KRESTON PEDABO

Newsletter

October 2025

Welcome to the October Edition of the Kreston Pedabo Newsletter!

Happy Independence Day to our Nigerian Subscribers! We remain Proudly United and Boldly Advancing!

As we move into the final quarter, strategic agility and regulatory foresight have never been more critical. This month’s edition is designed to equip business leaders with the knowledge to turn challenges into opportunities for growth and resilience.

This Month’s Focus:

» **Strategies for Change Management:** Overcoming Resistance in Digital Transformation

» **Navigating the New Era:** A Strategic Guide to Nigeria’s Enterprise Risk Management Mandate

Settle in and enjoy the read!

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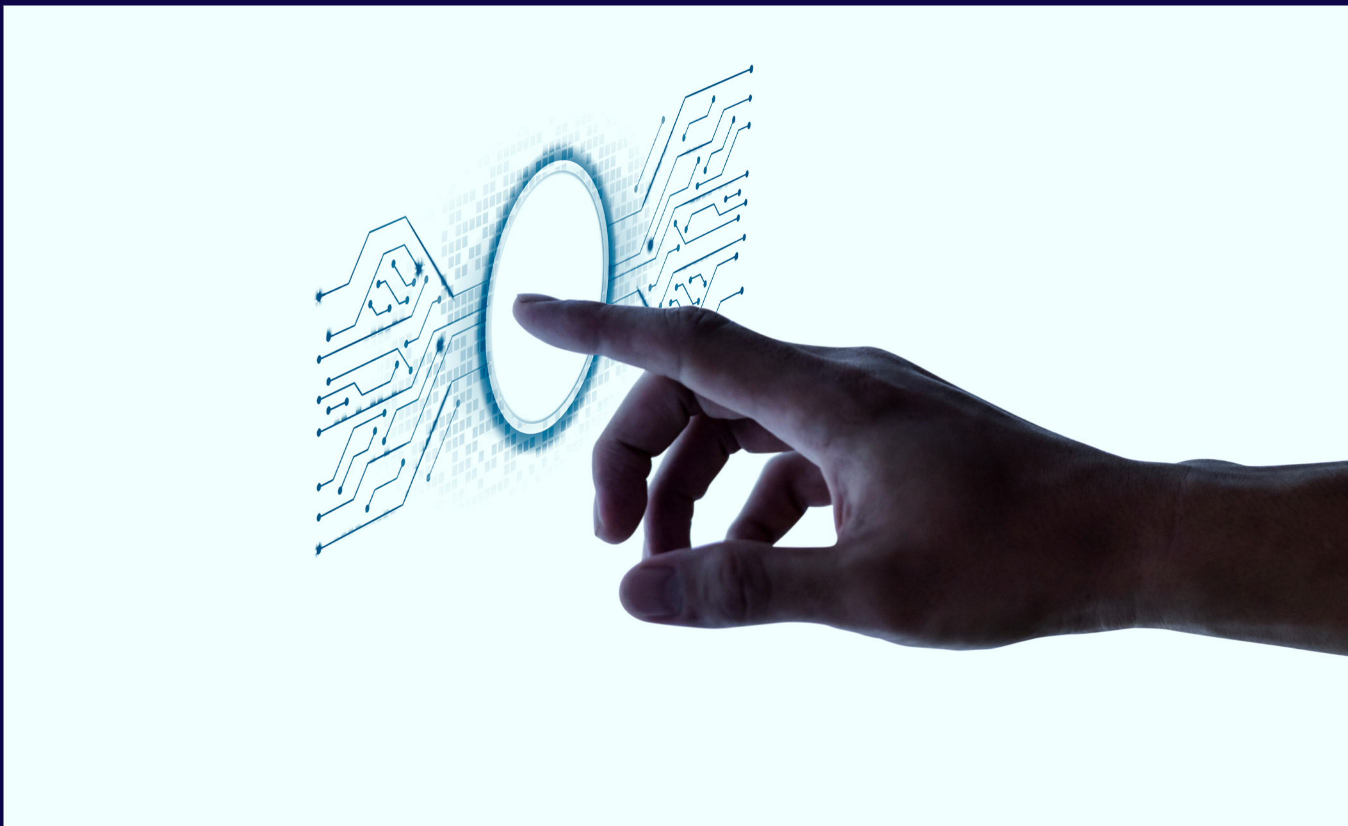


Strategies for Change Management: Overcoming Resistance in Digital Transformation

Introduction

Digital transformation is no longer optional for organisations seeking relevance and growth. However, behind every digital leap forward lies a human challenge: "resistance to change". Technology on its own does not transform an organisation; people do. When employees feel threatened by automation, fear skill gaps, or doubt the long-term value of digital tools, transformation efforts stall. This is where a Change Management Framework (CMF) becomes critical[1]. This article introduces a CMF designed to address resistance in the context of digital customer service provision. Customer service is often the first touchpoint where organisations digitise processes, such as deploying AI chatbots, self-service portals, or CRM platforms.

[1] https://www.reuters.com/sustainability/boards-policy-regulation/why-sustainability-should-be-filter-every-business-decision-2025-05-27/?utm_source

These changes promise efficiency and improved customer satisfaction, but without a deliberate strategy to manage resistance, they risk backfiring[2].

Objectives of a Change Management Framework

The primary goal of this CMF is to ensure that the digital customer service transformation becomes a sustainable success, not a short-lived initiative. It aims to:

Minimise disruption by anticipating resistance and reducing productivity losses.

Build organisational capability by equipping employees with skills to use new digital tools confidently.

Unlock strategic value by reframing digital adoption as a competitive asset, not a compliance cost[3].

Understanding the Root of Resistance

Resistance is not irrational—it is often grounded in legitimate concerns. Common barriers include:

- **Fear of the unknown:** Employees worry about new responsibilities or job security.
- **Cynicism:** Staff may see transformation as a passing fad or cost-cutting measure.
- **Loss of autonomy:** Managers fear data-driven systems will limit decision-making.
- **Resource gaps:** Teams believe they lack time or budget to sustain digital adoption[4].

Understanding these roots allows leaders to build targeted interventions rather than proffer generic solutions.

[2] Prosci (2022). ADKAR: A Model for Change Management
[3] Deloitte (2021). Digital Transformation 2021 Survey
[4] McKinsey & Co. (2020). Unlocking Success in Digital Transformations

The Five-Pillar Change Management Framework

Most organisations adopt well-known models such as Kotter's 8 Steps or ADKAR. However, these do not always address the unique resistance triggered by digital customer service transformation. We propose a distinct Change Management Framework, designed around five (5) practical pillars[5]:

Pillar 1 — Align and Mobilise

» Build a cross-functional coalition of digital champions from IT, customer service, marketing, and operations.
» Communicate a compelling vision that links digital customer service to business growth and customer trust.
» Conduct readiness assessments to establish skill gaps, resource needs, and areas of resistance.

Pillar 2 — Educate and Empower

» Deliver role-specific training (e.g., chatbot use for front-line staff, CRM analytics for managers).
» Create accessible digital toolkits and FAQs.
» Equip frontline leaders as coaches who address concerns directly.

Pillar 3 — Implement and Iterate

» Launch pilots in controlled environments before scaling up.
» Celebrate small wins publicly to build momentum.
» Maintain feedback loops through surveys and workshops, signalling that change is collaborative.

[5] Cameron, E. & Green, M. (2020). Making Sense of Change Management

Pillar 4

Embed and Sustain

- Tie digital adoption to performance metrics and rewards.
- Institutionalise digital practices in policies and governance.
- Foster a culture of continuous improvement with periodic reviews and upgrades.

Pillar 5

Humanise the Change

- Place empathy and transparency at the core of digital adoption.
- Use storytelling to show how digital tools help—"not replace"—employees.
- Encourage two-way dialogue, making employees co-creators of transformation rather than passive recipients[6].

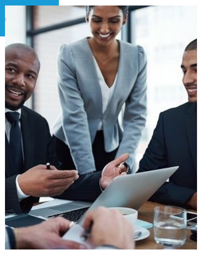
[6] Harvard Business Review (2022). The Human Side of Digital Transformation

Benefits of the Framework

Adopting this CMF delivers long-term advantages that go beyond simply managing resistance. It creates a cultural shift in how employees, customers, and stakeholders experience transformation[7]:

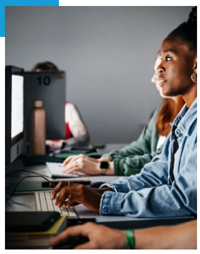
1 Higher employee engagement

When staff members feel included in the process and empowered to contribute, their morale and sense of ownership increase. Instead of viewing digital transformation as a threat, employees start to see it as an opportunity for professional growth and development. This not only raises commitment levels but also reduces turnover during transition periods.



2 Faster adoption with fewer disruptions

A structured approach to resistance ensures smoother integration of digital systems. By addressing concerns early through readiness assessments and continuous communication, organisations avoid productivity dips and minimise costly rework. This leads to faster return on investment and ensures that the business does not lose momentum during implementation.

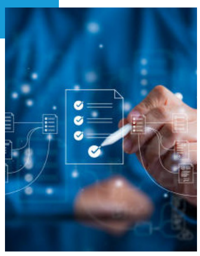


3 Greater organisational agility

Once employees and leaders become accustomed to structured change management, the organisation develops muscle memory for transformation. This makes it easier to respond to future technological disruptions, regulatory changes, or shifting consumer demands. Agility becomes embedded into the organisation's DNA, giving it a long-term competitive edge.

4 Stronger reputation and stakeholder trust

Companies that handle digital transformation transparently and responsibly are seen as progressive and reliable by external partners, regulators, and customers. This enhances the brand's credibility in the market while strengthening employee confidence internally. Such organisations are more likely to attract investment, partnerships, and top-tier talent.



[7] PwC (2021). Future of Industries: Workforce of the Future

Business Cases on Change Management

Several global organisations provide evidence of how change management frameworks underpin digital transformation success:

Microsoft: When Satya Nadella became Chief Executive Officer, Microsoft was struggling with siloed teams and a culture of internal competition. Nadella introduced a "growth mindset" philosophy, encouraging employees to learn, collaborate, and innovate across departments. This cultural change, combined with massive investment in cloud technologies, enabled the company's successful transition to Azure and Office 365 as industry-leading platforms. It demonstrated how aligning leadership with employee empowerment could drive one of the largest digital transformations in recent history [8].

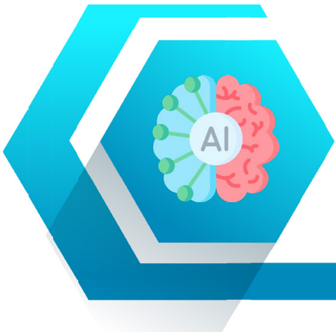
Standard Bank (Africa): Facing the challenge of serving a digital-first generation of customers, Standard Bank implemented new mobile banking solutions across several African markets. Instead of rolling them out all at once, the bank piloted these tools in select regions, learning from feedback and adapting the solutions before broader deployment. At the same time, the bank retrained its branch employees to serve as digital advisors, helping customers adopt mobile platforms. This dual strategy of piloting technology and empowering employees builds trust and accelerated adoption[9].

Netflix: The company's shift from DVD rentals to streaming was not just a technical innovation but also a cultural reinvention. Netflix used storytelling internally to communicate its vision and relied heavily on data-driven decision-making to improve user experience. By iterating quickly, embedding experimentation into its culture, and emphasising "freedom and responsibility," Netflix not only survived disruption but created a new industry model. This example shows how embedding change management principles within company culture enables long-term resilience[10].

[8] Nadella, S. (2017). Hit Refresh: The Quest to Rediscover Microsoft's Soul
[9] Standard Bank Annual Report (2023)
[10] Keating, G. (2020). The Netflix Effect: Technology and the Future of Entertainment. Routledge

The Road Ahead:
Preparing for the Next Era

As businesses move further into the digital era, change management will only grow in importance. The next wave of transformation will involve even more complex technologies and interdependencies, requiring leaders to build frameworks that anticipate both opportunities and challenges:



AI-driven personalisation: Future customer service systems will rely on artificial intelligence to provide highly tailored experiences. This shift will demand new skillsets from employees, particularly in data interpretation, ethical AI use, and customer interaction in hybrid human-digital environments. A robust CMF will be essential for training employees to adapt to this new reality.

Cross-functional collaboration: Boundaries between departments such as marketing, IT, and customer service are already blurring. As organisations adopt systems thinking, success will depend on building teams that integrate diverse expertise. A CMF that encourages collaboration, communication, and shared accountability will be critical to breaking down silos.

Human-centred design: As digital tools become more complex, employees and customers alike will expect intuitive, user-friendly systems. This places emphasis on designing with the end-user in mind. A CMF that reinforces empathy, dialogue, and feedback will reduce friction in adoption and ensure that digital change is embraced rather than resisted.

Conclusion

Digital transformation is not a one-time project but an ongoing journey. It is as much about shifting mindsets as it is about adopting technologies. By implementing the Kreston Pedabo five-pillar Framework, one that not only aligns and empowers but also humanises change, organisations can achieve more than operational efficiency. They can build cultures where transformation is welcomed, employees feel secure and motivated, and customers experience real value.

Ultimately, the strength of any digital transformation lies in how well the human element is managed. Organisations that recognise this truth and act on it will not only succeed in the present but will also remain agile, resilient, and respected in the digital future.

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Policy Update

Navigating the New Era: A Strategic Guide to Nigeria's Enterprise Risk Management Mandate

Introduction: A Regulatory Inflection Point

On June 14, 2024, the Securities and Exchange Commission (SEC) of Nigeria issued a directive that marks a profound shift from traditional compliance-based regulation to strategic, governance-led oversight[1]. This new Enterprise Risk Management (ERM) mandate requires all Capital Market Operators (CMOs) to implement a robust, internationally aligned framework. This is not merely another compliance checklist; it is a strategic imperative designed to future-proof institutions, fortify Nigeria's capital markets against systemic shocks, and enhance global competitiveness. As many risk experts note, in today's volatile markets, regulation acts more as a compass than a constraint.

The Core of the SEC's ERM Framework: What Has Changed?

The SEC's directive moves beyond tradition by embedding risk management as an enterprise-wide strategy, governance structure, and cultural ethos. CMOs are now required to develop a formal, board-approved ERM framework aligned with global standards like the Committee of Sponsoring Organisations of the Treadway Commission (COSO), the International Organisation for Standardisation (ISO 31000), and Financial Action Task Force (FATF) Recommendations.

The framework must be holistic and tailored to the entity's operational structure, business activities, and client demographics. Its core components, as stipulated, must include[2]:

- A defined risk governance structure with clear roles and responsibilities, including the mandatory formation of a Board-level risk management committee.

[1] Securities and Exchange Commission, Nigeria. (2024, June 14). Implementation of Enterprise Risk Management. sec.gov.ng/implementation-of-enterprise-risk-management/

[2] Ibid., pp. 1-2. - Sections: "Overview of SEC's ERM Requirements" and "What Has Changed".

- Systematic processes for identifying, analysing, and prioritising risks that may impact the organisation's objectives.
- Defined strategies to manage and mitigate identified risks.
- Board-approved risk appetite and tolerance statements that guide strategic decision-making.
- Continuous monitoring of risk factors and regular reporting to senior management and the board.
- Organisational risk-awareness programmes to cultivate a pervasive risk culture.

Key Expectations and Reporting Obligations for CMOs

The regulation introduces a new era of continuous accountability and proactive engagement. The submission of an annual Risk Profile by January 31st is a foundational first-level requirement[3]. Crucially, CMOs must also adopt a dynamic stance, immediately assessing and reporting emerging threats and mitigation measures to SEC whenever triggered by specific events, including[4]:

- The development and introduction of new products, business practices, or technologies (including new delivery mechanisms).
- Awareness of new vulnerabilities and money laundering/terrorist financing/ proliferation financing (ML/TF/PF) typologies in the marketplace.
- Significant institutional changes (e.g., in beneficial ownership or business strategy).
- Expansion into new geographic areas.
- Changes in client classification.

This shifts the expectation from periodic, backward-looking reporting to real-time, data-integrated, and forward-looking risk intelligence.

[3] Securities and Exchange Commission, Nigeria. (2024). Op. Cit.
[4] Ibid. [SEC Notice] - Section: "What is Expected of Capital Market Operators".

Demystifying the Implications: From Compliance to Strategic Transformation

The directive's implications are profound and multifaceted[5]:

Board Accountability as a Strategic Imperative: Boards now explicitly own risk appetite, mitigation, and whistleblowing systems. Oversight must be documented, testable, and auditable. Passive compliance is now tantamount to a regulatory breach.

Culture as the New Risk Capital: The SEC expects risk intelligence to be cultural, scalable, and measurable. Ethical risk behaviour, whistleblowing, and conduct are no longer just "HR issues" but are integral to an institution's regulatory capital and reputation.

Operational & Structural Adjustments: This requires the integration of ERM into business units, development of risk appetite statements, and upgrading of internal controls and reporting lines.

Heightened Scrutiny on AML/CFT/CPF: There is a clear expectation for stronger anti-money laundering frameworks and robust KYC/transaction monitoring systems.

From Burden to Advantage: The Tangible Benefits of ERM Implementation

While implementing a mature ERM framework requires initial investment, the long-term benefits fundamentally strengthen both individual institutions and the entire market ecosystem, creating a clear competitive divide[6]:

Metric	Without ERM	With ERM 2.0
Investor Confidence	Volatile	Institutional-grade
Regulator Relationship	Strained, reactive	Transparent, trusted, supportive
Operational Continuity	Fragile	Anti-fragile, stress-tested
Access to Foreign Investment	Limited	Enhanced, risk-certified
Boardroom Credibility	Procedural	Strategic, forward-leaning

[5] Kreston Pedabo. (2025). Op. Cit. - Section: "Demystifying the Regulatory Implications".
[6] Ibid., pp. 3-4. - Section: "Building a Stronger CMO Ecosystem" and comparative table.

The net effect is powerful:

Stronger Governance: Embedded best practices in oversight and accountability.

Improved Resilience: Enhanced operational continuity and crisis readiness.

Global Alignment: Conformity with cross-border market standards is attractive to international investors.

Durable Trust: Higher investor confidence in Nigerian CMOs, translating into a lower cost of capital and improved access to sustainable financing.

Businesses are better able to holistically anticipate risks, seize opportunities to attain and maintain a competitive advantage, reduce losses, improve decision-making, and enhance stakeholder confidence, ultimately driving sustainable growth and long-term profitability.

On the global stage, by embedding ERM into regulatory and corporate governance structures, Nigeria not only safeguards its economic and institutional resilience but also advances its commitments under the UN 2030 Sustainable Development Agenda; particularly in building strong institutions (SDG 16), fostering sustainable economic growth (SDG 8 & 9), and driving climate action (SDG 13)[7].

[7] UN SDG Progress Reports: Nigeria's current SDG implementation gaps. Op. Cit.

Specifically, the adjoining schematic shows how strong ERM practices support Nigeria's role in achieving global SDG targets.

ERM as a Catalyst for Achieving SDG 16 (Peace, Justice, and Strong Institutions)

Effective ERM implementation enhances regulatory compliance (e.g., CBN, SEC, NAICOM), reduces fraud and corruption risks, and builds investor confidence, aligning Nigeria with global calls for strong, resilient institutions.

Enabling Resilient Economic Growth (SDG 8 & SDG 9)

Embedding ERM in sectors like banking, energy, agriculture, and fintech, fosters economic diversification, protects jobs, and supports sustainable industrialisation, which are critical for achieving SDG 8 (Decent Work & Economic Growth) and SDG 9 (Industry, Innovation & Infrastructure).

Climate and Environmental Risk Alignment (SDG 13 & ESG Integration)

Aligning ERM with climate disclosure frameworks (e.g., TCFD) helps Nigerian companies and regulators manage transition risks in oil & gas, energy, and agriculture, supporting SDG 13 (Climate Action) and positioning Nigeria for green financing opportunities.

Supporting Financial Stability & Global Partnerships (SDG 17)

Consistent risk management across financial institutions enhances credit ratings, reduces systemic shocks, and attracts foreign direct investment—helping Nigeria to mobilise resources for SDG programmes.

Embedding Risk Culture to Drive Sustainable Decision-Making Across Sectors

This supports Agenda 2063 (African Union) and the UN 2030 Agenda, enabling Nigeria to serve as a continental leader in risk-based policymaking.

A Pathway to Transformation: Next Steps for CMOs

For CMOs navigating this transition, a structured approach is critical[8]:

01 **Immediate Actions (0-6 months):** Secure board approval of an ERM policy, establish a risk governance committee, and draft the inaugural annual risk profile.

02 **Medium-Term (6-18 months):** Integrate ERM into strategic planning and capital allocation, build data-driven risk dashboards, and train staff on risk culture metrics.

03 **Long-Term (18+ months):** Position the institution as a risk-certified entity attractive to global investors and leverage ERM maturity for tangible cost-of-capital advantages.

Conclusion: A Call for Proactive Leadership

The SEC's ERM directive is a structural realignment of Nigeria's capital markets. CMOs that view this mandate merely as a compliance obligation risk higher supervision, reputational damage, and strategic obsolescence in a market moving towards risk-based competitiveness.

Those who embrace it as an opportunity to build a resilient, risk-intelligent organisation will be best positioned to navigate future volatility, attract investment, and secure long-term market leadership. In this new regulatory regime, the early movers signal credibility; the latecomers display risk. The time for strategic action is now, and the Kreston Pedabo ERM team is available to provide invaluable support[9].

This alignment with national and international risk governance standards is a key step in meeting the expectations of both local regulators and global development financiers[10] [11].

[8] Ibid., p. 5. - Section: "Pathway to Transformation - 6-Stage Roadmap".
[9] Ibid., p. 5. - Section: "Call to Action".
[10] CBN & SEC ERM Guidelines (2021/2022): How mandatory ERM adoption aligns with global ESG expectations. Op. Cit.
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