



Rethinking Business Transformation:

Build Business Agility Throughout Your Organization to Keep Pace with Rapid Change

Table of Contents

- SECTION 1: **The Challenge**..... 4

- SECTION 2: **The First Step: Understanding the Changing Nature of Business Transformation**.....6

- SECTION 3: **The Business Transformation Journey**.....8

- SECTION 4: **Six Essential Aspects of Agile Business Transformation**.....9
 - 1. Customer and Business Insights
 - 2. Vision and Strategy
 - 3. Operating Model
 - 4. Agile Value Delivery
 - 5. People and Culture
 - 6. Enterprise Program Management

- SECTION 5: **Embracing Business Transformation**.....30

- SECTION 6: **Meet the Author**..... 31



More than ever, companies are facing significant pressures to innovate, stay ahead of competitors and operate at high levels of performance.

We are living in transformational times as companies deal with unrelenting disruption driven by the rapidly changing business landscape. Most notably, COVID-19 has rocked many industries in ways no one could have expected and is reshaping how business is performed.

High-performing companies that can effectively transition in this environment will thrive while lagging businesses will cease to exist.

Unfortunately, even prior to the pandemic, the average lifespan of an S&P 500 company had decreased from an average age of over 60 years in the 1950s to **just under 20 years**. And now, analysts predict that company lifespans will only get shorter as the pace and level of disruption increases exponentially.

Today, companies must rethink not only how they reach and serve their customers,

but also how they effectively operate in a “business anywhere” environment.

In addition, we are seeing an unprecedented shift toward mass digitization. Transformational technologies, such as artificial intelligence (AI), natural language processing (NLP), robotic process automation (RPA), cloud computing and robust collaboration platforms are enabling companies to transform their business models and operate virtually.

Collectively, these disruptions are increasing the pace of change and putting pressure on companies’ strategies, people, processes, and technology. Perhaps equally as important, these disruptions allow new and existing competitors to change the game, potentially putting companies at a significant competitive disadvantage and risk of becoming irrelevant.

But you don’t have to sit back and just play defense. There is a golden opportunity for bold, progressive, and forward-thinking organizations to take advantage of these new realities and reposition themselves to gain a competitive edge in the market.


The Challenge

To effectively address the threat of disruption, companies must be proactive in challenging current norms, driving innovation and embracing change. And they need to do this in a manner that allows the organization to rapidly respond to changing market dynamics.

However, despite the desire to transform, companies are struggling to do so. Below is a sampling of some of the key challenges companies face during any transformation:

1. Aligning vision and strategy with rapidly changing market conditions.
 2. Capturing, aggregating and distilling key insights from mounds of data to understand market realities and make informed decisions.
 3. Modernizing company operations and enabling digital execution.
 4. Innovating and quickly launching new products, services and solutions to the marketplace.
 5. Addressing mass disruption to organization, people and culture.
 6. Realizing value through end-to-end strategy alignment and execution.
-

These challenges are all significant on their own. However, one of the biggest underlying issues that many organizations face today — and which contributes to many of these challenges — is the lack of business agility across the organization. But, what does business agility mean?

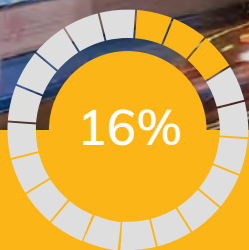


Business agility is defined as the willingness and ability to organizationally respond to changing business dynamics in a flexible, adaptive, and rapid manner. It is critical in keeping up with the ever-increasing pace of change and ensuring your organization stays one step (or many steps) ahead of the competition.

In fact, a 2019 survey demonstrates that **agile businesses are more than twice** as likely to gain top-quartile financial performance. And they see a 16 percent growth in earnings over 10 years, which is 10 percentage points higher than the average.

The need for agility is not just isolated to certain parts of the business, such as IT. Today, it is required across all parts of the business, ranging from strategic planning to product development to operations to information technology to corporate culture.

So how do you go about creating a business that is agile – and can embrace disruption, quickly evolve its business model, rapidly deploy new business capabilities, enable a culture of change, and sustain results over time?

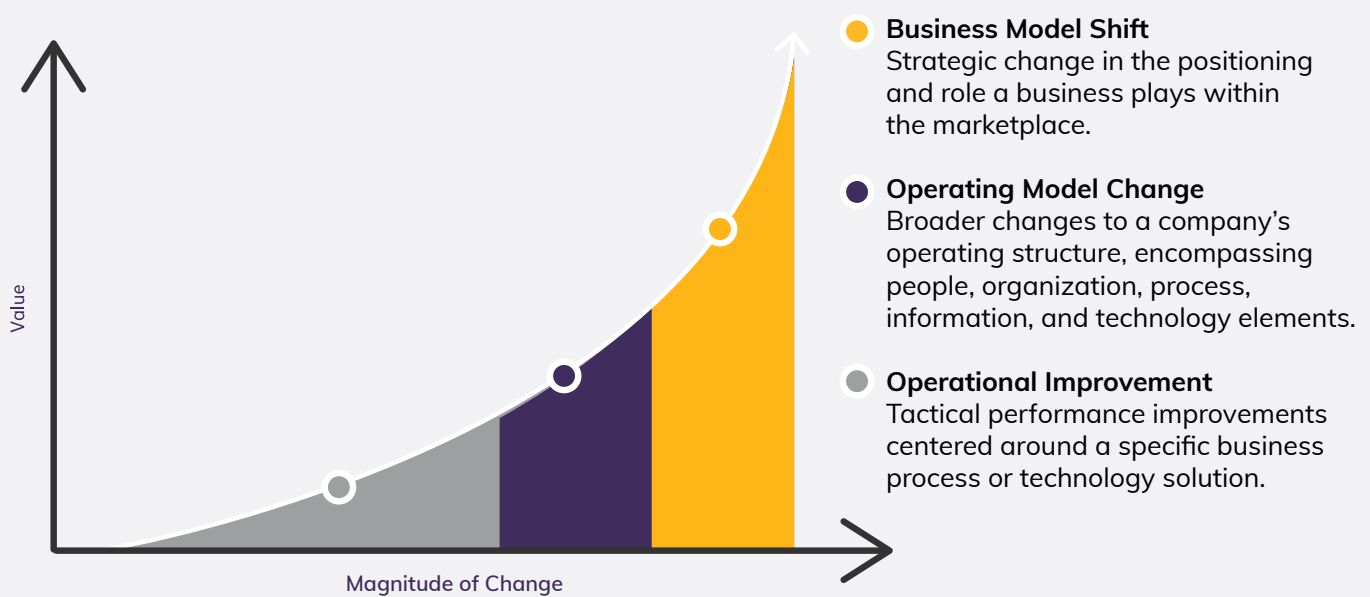


Agile businesses see a **16 percent growth in earnings** over 10 years, which is 10 percent higher than the average.

The First Step: Understanding the Changing Nature of Business Transformation

Companies are realizing that to address these challenges, they need to transform. While the amount of change necessary varies greatly, companies are finding that today's transformation needs extend beyond tactical operational improvements. It often requires a fundamental shift in strategy, core operating structures, and in some cases, the company's underlying business model.

The following graphic illustrates the typical ranges of business transformation and how transformation initiatives are moving up the curve in terms of size and complexity:

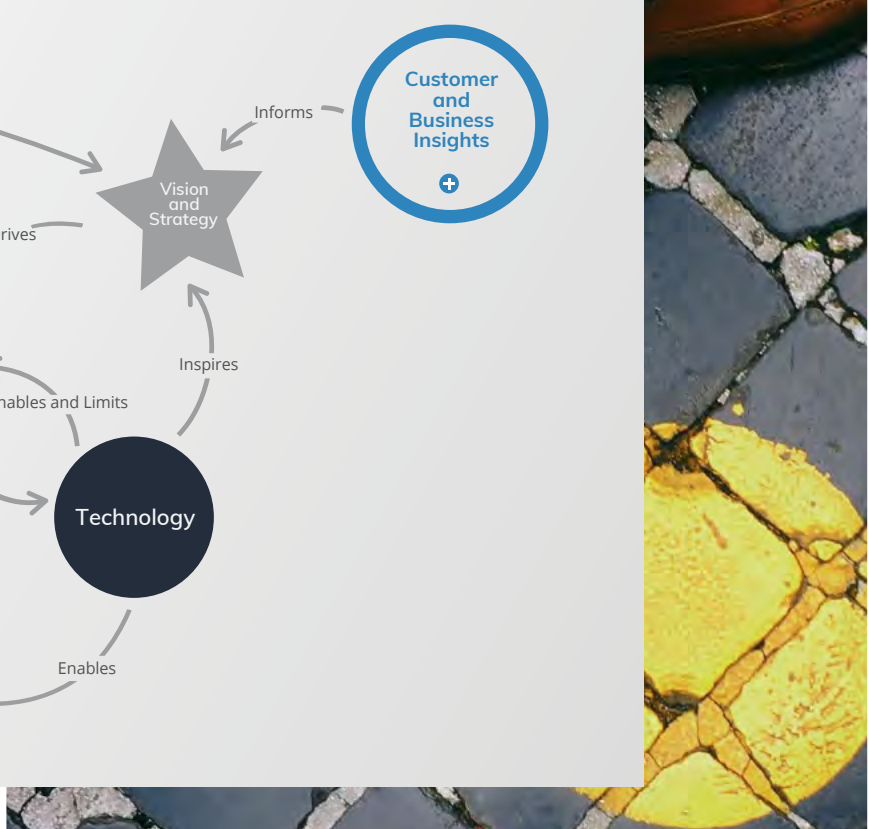
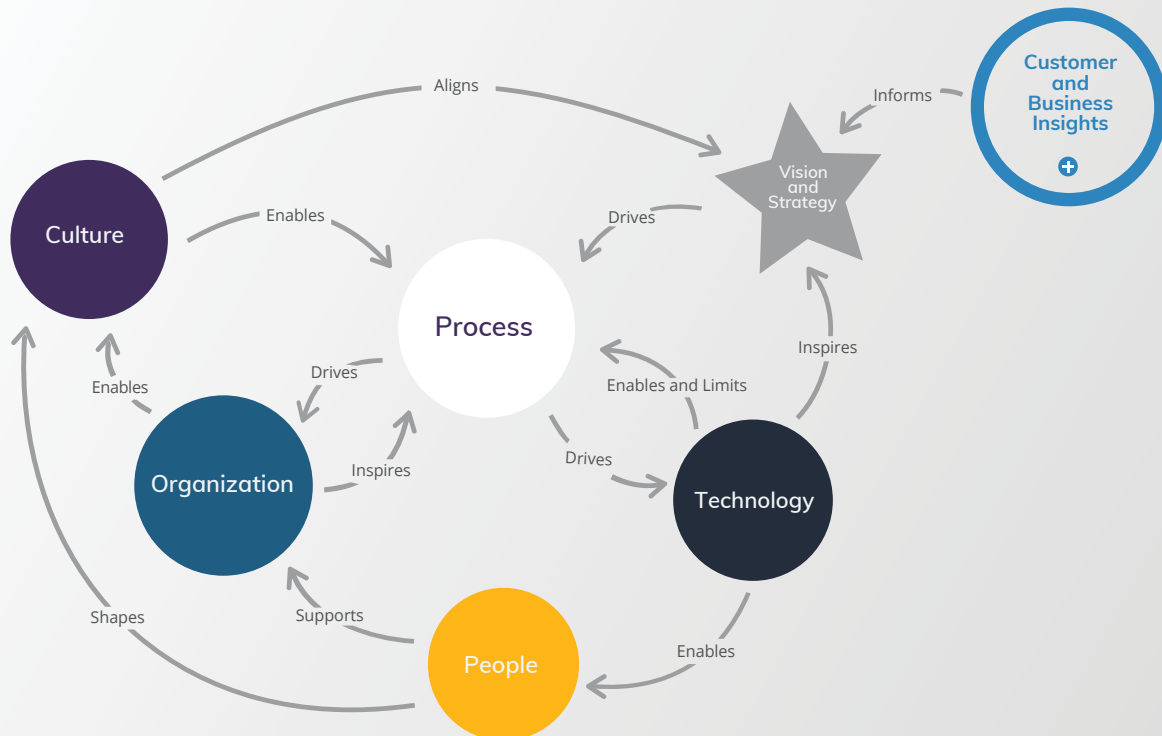


As a result, the very definition of business transformation must evolve to reflect the increasing magnitude of change and the need for continuous evolution rather than one-and-done deals.



We define business transformation as:
“Driving competitive advantage through the ongoing deployment of strategic changes and performance improvements across an organization, encompassing people, process and technology.”

Based on the increasing magnitude of change, business transformation can be complex and impact many business elements. Each element — as illustrated in the relationship model below — is critical on its own, but collectively must be structured and integrated with one another to deliver new business capabilities and achieve topnotch performance levels.



You will notice in the relationship model that there are many interdependencies between business elements that you must consider while transforming your business, with several dynamics that immediately emerge.

For example, a compelling vision guides the overall transformation but must be grounded in understanding customer, industry, and business realities. Technology plays a critical role in inspiring your vision and enabling new business capabilities. And processes are fundamental in defining how work is performed and value is delivered, driving organization design and resource requirements.

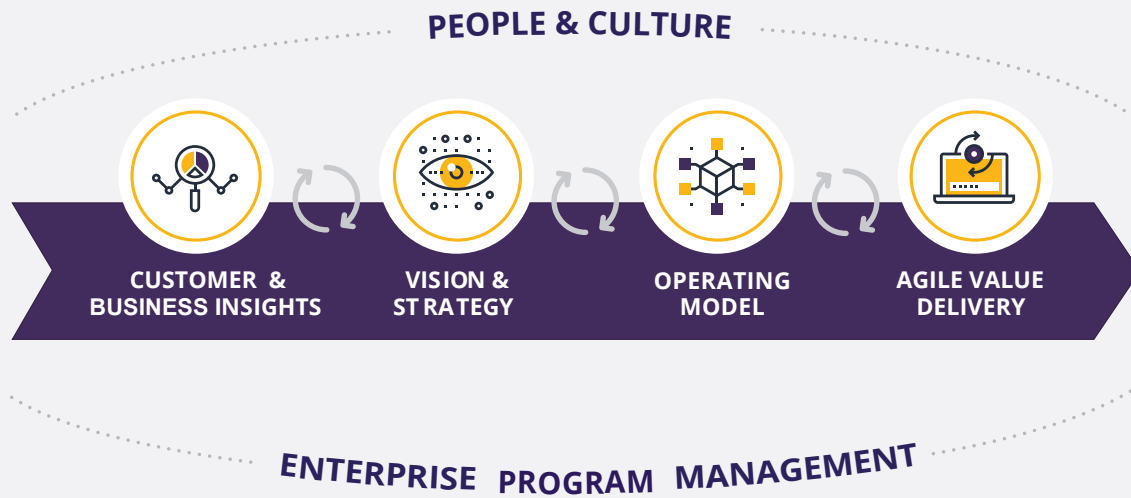
To address these complexities, a comprehensive approach to business transformation is required. And based on the ever-increasing pace of change, business transformation can no longer be viewed as periodic or a singular event. Companies must take an agile approach to business transformation by building agility throughout the organization so they can respond in real-time to changing business dynamics and pivot quickly to stay ahead of the competition.

In the following pages, you'll learn about the key aspects of business transformation and their associated success factors to ensure your business is ready to effectively take on disruption.



The Business Transformation Journey

If business transformation is the new norm and an ongoing journey — which it is — then what are the essential aspects of a successful business transformation that companies must get right? We have boiled transformation down to six key aspects illustrated in the graphic below.



Customer and Business Insights

Garnering real-time customer and business insights to enhance decision-making and guide the business.

Vision and Strategy

Adapting to the new reality and charting a new course forward, which is both compelling and inspiring to the organization.

Operating Model

Establishing a blueprint for configuring internal operations and building high-performing, agile business capabilities.

Agile Value Delivery

Delivering business and technology solutions in an agile and rapid fashion.

People and Culture

Inspiring people and enabling a culture of agility.

Enterprise Program Management

Accelerating value realization by aligning portfolios to strategy, funding value streams, and prioritizing initiatives and projects for rapid delivery.

It is important to note that this illustration does not imply a sequential or waterfall-based approach to address transformation. As companies respond to changing market dynamics, activity is integrated and ongoing within each of these areas. This is what enables business agility across the organization.

Six Essential Aspects of Agile Business Transformation

1. CUSTOMER AND BUSINESS INSIGHTS: GARNERING REAL-TIME INSIGHTS

Gathering real-time customer and business insights is more important than ever to inform company strategy, priorities and decision-making, as well as to adapt in an agile manner. It is imperative that companies understand the realities — and sometimes brutal realities — facing their business from a customer, employee, and market point of view.

Here are a few approaches to help you achieve this:

UNDERSTAND CHANGING CUSTOMER EXPECTATIONS

Customer requirements and expectations are evolving faster than most businesses can keep up.

For example, **73 percent of people** say that customer experience is one of the most important factors as they make purchasing decisions, according to recent research. In fact, 32 percent of people will walk away from a brand after one bad experience, even if they previously loved that brand.

The coronavirus pandemic has dramatically impacted customer experience in many ways, ranging from how people engage with businesses to the **availability of products** and services they count on. To that end, many businesses are turning to **experience management** to help reassure consumers and keep the safety of customers and employees alike top of mind.

And for good reason — transparency and the social influence of the employee experience are actually driving customer outcomes.

According to a study by Glassdoor, each one-star improvement in a company's rating by employees correlates with a 1.3 percent increase in customer satisfaction scores.

Today, your brand is accountable to both customer and employee experience. And if the experience you create transforms without considering both or doesn't align with your values, you don't just risk upsetting your customers and employees — you risk losing them.

COVID-19 has also affected customer engagement and interactions as they became more digitized, influencing all aspects of customer experience and its associated business operations. This has created both opportunities and challenges for companies as they try to adapt while continuing to deliver innovative products, compelling value propositions and unmatched customer experiences.

To address such shifts and other future disruptors, companies must dive deeply into current and prospective customers' wants and needs. And this analysis can't be based solely on human intuition or even historical performance. Customer behaviors are evolving too rapidly.

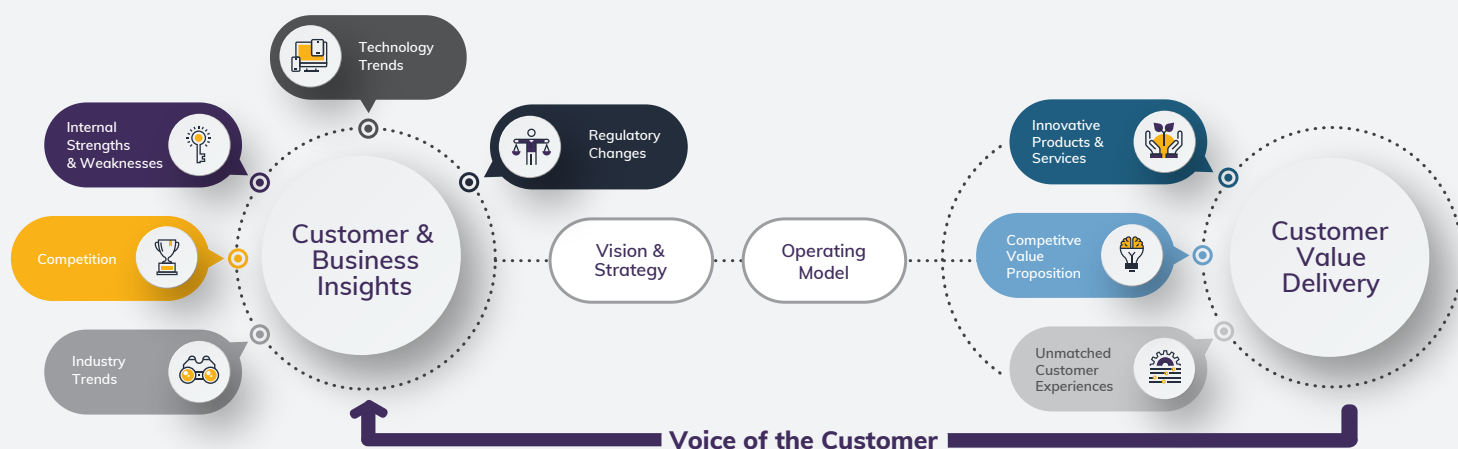
You must leverage multiple data collection methods including generative and evaluative research using qualitative and quantitative approaches, to gain a better idea of your customers' perceptions and expectations. You can also adopt more progressive methods, such as social modeling and analytics-based research.

ATTAIN A 360-DEGREE VIEW OF YOUR BUSINESS

Companies should look both internally and externally to gain an accurate 360-degree view of their business and understand the opportunities and threats they face. Industry and company business models are changing rapidly, and those that can't keep up risk having to shut their doors. This means attaining an unfiltered view about your organization's strengths and weaknesses by using data-driven insights as opposed to gut feelings.

Don't be afraid to talk with your customers, suppliers and other stakeholders — and even employ the use of industry researchers and experts, like Gartner and Forrester — to learn where your business sits among the rest. The point is to garner the best possible insights.

360 Degree View of Organizational Performance



Also, when looking externally across the industry, don't just evaluate your current market and legacy competitors. You also need to look at adjacent markets to learn about other opportunities and threats facing your organization. Evaluate potential competitors in adjacent markets trying to move into your industry, and keep an eye on disruptors (both existing and startups) that could impact your entire business model.

DSW, for example, **added nail bars** to a few of its retail locations, increasing foot traffic before the pandemic. Its transition from a traditional retail store to an experience-based company **helped ensure its survival** even as it closed specific stores and reduced its real estate. T-Mobile continues to lead the charge in transformation by embracing opportunities and threats. In 2019, the company **adopted banking, too**, recognizing its value as an adjacent market for opportunities.

AGGREGATE DATA IN REAL-TIME TO MAKE INFORMED DECISIONS

To enable a 360-degree view of your organization, it is critical to gather data and insights in real-time so your organization can respond and adapt in an agile manner.

The good news is that the emergence of integrated customer data platforms, AI, experience management platforms and predictive analytics tools have created previously unavailable opportunities to aggregate data. This allows you to garner a complete view of your organization and facilitate informed decision-making. Real-time analytics, once a supreme technical challenge, is now more easily achievable with modern cloud technologies.

As data platforms are modernized, new capabilities become available. Companies are now looking beyond dashboard and reporting; they are extracting greater benefits from their data to enable process re-engineering, process improvement, automation and management accountability. Indeed, these more mature applications of data are necessary to differentiate and compete in the current market.

Without a strong understanding of where you are, you'll never be able to establish an effective vision to guide your organization into the future. This is necessary to avoid going down a path of deploying the wrong strategies, making the wrong investments, focusing on the wrong projects, or even training your people in the wrong way. When you know where you are, you can finally guide your team toward the future you want.



2. VISION AND STRATEGY: ADAPTING TO THE NEW REALITY

Indeed, the world is changing fast. The numerous disruptions driven by COVID-19, transformational technology and new competitor threats are causing many companies to reassess their vision and strategy.

Companies need to quickly adapt to changing customer expectations and business dynamics, and they must develop a new envisioned future that is clear, compelling, inspiring, engaging and valued throughout the organization and with customers.

Here are a few approaches to help you achieve this:





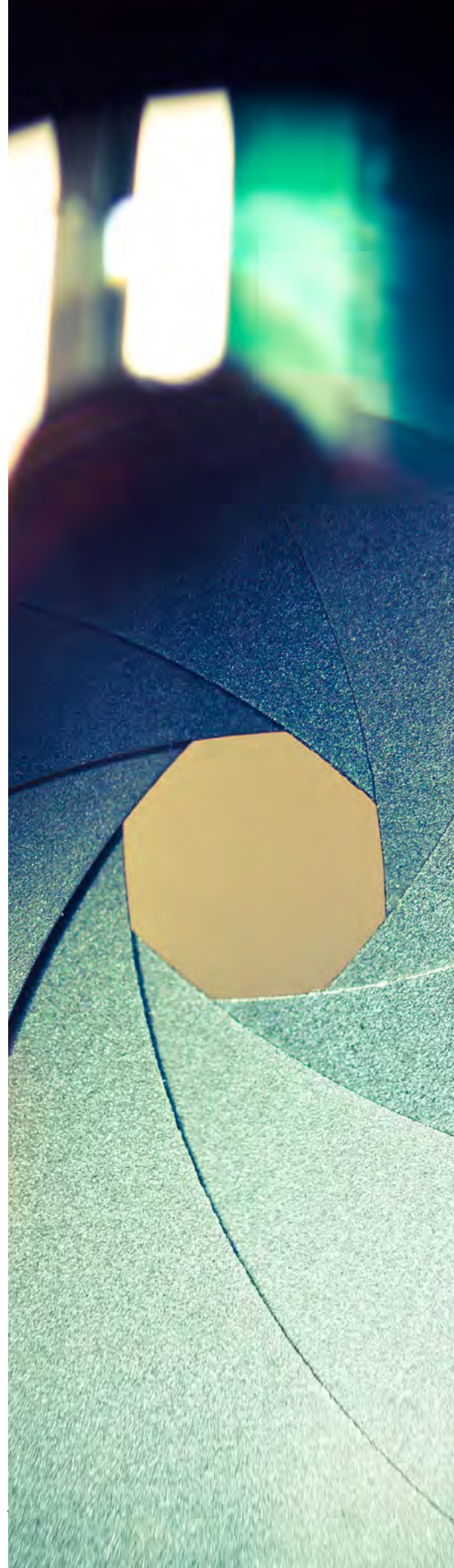
Embrace disruption, and explore the art of possibility.

Too often, companies view disruption as a threat to their business. And unfortunately, it often is, especially if companies consider disruption defensively in terms of how it may negatively impact their business model. They take the perspective that their business model is optimized and competitive, and hence, anything which disrupts it can't be good. So, it must be bad.

Not true. Progressive companies often view disruption as an opportunity to take advantage of turmoil within their industry and seize market share. They react quickly and explore how the disruptive event may create new opportunities to adapt their business models and produce new value for their customers. They fully explore the art of possibility.

For example, the pandemic has turned many businesses on their sides. Companies have been forced to migrate to digital at a more accelerated pace, adapt to changing customer expectations and interaction models, and rethink their products or services as they become more or less relevant to specific customer segments.

Some companies that may not be as well-prepared or agile may view such disruptions warily. They think, "Let's ride out the storm, and everything will return to normal." Other companies, however, mobilize quickly and alter their business strategies in real-time to take advantage of the "new reality." They migrate their companies to be more virtual and digitally oriented, drive innovation and launch new business capabilities quickly to capitalize. They view this as an opportunity to improve their competitive positioning while also providing increased customer and employee experiences.



B Be fact-based and inclusive.

When developing your vision and strategy, it is essential to explore the art of possibility without being tied down to previous beliefs and business approaches. It is very common for leadership teams to fall into the trap of developing a vision and strategy in isolation, based on incomplete facts, incorrect perceptions of reality, and intuition or “gut-feel.” This is risky and often leads to the development of an ill-informed and misaligned vision.

A compelling and inspiring vision must not only be informed by facts, but also include viewpoints from multiple diverse perspectives. You need representatives from various stakeholder groups, including not only your customers and internal business stakeholders, but also business partners, technology partners, suppliers, and more.

As part of this, create opportunities for stakeholders, especially employees, to share ideas. When you’re inclusive of multiple stakeholder groups to gain input, test ideas, get feedback, and more, you are more likely to create a new envisioned future that is original, compelling and inspiring.



Remember, it’s important to reevaluate your vision and strategy on a periodic basis based on your company’s needs and the fluctuating market. **Strategies, tactics and priorities all need to change frequently** so your business doesn’t get left behind in a more agile world.



Let technology inspire.

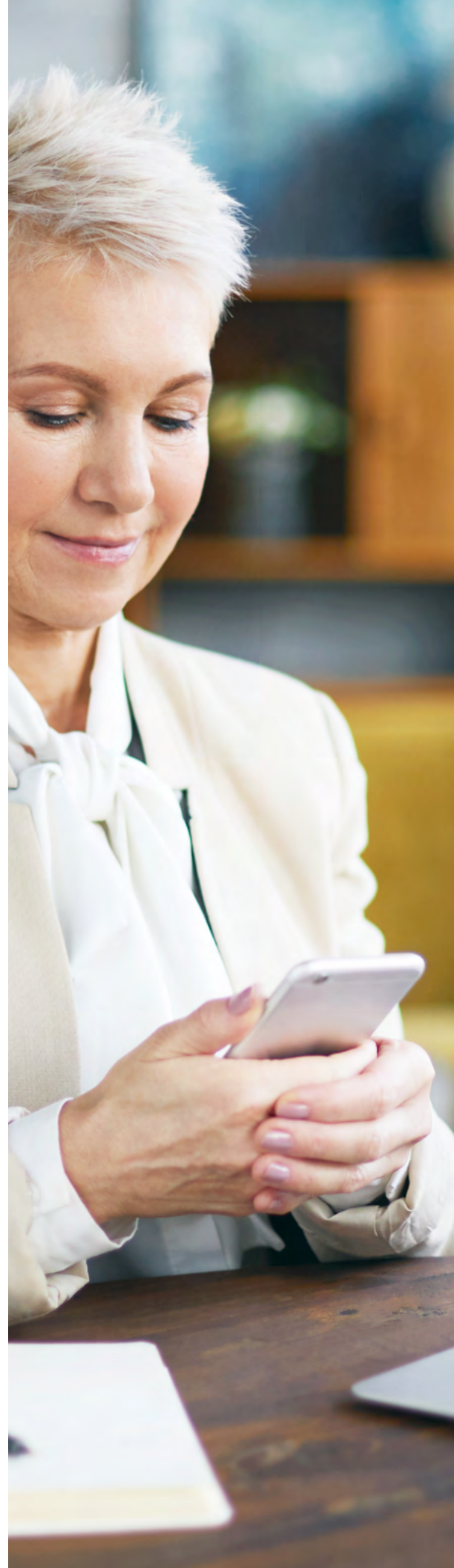
One of the biggest drivers of change in recent history has been the emergence of transformational technologies. Companies must pay attention to tech and understand how pending and new innovations can change the game and drive competitive advantage.

Newer technologies, such as AI and RPA, are dramatically transforming companies and providing new ways to perform all aspects of your business. For example, there's already a profit gap between early AI adopters and non-adopters, according to McKinsey.

In addition, companies have been forced into digitally enabled business models regardless of whether they were prepared or not. As such, cloud-based solutions and robust workplace collaboration tools are now table stakes.

Even before COVID-19, 88 percent of companies were using at least one application in the cloud. In fact, the cloud is often pointed to as one of the main reasons businesses can continue operating during a time of social distancing: employees can work from home, processes and systems can keep functioning, and businesses can continue to scale. Looking forward, the trend toward cloud will only accelerate as 51 percent of companies plan to move more applications into it.

When you refine your vision and chart a new course going forward, considering how technology can make an impact is of utmost importance. How can you accelerate the transition toward digital? How can you enhance collaboration and accelerate productivity enabled by a cloud foundation? How can you leverage artificial intelligence and machine learning to make your internal practices work more efficiently or transform the products and services you provide? Answering these questions will help you explore the art of possibility.



D

Learn to adapt and reshape.

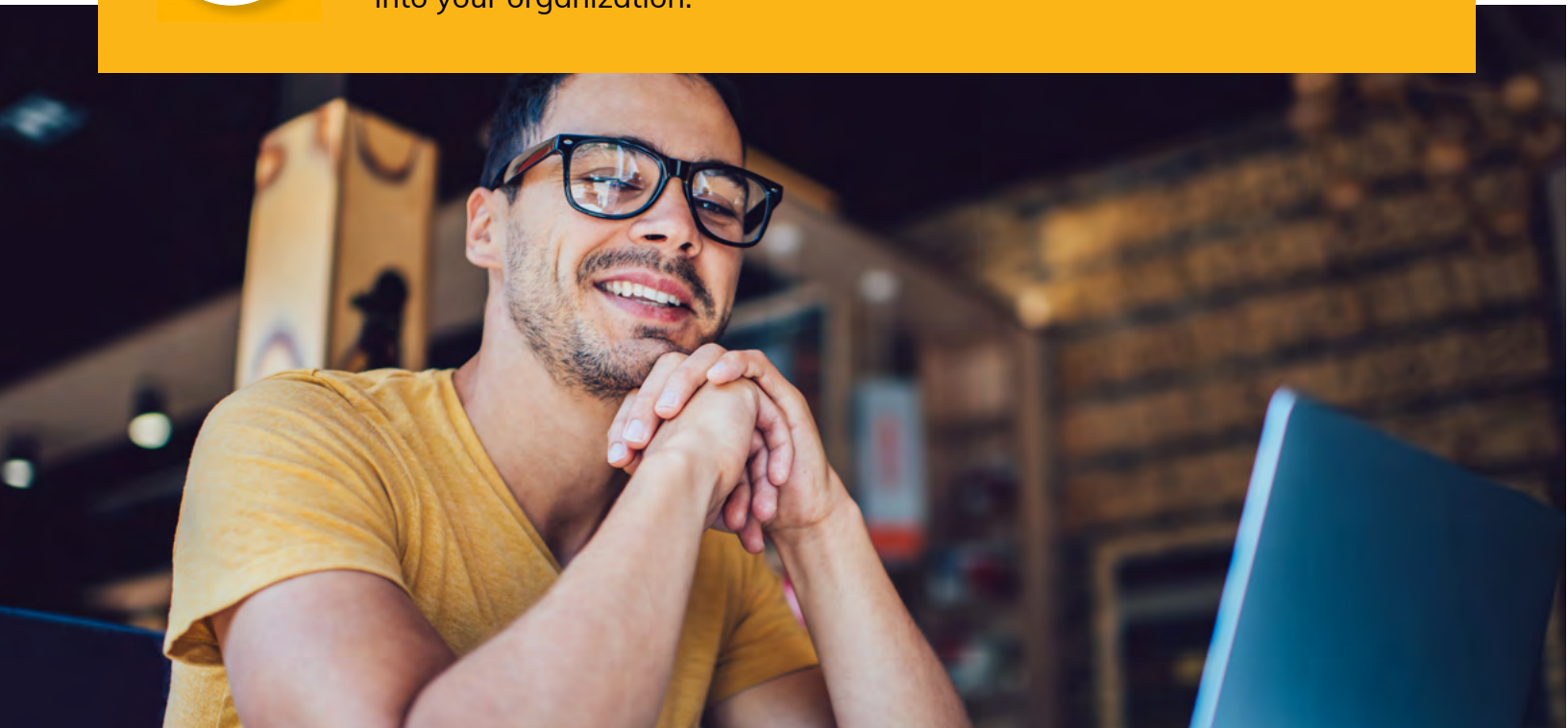
The days of defining a five-year strategy and then executing a multi-year plan are over. The level of disruption and pace of change is just too rapid. Companies must constantly monitor both internal and external events and garner real-time insights by which to assess the validity of their current strategy. Strategies are built upon assumptions, and as assumptions change, companies must be willing to reshape their vision and strategy quickly.

For many businesses, it is not uncommon to reexamine and refine strategies quarterly. This requires agility across the organization, including, for example, flexible budgeting and resource allocation processes, to allow self-managed teams to pivot quickly, and hypothesis testing.

This doesn't mean, however, constant enterprise-wide disruption and lack of commitment to long-term strategic needs and investments. It means acknowledging when assumptions change and being willing to proactively adapt and reshape as required. Building agility within business processes, organization structure, and people and culture is key to success.



Your company's vision and strategy help decide the course of your business moving forward. And it essentially provides a guide for evolving your operating model and integrating world-class capabilities into your organization.





3. OPERATING MODEL: ESTABLISHING A BLUEPRINT FOR BUILDING AGILE BUSINESS CAPABILITIES

Everywhere you look, businesses are transforming — to become digital, to combat disruption, to enter new markets, to make operational improvements, and more. In a world where only the hyper-adaptable survive, it is critical to have a method for building and integrating exceptional capabilities into the fabric of the organization.

By now, you're well aware of the challenges that exist in transformation. Many of the problems stem from organizations failing to properly identify, align, and integrate the right capabilities needed to make measurable shifts.

This is where an operating model becomes critical. With an aligned operating model, leaders and managers feel confident they have defined a clear and actionable blueprint for building new capabilities, ones that help organizations achieve their vision and strategy.

What Is an Operating Model?

An operating model is an integral part of any business transformation. It is both the method and output of designing the organization around business goals and strategies. It facilitates the process of “architecting” adaptive and agile capabilities across the organization.



In essence, an operating model establishes the blueprint by which companies can modernize their business and operate in a high-performing, agile way.

With an Operating Model:

- Leaders, managers, and teams can easily comb through the confusion of transformation and establish a clear path to improvement.
- Strategic goals, outcomes and tactics can be mapped to capabilities. In turn, capabilities are integrated into the operational makeup of the organization.
- A holistic, multi-dimensional view is created for how capabilities are aligned and integrated across organizational value streams.
- A detailed roadmap (the blueprint) is created to help guide teams in developing and integrating capabilities.

Below is a graphic representation of an integrated operating model showing how various components fit together.



End-to-End Business Capabilities (Value Streams) are overarching business processes that work together to deliver value for customers, internal stakeholders or both. Value streams are often referred to as end-to-end business capabilities.

Architectural Pillars are business elements that are common building blocks to many organizations. They normally include process, people and organization, information, and technology. These pillars work together to enable value streams. For example, the “sales lead to close” value stream requires the integration of business processes, organization structure, technology, data and performance measurement elements to successfully identify and close sales opportunities.

Capabilities are critical components that are required to successfully deliver and execute value streams. They are identified by architectural pillars but can often span across them. For example, contact management would be a core capability to enable the “sales lead to close” value stream and would encompass process, organization, technology and data architectural elements.



How Do You Develop an Operating Model?

Developing an operating model begins with capabilities. Essentially, capabilities are identified and then designed into the fabric of the organization. Making this happen requires three steps:

Capability Mapping

Identifying the critical business capabilities needed and mapping them to the value streams and architectural pillars across the organization.

Architecting and Experimenting

Architecting processes, organizational models, technology and data to enable business capabilities. It includes experimenting with solutions to discover the optimal balance of customer needs and operational structure.

Blueprinting

Creating the architecture set of documents and developing the roadmap to transformation success, including specifically calling out priority and how the organization will align process, organization and technology to the solutions.

We call special attention to capability mapping due to its importance to the overall success of your transformation efforts. It is in this body of work that we identify capabilities across the organization’s value streams and architectural pillars. These capabilities become the foundational mechanisms by which the organization is architected around.



What Are the Benefits of a Well-Defined Operating Model?

An operating model defines how your organization, your processes, your technology, and your data will all work together to deliver new capabilities. It is the transformation blueprint that defines how the business will achieve its targeted outcomes and address customer expectations.

Companies that have gone through this process find that they are more innovative, more adaptable, and able to surpass their competitors. Once you have a well-defined operating model established, your organization is prime to create and iterate business and technology solutions that benefit your customers.



Companies often wish to be agile but can't due to constraints across processes, organization, and technology. The key to attaining business agility is to design for agility and build inherent flexibility into your operating model.

4. AGILE VALUE DELIVERY: BUSINESS AND TECHNOLOGY SOLUTIONS

When a recent survey asked 437 global senior executives why **they hadn't embraced agile delivery methods**, 43 percent didn't have the experience and 41 percent felt agile was too costly.


In business transformation, it is imperative that delivering business and technology solutions is about value delivery first. To produce new capabilities and products that align to market needs and value, it's necessary to be agile, rapid and iterative. Companies must continuously evaluate projects on their business value or ability to enable strategic business change, versus how well the project is being run.

During times of significant change, companies have to be ready to pause or scrap specific projects, incorporate new products, or accelerate services that were previously on the backburner. While companies certainly had to do so in response to the pandemic, it's something companies have always had to do during uncertain times, as described in **a Harvard Business Review article** following the Great Recession.

From a technology perspective, **modern software delivery techniques** are centered on adopting lean-agile principles, DevOps engineering practices and cloud-based platforms to provide overall business agility and deliver value quickly.

These techniques focus on work management by breaking work into smaller chunks and removing silos that prevent solutions from getting out the door and operating efficiently. DevOps and lean-agile help you get new products and services off the ground quickly because they remove the barriers to innovation.

Lean-agile practices also allow companies to spin up new capabilities and work on them as they go, instead of trying to get it perfect the first time. DevOps then encourages your operations, development and quality assurance teams to work together rather than in separate silos so features can be pushed out as quickly as they're built — without finding any issues later on.



In business transformation, agile is a requirement, not a “nice to have.” **To deliver new capabilities while keeping pace with competitors, it's necessary to be agile, rapid and iterative.**



Without these methodologies, by the time you've finished implementing a big release of new functionality, the marketplace has already changed, and you lose the chance to learn what customers like incrementally. Instead, you're forced to deploy a new product in its entirety, and when customers don't respond well, you might assume that it's the entire project rather than only one aspect.

The quicker you can get a minimum viable product (MVP) out to the market or the business, test it, take input and revamp it; the sooner you can deliver the next release. This is how companies like Facebook, Amazon, Apple, Netflix and Google (FAANG) all operate — they don't use five-year plans. They continuously improve to drive value early and build momentum for change. And new technology platforms are more adaptable and flexible in nature, which enables ongoing continuous improvement.

Marina Gorbis, executive director for the Institute for the Future, was right when she wrote, "**Innovation Is Happening Faster Than We Can Adapt.**" So without a culture of continuous improvement, you'll never be able to keep up with your competitors or even with your customers' desires.

However, modern software delivery capabilities and agile value delivery don't work unless business stakeholders adapt and become more engrained in the delivery process.

To truly enable agility, you need better coordination and alignment across stakeholder groups, especially between IT and the business. Business operations must be part of the process and understand that it requires effort and investment via involvement, feedback, and behavioral change.

To use a restaurant analogy, technology is not the order taker. It is a chef and part-owner of the business. The restaurant is not successful without good quality and consistent product, and you must ensure the kitchen is working in tandem with the front of the house (e.g., the business) to guarantee customer needs and wants are identified and a great experience is delivered.



5. PEOPLE AND CULTURE: ENABLING A CULTURE OF AGILITY

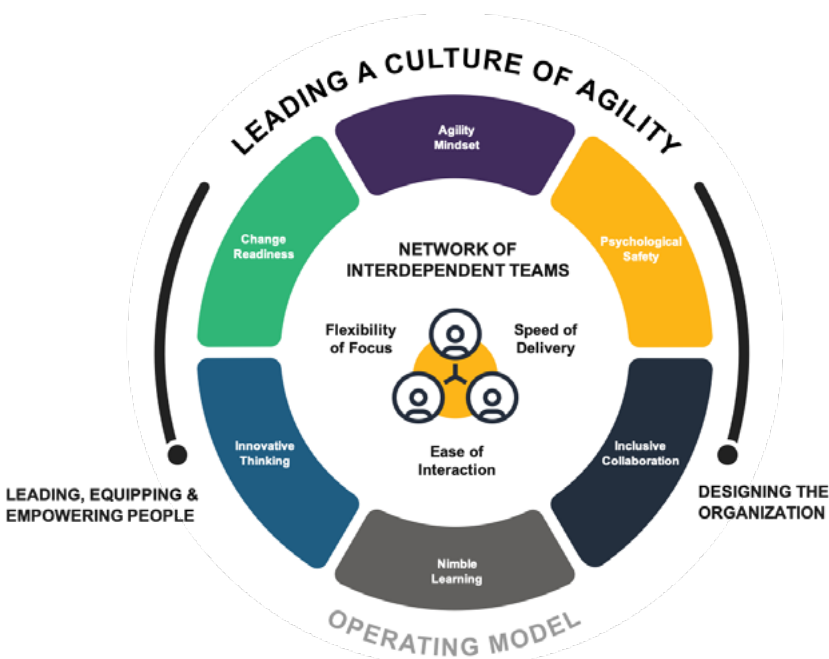
Process and technology are both systematic pieces of the business transformation puzzle. However, to drive agility and sustainable change within your organization, people — along with a strong, aligned culture — are a critical part of the equation.

People are essential to enable business agility, not only because they power the business, but also because of their capabilities to adopt shared cultural norms that reinforce how they work together.

In a company with **a culture of agility**, interdependent teams can collaborate across organizational boundaries with ease, flexibility, and speed to create rapid internal and external customer value.

Ease of interaction is essential for individuals to work seamlessly across teams. This includes understanding each other, knowing how to best work together and designing workflow to maximize effectiveness and efficiency. Flexibility of focus at the team level enables progress and speed when an organization alters its priorities to address changing customer expectations or other market shifts.

For a business to operate with agility, six cultural norms need to be part of the culture. These cultural norms include agility mindset, psychological safety, inclusive collaboration, innovative thinking, nimble learning and change readiness.



Transforming to operate with business agility requires people to continuously change and adapt. At times, the change may be shifting how work is done, and other times, it may be more transformational. Regardless, **to truly change how your business operates, your leaders and employees need to understand how to operate, be committed and ready to perform** — essentially engaging their head, heart, and hands.

Here are four ways you can inspire and enable people to adapt:

Moving From Change Management to Change Enablement

Too often, organizations think about managing a transformation instead of enabling and sustaining it. Business transformation isn't about changing which button to push — it's often about changing the way your organization and teams think about, behave and work differently in the new environment.

In addition, there is often a focus on communications and training as the silver bullet to drive change. Though they are key elements of change, a transformation that sticks must create experiences that shift beliefs, mindsets, and behaviors.

Enabling Transformation Starts at the Top

You must first start at the top. Leaders must align with the vision, and the vision should be compelling and meaningful to everyone within the organization. If the vision is only targeted to a select audience, true business transformation won't be realized.

Leaders also need to be actively engaged, modeling the behaviors they want to see within the organization. Authenticity and honesty are critical traits to building trust and belief in the changes ahead. This means having honest discussions with teams about the vision, including what will be easy and not so easy about the road ahead, and creating a space to share concerns.

Such open communication is not a one-and-done event. Creating ongoing opportunities for communication between the executive team and the rest of the company, both in one-on-one settings and in large town halls, needs to be the norm.

Leaders become the first influencers and advocates for change. They must be open and willing to show others and be recognized as "Change Leaders." This is not always a traditional skillset or expectation for leaders but is a must for sustainable change.



Driving Transformation: Not Just for Leaders

Starting at the top is just the beginning. Long gone are the days when a select group of leaders or managers drive and influence change. The traditional model of employees as passive recipients no longer works.

Once in a role, employees are more likely to cite culture and values as the **leading drivers of work satisfaction**. Many employees derive value from the work they do, and when you change that, it can rock them to their core. Co-creation, which means including every level of employee in the transformation process from conception through implementation and sustainment, is crucial to long-term success and culture shift.

Bring employees into the journey early. Include them in working sessions, process reviews, testing and simulations, and demonstrations. Provide a forum where they can share thoughts and ideas with executive leadership — and allow them to become change leaders as well.

When it matters to your employees, and they feel like they can influence it, transformation doesn't become something that's happening to them. It becomes something that is happening with them. Once individuals genuinely understand what element they can influence, they are more inspired to be part of the journey.



Building the Change Muscle

Feelings such as stress, confusion, and anxiety often increase during transformations. Many individuals are continuing in their “day jobs” while both supporting the transformation efforts and trying to understand what the “new world” will mean to them.

It will be important to be cognizant of how your teams operate under stress and how they work through that stress. You will often need to provide tools and techniques to equip and deal with change at the individual level while supporting their teams through transformation. And you will need to build change capability, which will improve utilization, productivity and resilience.

Companies must also take a holistic approach to enabling change by putting in place the necessary skills, tools and processes throughout the organization as opposed to only enabling change at the program or project level.

By building internal Enterprise Change Management (ECM) capabilities, adopting change becomes part of the culture. Leaders and their teams see dealing with and adjusting to transformation as part of the norm, where coping with change is part of the everyday ways of working. This allows more time to focus on results and creates a competitive advantage in the marketplace.



Transformations are constant, and you can't do them without people and a culture of agility. How are you going to appeal to customers if your team members — who work with your customers every day — aren't able to work with each other with the ease, flexibility and speed to provide the results customers are seeking?

People encompass every part of your transformation, but it's not the only aspect you'll need every step of the way. For that, you'll also have to turn to enterprise program management (EPM) to help execute your new strategy.

6. ENTERPRISE PROGRAM MANAGEMENT: ACCELERATING VALUE REALIZATION

As stated previously, transformation is an ongoing journey and not a destination. Every company is different, so its needs and timelines may be different than yours. If you're ready to realize your transformation goals, you will need to put your plan into action to achieve the best results.

Based on today's incredible volume and pace of change, being agile and turning strategy into business value has become a real challenge. Companies can have the best strategies in the world, but if they can't deliver on them, they're worthless.

Gartner estimates that **at least 40 percent of PMOs** are mainly "Delivery PMOs" charged with planning and controlling the tactical execution of projects to business expectations.

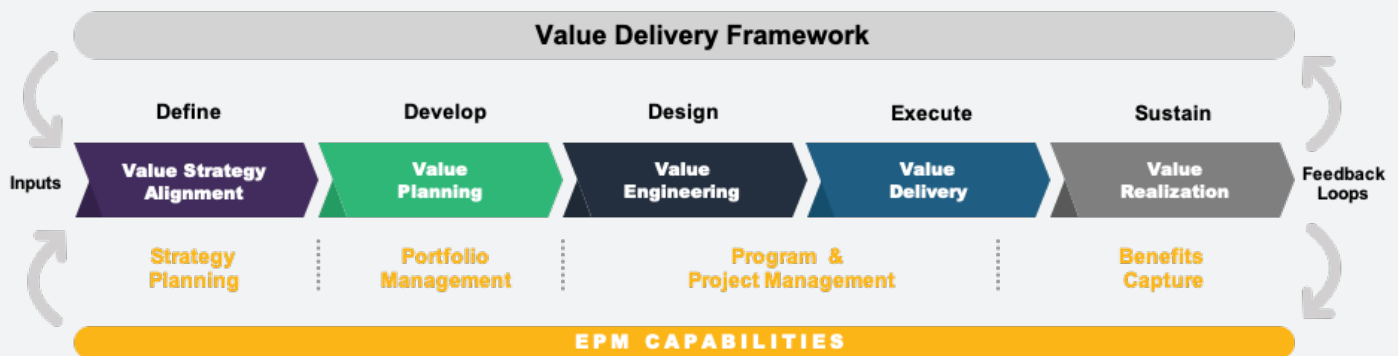
Reasons Why Companies Struggle

There is a long list of reasons why companies struggle with purposeful implementation of strategies and delivery of programs, including:

- Their projects are not aligned with rapidly changing business strategies.
- They operate tactically day-to-day rather than focusing on long-term goals.
- They lack a 360-degree view of critical initiatives across their organization.
- They have traditional project management offices (PMOs) that are focused on managing tasks instead of value.

To address these challenges and needs, EPM must evolve from a supporting function within companies to a core business capability focused on end-to-end strategy execution and value realization.

More than ever, EPM functions — including portfolio, program and project management — play a critical role in aligning, prioritizing, managing and governing change efforts across the organization.



Today's change leaders expect PMOs to help, not hinder strategy execution. They expect PMOs to lead transformation efforts in an agile manner by focusing on strategy alignment, value planning, value delivery, and value realization.

Here are a few approaches to help with this:

Lead with value, transformation planning and roadmap definition. Planning can be hard if companies are focused on day-to-day, tactical execution. To make planning more strategic and aligned to your transformation goals, establish links between vision and the work by defining value, driving alignment, and plotting a roadmap to get there. Make sure your planning integrates into annual and quarterly strategic planning cycles for executive buy-in and funding.

Upskill the PMO. While research has shown that PMOs need to evolve, many PMOs are still struggling with unclear business strategy, limited senior executive support and the ongoing organizational ambiguity surrounding their intended role and objectives. And if the PMOs are not adequately staffed and aligned, they often become a barrier to progress. As a result, it is time to make the PMO more strategic, nimble and agile to close the gap between strategy and execution.

With the forecasted growth in the number and complexity of business initiatives and projects, program and project managers also need to upskill. Gartner predicts that by 2021, **50 percent of large organizations** will have integrated disparate business and IT PMOs into enterprise PMO (EPMO) hubs to enable digital transformation.

Organizations need highly skilled program and project leaders who can take ownership, deal with ambiguity, and lead large-scale strategic initiatives that drive change in their organization. PMOs must reinvent themselves from delivering control to delivering continuous value.

Enable cross-functional team collaborations and strategic alignment. Depending on the size of the initiatives and the number of impacted teams, cross-functional teams are formed to address specific problems that cross department lines to increase overall efficiency and productivity. Cross-functional team collaborations align on priorities, solutions and projects while providing enterprise-wide visibility and coordination, balanced with distributed delivery.


Drive strategy through structure. When companies change their strategy, driven by market changes or new technologies, it's vital to assess whether the current structure — including people, roles, frameworks, processes and more — still applies. Often, structure is viewed as something separate instead of something tightly coupled with strategy. Start with a good framework to hit the ground running.

Establish governance to optimize and accelerate achievement. It's not enough to identify risks.

Modern governance solutions align goals with strategic progress tracking by ensuring:

- the work has a strategic fit,
- that standards, including lean-agile practices, are in place to deliver incremental value,
- that there are mechanisms built in to implement and identify red flags around risks and opportunities
- It's also vital to apply the right level of governance that compliments your business culture when bridging strategy with execution.

Now is the time to drive better alignment between strategy, program delivery and value realization. Upskilled PMOs play a crucial role in driving initiatives aligned to changing strategies. Effectiveness requires the continuous review of changes, adjustments to maximize value, and the right set of skills to drive strategy execution.



When companies change their strategy, driven by market changes or new technologies, it's vital to assess whether the current structure — including people, roles, frameworks, processes, and more — still applies.

Summary: Embracing Agile Business Transformation

You've watched as industry after industry has been disrupted, customers have shifted expectations and multiple companies have shut their doors. As technology continues to evolve and business processes become outdated, there seems to be just one solution: business transformation.

But business transformation can no longer be considered as just a one-time event, or even an "every-five-years" event. The market is evolving too rapidly, and value must be delivered continuously. And we've already seen how a global pandemic like COVID-19 can dramatically impact whether a business thrives, survives or languishes in just a few months based on how agile it is.

As such, more than ever, transformation needs to be iterative and agile, and it must remain so for your business to compete. You must constantly monitor the market, determine and reevaluate your vision, improve your core business capabilities, build a culture of change and implement incremental releases of value along the way.

Enabling agile business transformation is complex and impacts your entire organization. Position your company for future success by hiring a trusted advisor to assess your business transformation readiness and capabilities, and help transform your business in an agile fashion.

Meet the Author



Greg Klem

V.P., National Practice Lead of
Business Consulting Services

Greg_Klem@centricconsulting.com

CentricConsulting.com

