



WHITE PAPER • MARCH 2018



# Business Transformation: A Continuous Journey

The days of periodic reinvention are behind us, transformation is now an ongoing reality for successful organizations.

**Andy Jordan**

CA Project & Portfolio Management

**Today, every successful organization is going through a business transformation.** It's not some weird coincidence that has caused all organizations to be at the same part of the business cycle at the same time—it's simply that to remain successful, organizations must be transforming themselves continuously. There has been a lot of focus recently on digital transformation—changing organizations fundamentally to optimize the ability to leverage the latest technology at all levels. That's certainly a driver of much of the business transformation activity that is happening now, but digital transformation isn't an event, it's a commitment to continuous improvement.

Technology hasn't moved from one steady state to a new, more advanced state—it is constantly evolving, and the speed of that evolution is accelerating. As a result, digital transformation must also continuously evolve, otherwise an organization is simply establishing a new baseline that will soon once more become obsolete. It is also important to note that business transformation is not simply about optimizing the use of technology. Rather it is ensuring that all organizational elements—people, process and technology—are working together to deliver the most effective and efficient organization possible.

## Strategic Continuous Improvement

At the heart of modern business transformation is the ability to identify opportunities for improvement and then act on those opportunities. This continuous improvement concept has been in place at operational levels of organizations for many years with varying levels of success, but it has historically been focused on immediate enhancements to tactical inefficiencies. Collectively these tactical enhancements may help move the organization forward, but they aren't enough to truly transform it—that requires a more strategic approach to continuous improvement.

Organizations are beginning to embrace the concept of business agility—the idea that the organization must be able to adapt quickly (and with minimal disruption) to changes in the external environment that the organization operates in. That may be the actions of a competitor, advances in technology, shifting customer expectations or any number of other factors. Where business agility is focused primarily on changes that are occurring outside of the organization, strategic continuous improvement is change driven by factors inside the organization.

While there are no restrictions to these factors, common examples include:

- **Addressing execution problems within the portfolio.** Optimal portfolio execution requires total alignment between investment management and operational expenditure; between leadership planning and project execution; and between proposal development and benefits delivery. If any of these elements is out of alignment they will act as a drag on performance, reducing the return on investment and slowing down organizational growth.
- **Performance measurement of established strategic processes.** The core strategic approaches used in organizations are generally well established. In projects and portfolios, it might be business case development or project selection. At an operational level, it could be sales territory management, corporate governance or a multitude of other aspects. These overarching approaches are rarely reviewed to see whether they are delivering the expected outcomes, and many have significant opportunities to improve in both effectiveness and efficiency.
- **People optimization.** While there has been a gradual evolution of how people work to embrace flexible hours, remote working and similar concepts, much of the people-related infrastructure has changed little in a quarter of a century. The cubicle and office space are still geared around a time when people needed to be physically connected to a network, phone system and location to be effective—but that is no longer the case. Allowing people greater freedom to work where, when and how they want not only increases productivity, it allows for substantial cost savings with a more streamlined physical infrastructure.

In most of these areas where strategic continuous improvement is required, there are two factors combining to prevent that improvement from happening. Firstly, these are areas that have been in place with little change for a considerable period of time, likely having been left relatively untouched by a number of previous transformation initiatives. As a result, they are seen as part of the core of the organization, immune from having to adapt and evolve.

The second element, which reinforces this perception, is that they are seen as difficult and highly disruptive to change. There is some truth in this, but only because they have been left unchanged for so long. The first step will be a large one, overcoming years of inaction and modernizing what has become unconsciously obsolete. This will involve significant shifting of these core elements and will result in a temporary reduction in performance as the organization adapts. However, the organization will quickly recover and begin to deliver at a much higher level. Going forward, these elements can then evolve without such disruption, which brings us to the next point.

## Evolutionary Transformation, Not Revolutionary

Modern business transformation must be an expectation of every element of an organization. There is recognition that technology advances every quarter with new features and capabilities, improved performance, etc. There is also acceptance that such advancements feed changes in customer expectations and in our ability to innovate. This has resulted in those areas of business moving at a faster cadence. What must now happen is that same faster pace of change must be brought to all areas of the organization.

Every cycle of every strategic process should include a review to identify opportunities for evolution, and every investment cycle should include funding for such initiatives. Unless the organization evolves alongside the advancements that are beyond its control, a deficit builds up which can only be overcome with disruptive, revolutionary change. The larger the deficit, the more disruptive that change is. In contrast, an ongoing evolutionary transformation approach not only reduces the disruption in a practical sense, it also allows that disruption to become accepted as part of modern business practices.

Transformative evolution is more than just a post execution review of a process. Traditional reviews are built to minimize change. They are based on a presumption that the current state is acceptable and that any variances can be explained. There may be minor adjustments made as a result of those variances, but these are very much the exception rather than the rule. Business transformation must start with the opposite premise: working on the basis that the current approach is no longer valid. This further creates an atmosphere of ongoing change, but it also has a very practical impact on an organization.

Strategic processes and methods are the spine of an organization. They are not only executed by senior individuals, they are the basis of all of the other methodologies and processes the organization uses. When that spine is rigid and inflexible it forces compromise in every other aspect of the business and limits the ability to adapt to changing circumstances. If on the other hand the spine is flexible, there is much more room to move in each of the individual business areas, allowing for approaches that are much easier aligned with the immediate needs, as well as emerging trends. If strategic processes are fluid and evolving the entire organization is more agile, that will translate into better performance today and easier transformation to the future. However, all of those parts of the organization must be closely connected together, and that's where organizational culture comes in.

Inclusivity is achieved through a number of different aspects:

- **Involving all business areas in the assessment of performance.** Strategic processes may only be executed periodically and involve only a small number of senior people, but they are connected to every element of how the business operates. Consider how a bad project selection decision results in struggles for the team trying to deliver the benefits expected from that project as an example. Strategic processes cannot be reviewed without also considering the downstream impact of those processes.
- **Inviting those same business areas to contribute to the transformation.** For the same reason as above—the relationship with downstream processes—the optimal transformation of the business must consider the impact on all areas. Unless all stakeholders are involved, the practical solution won't be as good as it could be, and all employees will know that.
- **Transparent communication of the change and the impact it is having.** While transformation decisions are ultimately made by leadership, they should be communicated to all employees along with the reasoning why those decisions were taken as opposed to any other option. In addition, there should be updates provided on whether the transformation improvements are having the desired impact. That must include updates from the front lines to leadership as well as vice versa.

Consistency is more straightforward to demonstrate, it is simply the commitment to evolve the business at every opportunity and to include all stakeholders in the process every time. That includes the adjustments made if the expected improvements don't materialize. Consistency takes time to develop—by definition it requires a number of cycles for it to become embedded. Once employees recognize that evolutionary transformation is the new reality of how they work, this will go a long way to creating the cultural evolution that is ultimately the sustainer of ongoing transformation. Until that recognition occurs however, the commitment from employees will be fragile and consistency is vital.

## Integrated Transformation

Evolutionary business transformation is far less disruptive than periodic large-scale change and developing an environment where there is an expectation of ongoing organizational evolution will further help ease the disruption. However, there is still the tendency for that disruption to occur. With the reality of technology-driven environmental change requiring business agility, that disruption can be elevated even further. It is therefore critical to ensure the organization as a whole is able to absorb as much change as possible with as little disruption as possible, and that requires a fully integrated change model.

There are a number of elements to this integration:

- **Change capacity.** Different areas of the organization will have different tolerances for transformation and that tolerance will shift over time. It will be impacted by the nature and size of change, the amount of transformation that has occurred recently and is still being absorbed, the type of work being performed, and the skills and experience of the people impacted.
- **Transformation sequencing.** Few strategic transformation initiatives exist in isolation. Changes in one area will require changes in other areas. Ensuring that those changes are made in a logical sequence can have a huge impact on the speed and ease with which the transformation is absorbed. As a general rule, the changes should start at the highest level and cascade through downstream processes, but there will be exceptions.
- **Transformation timing.** There will be natural peaks and troughs in the workloads of different parts of the organization. Changes should not only be implemented during periods of lower activity, but care should also be taken to ensure there is not a significant peak in activity shortly after the transformation is made. This allows adoption in a relatively low-stress environment and helps ensure the new approach is optimized in time for the next busy period.

In addition to these elements there must be consideration given to an integrated technology infrastructure to support ongoing business transformation. At a minimum, the organization must have software that can adapt and evolve with the business. Platforms that are inflexible or dependent on time-consuming customization will be barriers to transformation.

A powerful project and portfolio management (PPM) platform should be the hub of this infrastructure. Transformation will be driven by the need to continuously innovate and deliver leading-edge solutions, and that falls squarely in the arena of investment management, business planning and portfolio delivery. This should be managed by a single PPM solution that provides the ability to analyze performance against multiple targets. It should also be capable of integrating with the enterprise business intelligence (BI) tool to allow even more information management and analysis. Finally, the solution should allow users to integrate with it on their terms, and it should contain powerful workflow management functionality that automates as much as possible, freeing users up to focus on activities that support the adoption of effective transformation.

## Conclusions

Historically organizations would delay business transformation initiatives for as long as possible simply because they knew how disruptive they were. They transformed only when circumstances forced them to. In many ways nothing much has changed today. The frequency of transformation has increased, but many organizations still resist change until they have no option. That is not a model that can succeed in today's modern business world.

Organizations must become transformative as part of their DNA, they must be able and willing to embrace an environment of not just growth, but also substantive and disruptive change, if they are to continuously optimize their ability to perform. That requires alignment of all people, all business areas and all processes—in short, a reinvention of how the organization operates. It also requires a technology infrastructure that is capable of not just supporting that model today, but also of adapting and evolving with the organization. Combine those elements with a laser-like focus on becoming and remaining a leading-edge organization and you will have built an organization that is as future-ready as it is possible to be.

## About the Author

Andy Jordan is president of Roffensian Consulting S.A., a consulting firm with a strong emphasis on organizational transformation, portfolio management and PMOs. Andy has a track record of success managing business-critical projects, programs and portfolios in Europe, North and Central America, in industries as diverse as investment banking, software development, call centers, telecommunications and corporate education.

To learn more about how CA Project & Portfolio Management supports business transformation, visit [ca.com/PPM](https://ca.com/PPM)

Connect with CA Technologies



CA Technologies (NASDAQ: CA) creates software that fuels transformation for companies and enables them to seize the opportunities of the application economy. Software is at the heart of every business, in every industry. From planning to development to management and security, CA is working with companies worldwide to change the way we live, transact and communicate—across mobile, private and public cloud, distributed and mainframe environments.

Learn more at [ca.com](https://ca.com).

