

WHITE PAPER

The Secrets to Success in Business Transformations

**Optimal Returns. Seamless Integration.
Competitive Advantage through Staying Relevant.**

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You have a Business Transformation to deliver. You have a strategy. You have robust project processes in place, the right resources and a clear scope. Yet despite all this, your project runs past deadline, over budget and it fails to deliver the returns promised in the business case. Why?

Does this scenario sound familiar to you? Do you know why it happened to you?

The variables to successfully delivering Business Transformations are vast. You are potentially launching new products into new markets, changing the way you operate, changing your selling proposition and implementing new systems to support these changes. Your organisation is evolving. You are quite literally impacting the lives of your customers and your employees, changing the way they interact with, and within, your organisation.

So why would an organisation embark on Business Transformation?

In a word...CHANGE!

In modern business things change at an exponential rate. New Technologies. New Markets. New Ideas. New Inventions. Principles such as Moore's Law are constantly driving change.

Organisations must continuously evolve to keep up with change and remain relevant to their customers. This evolution is achieved through Business Transformation.

"It is not the strongest that survive, nor the most intelligent, but the most responsive to CHANGE". Charles Darwin.

Therefore, managing change is an important element of ensure your organisation's Business Transformation project is a success.

What is managing change all about? Again, one word...PEOPLE!

People are the key to the success of any project. Professional, robust project process is important but who is going to run those processes? People!

Who will come up with the initial business strategy? Who determines the validity of the business case? Who initiates and runs the project? Who ensures the project is a success? Who are the project stakeholders? Who are the project resources? All People!

Manage the "people" side of your Business Transformation and everything else will fall into place. In my view, and experience, successful project management is 10% project process, 10% subject matter knowledge, and 80% stakeholder management.

So, manage people and you manage change. The key to managing people is...Stakeholder Management.

First and foremost know who your stakeholders are. They are everyone who will be affected by the Business Transformation, both internal and external to the organisation. Those who will be impacted by, and benefit from, the transformation. Those who will be responsible for conceiving, planning and implementing the transformation.

Your stakeholder groups will typically be some or all of the following:

- ✓ Your Employees. Their roles and the way they do their jobs will be affected.
- ✓ Your Project Team. Your internal project staff and subject matter experts, and the external consultants, who will successfully deliver your transformation project.
- ✓ Your Customers. Who will benefit from new products, services, markets, better service delivery and quality of service?

- ✓ Your Suppliers. The transformed business may require different supplies to different markets through changed supply-chain channels.
- ✓ Your Competitors. Your transformation should reposition you against your competitors, perhaps establish new competitors, or be so innovative that you initially have no competitors in a new area.
- ✓ Your Shareholders. All Business Transformations should deliver additional financial returns for you shareholders, otherwise why transform at all?
- ✓ Possibly Unions. Depending upon the industry you are in and the nature of the transformation.
- ✓ Government. Impacts such as employment law, grants, taxation, etc. The Government may also be one of your impacted Customers.
- ✓ Regulators. Depending upon the profile of your transformation, ACCC or ASIC regulations may apply. Also, industry specific regulators.
- ✓ Society. The nature of your transformation may impact society. No-one can argue that innovations such as the Windows operating system (flaws and all) and the iPhone have had an impact on the way society goes about their business. Other examples are the multi-billion dollar charitable foundations set-up by dot.com billionaires, all seeded by Business Transformation.

Once you have identified your stakeholders you need to understand them. Understand their requirements. Understand what they are flexible on and what is non-negotiable to them. Understand their view of "success". Understand where their respective expectations align and where they are in conflict.

Finally, armed with the understanding you have gained, manage your stakeholders' expectations. All the way through the transformation project keep them up to date and manage their expectations of what can and cannot be delivered, taking into account constraints such as time and budget.

The "Three Cornerstones" that determine if Business Transformations Succeed or Fail.

In my view, the three cornerstones that determine whether Business Transformations succeed or fail are:

1. Culture;
2. Leadership; and
3. Communication.

Culture

We have already established that Business Transformations are all about change. If the culture of the organisation is to fear, and be reluctant to, change then there is not an environment that promotes innovation and allows transformation to occur.

"INNOVATION distinguishes between a leader and a follower." Steve Jobs.

So, we have established that, to be effective, Business Transformations need to include an element of Innovation. Innovation inevitably involves taking a risk on a new idea. If the culture of the organisation is risk averse then again this will limit the transformation's effectiveness in delivering Growth and financial returns.

"You will either step forward into GROWTH or you will step back into safety". Abraham Maslow.

The Secrets to Success in Business Transformations

Changing a change reluctant or risk averse culture is not easy and needs to be led from the very top of the organisation. Any change of culture required initially, to later allow Business Transformation, would be a huge exercise in itself, led by the Board engaging expert advisors.

Leadership

Leadership is very important. Business Transformations are about managing people through change. It will be uncomfortable for them.

Strong leadership is required to align them to a common cause, motivate them, show them the benefits and opportunities and lead them to success. This leadership is required at all levels of the organisation. Commitment, integrity, and alignment to a common beneficial goal are the leadership qualities required for success.

Communication

I cannot stress enough the importance of communications. What you communicate, when, how and to whom must all be considered.

Most important of all though is that all communications must be consistent and be made with total integrity.

Also, it is better to communicate bad news (with consistency and honesty), than to not communicate at all. If there are things you cannot divulge at this point in time say so and indicate when the information will be available.

If you do not communicate, even out of good intention, your stakeholders will wonder why you are not communicating and draw their own (usually worst case) conclusions.

All Business Transformations must have a well thought through Communications Plan and have project resources allocate solely to managing communications under the plan.

CONCLUSION: How to ensure that your Business Transformation a Success.

Some initial things to consider:

1. Know your Strategy. Know why the transformation is necessary, what the internal and external drivers are, where the growth and returns will come from, and how you will capture them.
2. Initiate the transformation properly. Make sure the business case stacks up and has input from all stakeholder groups.
3. Engage specialist Business Integration consultants. To be successful, transformations need the right expertise, which your organisation will not generally have in-house. Successful transformations also require full-time commitment and cannot be done by staff "in their spare time". Engaging external specialists ensures that business-as-usual is not affected ensuring no negative impacts on your employees and customers.
4. Have a robust, well-defined project management methodology for the transformation project. This will ensure proper control over scope, time, costs, risks, quality, contractual arrangements, etc.

Then there are the salient points arising from the above sections of this article:

5. Business Transformations are both driven by and instigate Change.
6. Get the "People" part right and you will manage change and everything else will fall into place.

The Secrets to Success in Business Transformations



7. Culture, Leadership, and Communications are vital to the success of Business Transformations. Again, these three things are all about “People”.
8. To deliver optimal returns Business Transformations also need to focus on Innovation and Growth.
9. So make sure you know how your transformation will set you apart from your competitors, where your returns will come from, how you will know when you have achieved them, and how you will capture and measure them.

The above text provides some useful general insights into how to make your business transformation a success. Each Business Transformation is different and specific professional advice is recommended.

For more information about how Calibre Business Integration can help ensure the success of your Business Transformation, please contact our CEO Tony Payling at tony@calirebiz.com.au for a complementary executive briefing.