The art of business transformation

Far too many organisations believe that they can drive business transformation simply by installing new IT systems. To start from such a viewpoint is almost to guarantee expensive failure. Success comes through planning (and budgeting) much more holistically for ‘business change’ or ‘business transformation’.

...but what is Business Transformation?

Typical definitions include:

- “business transformation is a key executive management initiative that attempts to align the technology initiatives of a company more closely with its business strategy and vision”¹;
- “…[in order to achieve transformational change, organisations need to] unfreeze-change-refreeze…”²;
- “…the integration of process engineering with infrastructure, applications and domain expertise into total outsourcing solutions. These solutions can enable a company to move from Point A to point B such that the resulting transformation creates significant and sustained business value for the client.”³

Each of these varied definitions highlights different key aspects of business change. An excellent summation is: “a fundamental change in capability is required, such that the achievement of the new business model would have been impossible with the old capabilities”⁴

What are the main obstacles to change & transformation?

Experience suggests that 90% of Board level discussions revolve around just three topics: resistance, inertia, and politics.

Resistance comes in many forms. Change programmes inevitably create uncertainty. Both staff and managers become unsure whether they are “part of the problem or part of the solution”. Uncertainty breeds fear, fear breeds rumours. People cling to the familiar and avoid change.

Inertia flourishes where, in the words of Henry Kissinger: “the urgent often forces out the important”. Everyone was busy before, now there are lots of extra change related tasks as well. Emotions rise as workloads increase and people are inexorably sucked into the imperatives of day-to-day business rather than addressing change.

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¹ Wikipedia
² Lewin, 1947
³ Computer Sciences Corporation (CSC) 2003.
⁴ Altegro Ltd 2006
Politics: Executives, proud of past achievements and ambitious for key new roles, will confuse their ability to run the business with their competence to change it. Few will have managed major change programmes before. Those that have may be cynical from the influence of past failures.

Key principles for success

There are six tried and tested principles on which successful change programmes can be built:

- **Leadership, sponsorship and governance**: The change programme must be visibly owned and sponsored at the highest level. The sponsor must have clear authority to resolve conflict before it can get out of hand and block progress. A small steering group of senior executives is helpful to drive speedy decision making, openly sharing information and reducing political inertia.
- **Executive alignment**: The more the executive team shares a common point of view on the challenges of change, the greater the chance of success. Any chink of difference within the team will be exploited by the forces within the organisation that oppose change.
- **Time**: Transformation programmes have a limited shelf life beyond which little can be achieved. An early focus on the positive outcomes of change, and the means for their delivery, is essential. Regular (and honest) updates to the steering group by the champions of individual elements of the programme are vital. Large projects will develop a life and bureaucracy all their own unless tightly managed.
- **Confronting organisational resistance**: Sadly, resistance is inevitably. Seek it out and confront it head on. Left to fester, it will eat away at the heart of the programme…
- **Workload, capability and ownership**: The body of work in transforming an organisation is substantial. If outside advisers do all work there will be little ‘ownership’. Allocating poor staff simply leads to ridicule. Change needs to be driven by the best team, accepting the short-term opportunity cost implied.
- **Avoiding problem overload**: Success is highly dependant on starting with a clear understanding of the new business model required and clarity on the path for its achievement. The journey offers many tempting diversions; ruthless focus is required in avoiding such opportunities for own goals…

Approaches that reduce risk and enhance the prospects for success

- **Create cross-functional teams**: Such teams break down barriers and reduce the potential for tunnel vision in problem solving. Few problems sit neatly in a single function and the best team members become skilled advocates for the transformation.
- **Use irrefutable facts**: Evident facts kill unwanted and otherwise contentious arguments. Opinions are open to debate and contradiction. Robust analysis and structured feedback are important tools for presenting key findings and drawing unresolved issues to a close.
Communicate regularly: It is literally impossible to over-communicate during a change programme. Far better to get the facts out clearly and quickly, even if not always palatable. Left in a vacuum, people will create their own stories based around fiction more often than fact. It is vital to address directly the unspoken fears and emotions of individuals and groups.

Document agreements and disagreements: The factual and specific documentation of important agreements (and disagreements) acts as a referee in times of crisis. Once progress has been achieved, it is important to “lock the doors behind” so that people have to move forward.

Declare regular victories: When progress is irrevocable, declare a victory, this brings unambiguous completion to a phase of change and generates momentum for further success.

Adopt reinforcement mechanisms: Change is at least as much about behaviour as it is about business process. Make sure that your performance measurement, pay and reward systems reinforce the new behaviours, rather than giving people excuses to cling on to the old.

Practice programme management: Too often there is not enough time to get it right, but always time to do it again… A well-structured programme management office act as both control centre and communications device.

In conclusion, a stream of reports over the last five years have emphasised that the procurers of “change” projects still tend to regard the people who will operate and use these systems as a necessary evil rather than an integral part of the overall system design, don’t fall for that illusion…

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