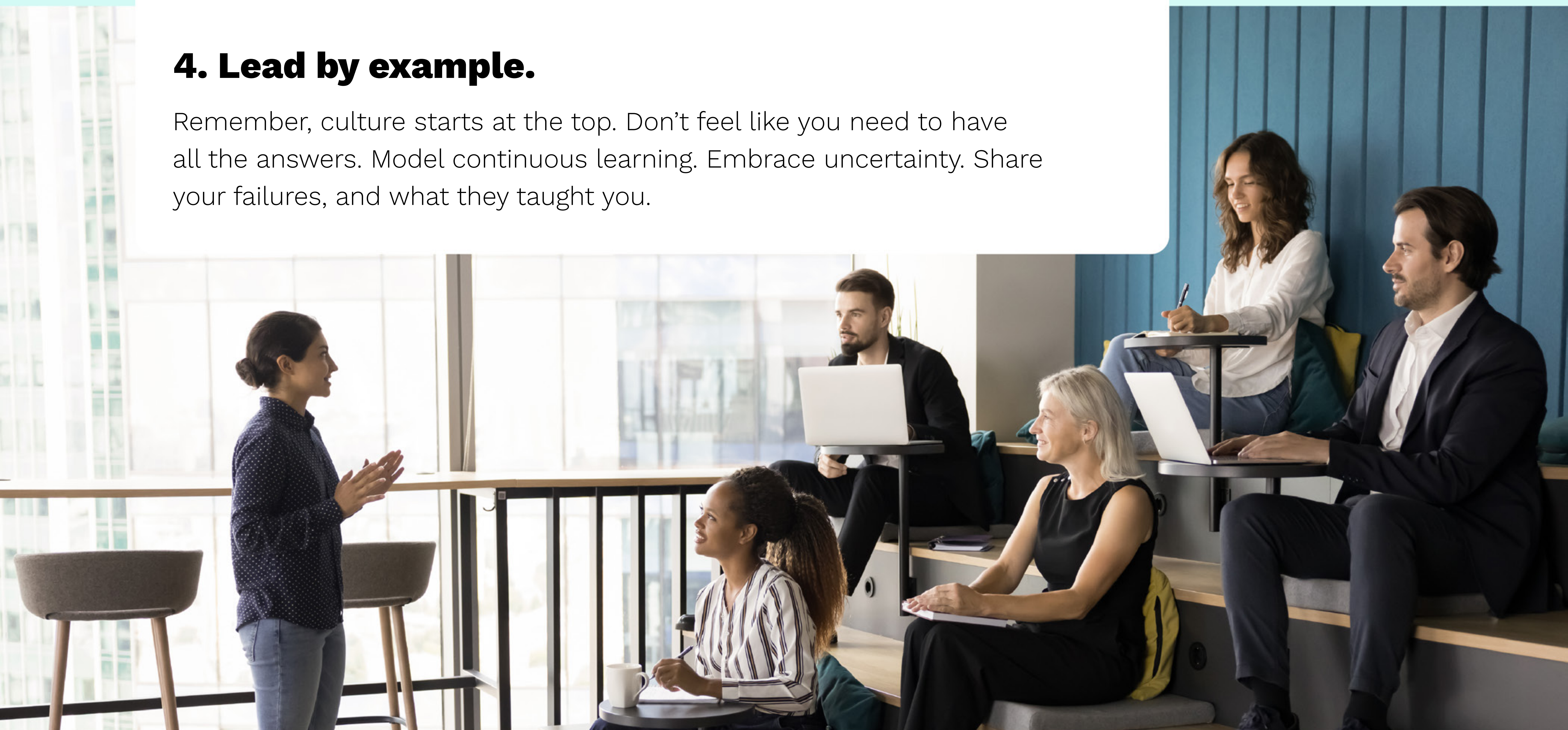
Understand that people have different emotional reactions to change, acknowledge these reactions without judgement, and learn how to harness them to your advantage. For example, if someone has a fear-based reaction, it could be because they foresee potential pitfalls, which you can then proactively troubleshoot.

## 3. Encourage and empower.

Recognise and reward behaviour that demonstrates and complements adaptability, such as informed risk-taking and innovation, creative problem-solving, and out-of-the-box thinking. Encourage your team to ask questions, to share ideas, to try, to fail, and to learn from their experiences.

## 4. Lead by example.

Remember, culture starts at the top. Don't feel like you need to have all the answers. Model continuous learning. Embrace uncertainty. Share your failures, and what they taught you.







## Chapter 2

# MONEY MATTERS DURING TIMES OF CHANGE

*In this chapter, we delve into financial planning and discuss different ways of accessing extra capital.*





Keeping on top of your finances through change is a significant challenge for SMEs. With that in mind, here are the panel's top tips for sound **cashflow management**.

## **1. GET REALLY FAMILIAR WITH YOUR FINANCES**

Grant and Robertson both describe themselves more as creative types than numbers people. But through a lot of effort and hard work, they've upskilled where they had to.

"I force myself to do it every fortnight, and I don't mean like 'pay the bills' every fortnight," Robertson says. "It's an actual analysis as to where the business is at, and looking at cashflow, interest rate rises. The exchange rate for us is a massive issue, the change over the last five years in particular has been astronomical. So you've got to understand where the squeezes are, and how you manage that."

Although no fan of maths at school, Grant has actually learned to love the creative problem-solving that cashflow management requires.

"If you understand the business in the minutest details, you know what you can do, and what you can't do—you know what's possible," he says. "If you want to do a really cool initiative and, say, do this big partnership over here, well, you have to find the money somewhere, so you have to allocate it."

## **2. TAKE CALCULATED RISKS**

One of Grant's favourite mottos reminds him to remain "uncompromising on the vision and flexible on the details", and Rebecca Warren, Executive GM for Small Business at CommBank, heartily applauds this mindset.

However, she emphasises that any risk-taking should be fully informed, calculated and aligned with your overall mission and purpose.

"I think if you're really clear on what your product is and who you want to ideally sell to, that 'nimble on the approach' is just required," she says. "Whether that's supply changes, interest rate changes, foreign exchange changes, even contractual changes, like legalities. And obviously, I'm speaking like a banker here and not like a visionary business owner, but wherever business owners really reflect on that, it keeps them safe and sound."



### 3. WEIGH UP YOUR OPTIONS FOR FUNDING

There are several different ways to access extra capital when you need it, Warren says. You can tap into family funds and put your own money on the line, you can apply for a business loan, or you can take the investment route.

Each option has its pros and cons, so make sure you investigate and explore each one carefully, and think about what is best for you and your business.

“Obviously, I’m an advocate for loans,” Warren says, because “it enables the ownership to stay with you.” But, she adds, “it’s really a reflection of personal ambition, personal and business goals, and what suits [the SME in question]—and sometimes what’s accessible. Some of those paths aren’t an option on different occasions.”



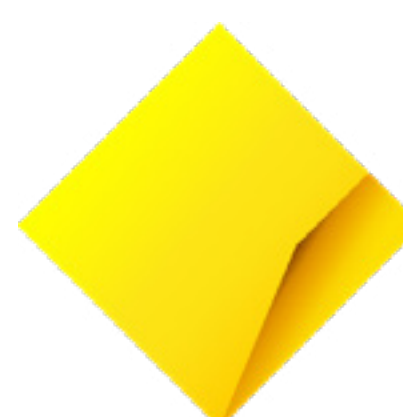




## Chapter 3

# THE POWER OF PARTNERSHIPS IN CHANGE AND GROWTH

*In this chapter, we explore how building and leveraging partnerships can be a powerful strategy to support you through change.*





For SMEs with limited resources, collaborations and partnerships can be key for effectively managing growth and change. Whatever the challenges you're facing, **help is always at hand** through peer and industry groups, which you can tap into via online communities, in-person networking events, and workshops. You can also seek assistance and guidance from your accountant or bookkeeper, and a wide range of other **business consultants and advisers**.

Naturally, small business banking experts such as Warren have vast amounts of market knowledge and experience to offer, which makes them an invaluable **support for every stage of your business journey**.

## BETTER TOGETHER

There are many advantages to building relationships and strong partnerships as an SME, including:

- The sharing of resources, information and skills,
- Access to new networks and opportunities,
- Inspiring different approaches, ideas, perspectives and solutions.

This is clearly beneficial at any time, but it's when you're going through change, uncertainty or crisis that your partnerships can really pay off.

For example, Warren explains how during COVID-19, CommBank was able to quickly put in lines of credit backed by the government to provide emergency funding to help keep its small business partners open and operational.

"I remember talking to a customer that ran an Indian restaurant in Melbourne, and he was in his late seventies, and he rang and said, 'I can't pay

my staff, and my staff are all my family,'" she says. "It was really a crisis point in those early couple of weeks for almost all of our Australian customers."

## THE HEAD AND THE HEART

When working with SMEs, Warren usually starts by asking them a series of questions. Her goal, she explains, is to help entrepreneurs understand all the nuances of being in business, and to get them thinking about how they might handle future transformation and turbulence.

"At the end of the day, there's no formula, because every business is different, and therefore, every scenario where we speak to a customer needs to be different," she says. "But the principles that are maintained irrespective are: have they thought about financial forecasting? Have they thought about cashflow as king? Have they understood the cost of goods sold, or the cost of services provided, and where they can make a profit?"

As a banker, she adds, it's her job to ensure entrepreneurs are coming to the table with ideas that are "financially viable into the future, and that they understand those drivers of what makes a business sustainable... and potentially scalable".

Warren emphasises that financial institutions such as CommBank aim to offer a rational, strategic approach to business to complement your emotion and passion. The end result is a partnership that goes beyond transactions and becomes a trusted relationship.



## THE BEST AND STRONGEST SME PARTNERSHIPS ARE BUILT ON:

- **Trust, honesty, and clear communication,**
- **Values and mission alignment,**
- **Transparent mutual benefit,**
- **Similar or complementary objectives,**
- **The ability to adapt to your changing needs, challenges and opportunities. your failures, and what they taught you.**





## Final thoughts

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The case for upskilling yourself in change management is a simple one, really: it's key to navigating uncertainties and seizing opportunities. At the end of the day, businesses with a deeply ingrained culture of flexibility and innovative thinking will rise to challenges better than those that are change-resistant and stuck in their ways. In other words, agility and resilience go hand in hand.

Hopefully, this eBook has not only helped reset your perspective on change, but also inspired you to consider ways that you can leverage a flexible and adaptable mindset as a powerful tool for growth.

### ADDITIONAL SOURCES

- How To Create A Culture That Embraces Change – B&T ([bandt.com.au](http://bandt.com.au))
- 14 Ways To Build A Company Culture That Embraces Change ([forbes.com](http://forbes.com))
- Guide to managing cash flow ([business.gov.au](http://business.gov.au))
- Support for your business finances ([business.gov.au](http://business.gov.au))
- Adviser finder ([business.gov.au](http://business.gov.au))
- How do you leverage partnerships and collaborations to support and enhance your change efforts? ([linkedin.com](http://linkedin.com))



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