

# Redefining Business Transformation

A look behind the scenes of transformation initiatives

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# Common drivers of change

*Industry sectors share many common drivers of change – across geographies, markets, products, services, and customer bases*

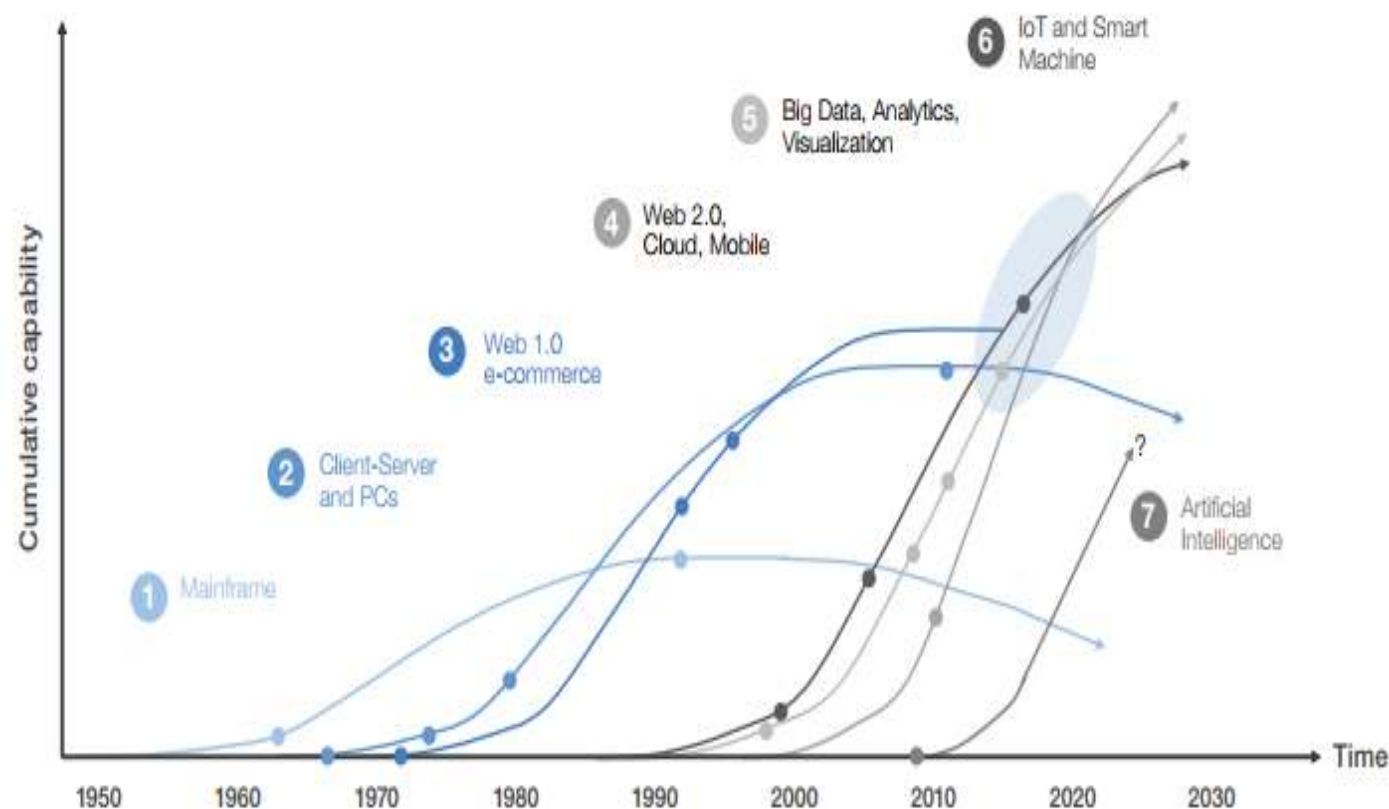


*.....and all are subject to the same pressure to deliver at increased pace*

# The pace of change is accelerating

*The change horizon is shortening – client and customer needs are informed by exposure to cross industry experiences. Organisations, their leaders, resources, and ways of working are forced to embrace converging requirements and expectations*

Figure 1. The combinatorial effects of new technologies are accelerating the pace of change



Extract from The World Economic Forum: Digital Transformation of Industries, 2016

*“We learned this from the consumer internet world: by the time it’s obvious, it’s too late.*

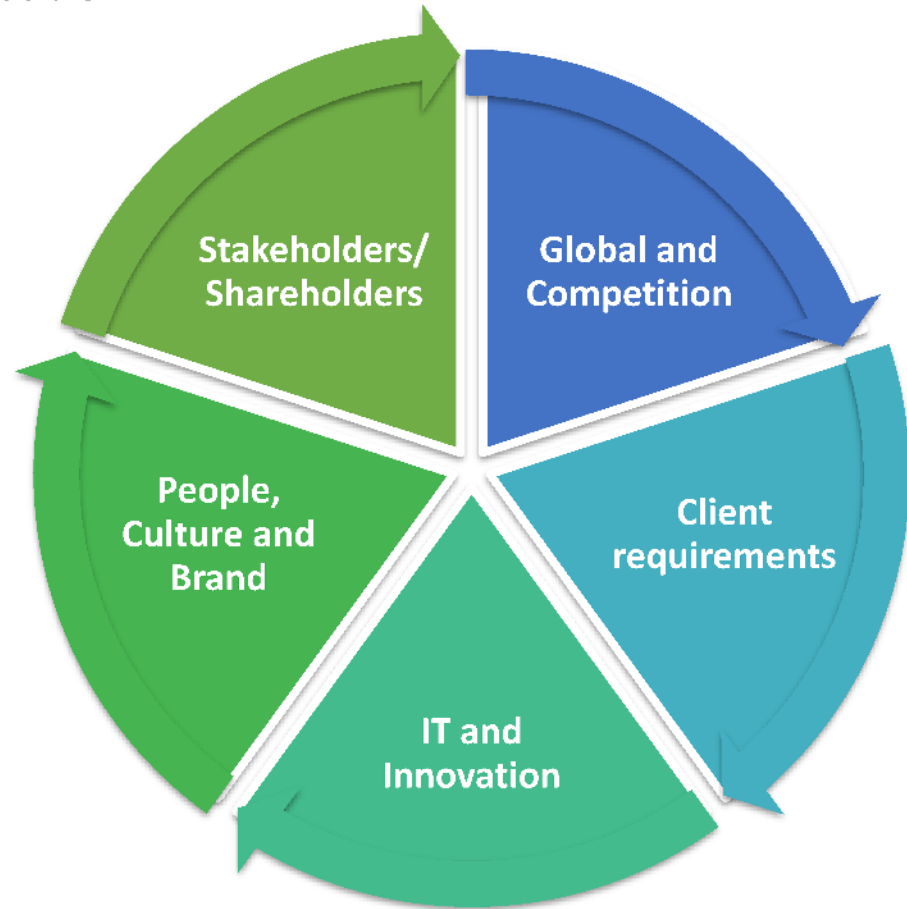
*What that means is, now is the time to act. You’ve got to realise that we’re in the first two minutes of a soccer match; by halftime it’s too late”*

**Bill Ruh, CEO  
GE Digital, USA**

*.....client, socio-economic, market and regulatory demands further increase complexity and pressure*

# Achieving benefits from change investment is complex

*Change initiative business cases should identify measurable delivery against over-arching strategic initiatives and specific functional, market, or stakeholder targets. All parties have a stake in success and clarity on their specific contribution*



Large scale transformational change is multi-year, multi-business unit, and requires appropriate approaches, skill sets and leadership

Organisations may be highly proficient at BAU change – new products, service amendments; this is not a scalable capability

Resulting disaggregated improvement initiatives reduce sustainability and may result in “islands of capability”, making it impossible to fully realise benefits

*.....balancing, prioritising, reviewing and constant attention to benefits and stakeholders is essential*

# Key considerations

## .....external –v– internal transformation proposition

*Transformation programmes plan external and visible outcomes resulting from the business case proposition. Less often stated are internal outcomes created by the delivery process*

- Is there a single, consistent understanding of what success looks like – deliverables, critical timescales, ways of working? Is there a single roadmap across functions and divisions?
- Do executive sponsors recognise need for front to back and end to end change?
- What is the impact of ‘head office’ mentality applied across the transformation programme? Are ‘local’ cultural, market, customer, colleagues sufficiently understood?
- Are there upstream changes required from support/partner functions? Do they have the capability, skill, bandwidth, willingness to achieve these changes in timescale?
- What are the critical impacts/upside for those involved/on the side-lines of the programme? How are these topics being communicated – and is change management part of the overall plan?

### **CASE STUDY #1**

*Scope: Large, complex, multinational and multi-functional transformation programme. Client and market capability and speed are critical to success*

# Key considerations

## .....shareholder and stakeholder engagement

*Whilst both groups are varied and numerous, there are key differences which particularly impact larger, long-term transformation programmes*

- Shareholders will be likely to push to increase profits, and may take very different views to the Board on optimal strategies to improve profit and shareholder return
- Major transformation programmes may influence Shareholder outcomes; in turn the programme may be impacted by rapid escalation of issues from this group
- A senior Stakeholder sponsor/sponsor forum is key to successful programme delivery
- A plan outlining Stakeholder engagement, sponsorship, and explicit mandate need to be actively managed throughout the programme
- Stakeholders manifest in many guises:
  - Senior Execs, department heads, lobby groups; influential, often informal, advisors
  - Compliance, risk, formal 'gatekeepers'
  - Internal staff groups, reps, HR
  - External client/customer groups, VIPs, Customer Satisfaction Scoring, Social Media

### **CASE STUDY #2**

*Scope: Multi-national, high end organisation; keen to embark on end to end Transformation Programme – multiple stakeholders with different mandates*

# Key considerations

## .....creating a client-centric, agile transformation programme

*Client centricity adoption differs across industry sectors. Competition, propositions, and perceived value for money all point to the benefit of considering it a core transformation building block*

- What are the key client objectives, issues or problems being faced? Will these provide sustainable competitive advantage?
- Will the programme address client pricing, value and profitability?
- Will the programme enable/accommodate new services, propositions, channels?
- Will the programme support client/ company/3<sup>rd</sup> party collaboration?
- How are deliverables phased to deliver increase client capability/maturity at different drops
- Adapt customer insights/industry futures to test and learn on the programme; act quickly and accelerate with prototypes
- Build cross-functional programme capability, where objectives, measures, targets, rewards & recognition reflect client centric/agile approach; senior sponsorship essential

### **CASE STUDY #3**

*Scope: Multi-national, market leader with very diverse customer segments. Keen that their transformation programme could deliver targeted client facing value propositions to different segments at the right cost*

# Key considerations

## .....metrics and tangible value creation

*Traditional project and programme management metrics are being replaced by those which focus on business value*

- Programme metrics traditionally report on whether the programme is meeting timescales, budget, business changes, and if the investment stage gate has been achieved
- Portfolio management methodology applied to large transformational programmes manages the phasing of key workstreams and investments to provide early and greatest business value
- Business value metrics are identified e.g. earnings, revenue, cost cutting, market growth, service proposition expansion, client retention.
- These metrics are broken down to granular level throughout programme delivery
- Metrics are further translated at programme handover and transitioned into live running – where many sustainable business benefits are proved

### **CASE STUDY #4**

*Scope: Multi-national, multiple location, multi –year transformation programme, where phased benefits realisation are critical to success*



# Final thoughts

- There is an ever increasing pace of change in the business and professional services environment, driven by ongoing regulatory, socio economic, political and market factors, and enabled by spiralling technology innovation
- Organisations are forced to embark on large scale business transformation on a more frequent basis
- Building a transformational 'bench' capability supports an agile response to demand – this can be made up of SMEs, Talent, business partners and advisors, 3<sup>rd</sup> parties
- Different skills and methods are required than for BAU change – however the continuous improvement mindset is a strong cultural indicator
- Sustained leadership advocacy and support is critical