

THRIVING AT THE SPEED OF CHANGE

How to Win as Business Transformation Becomes the Norm

Business transformation used to be something organizations would undertake once every few years. It was an opportunity to reset their approach to business, to reenergize an organization that had become 'stuck in the old way of doing things', and a chance to align with the latest innovations in the market place. Those days are long gone.

As the pace of technology advancement has accelerated, so organizations have needed to increase the frequency of transformation initiatives in order to stay competitive. At the same time, the drive for enterprise software solutions has meant that more projects reach further into the organization and initiatives that might previously have had relatively low impact are now driving significant enterprise transformation. Add in the increased competitive threat posed by the global economy and many organizations find themselves in a cycle of constant transformation.

This isn't necessarily a problem, but as the pace of change accelerates you do need to adapt and evolve how your organization manages that change. That inevitably requires the organization to look at the way it delivers project execution from planning through delivery, and in particular with how an environment can be created that allows project resources from sponsor to team member to work more effectively and efficiently as individuals, and in a more flexible and adaptable way as a group.

Consider the analogy of a sports car. Its purpose is to go fast, but designers and manufacturers can't simply throw a huge engine in it and have it go faster than before. They have to think about weight, about aerodynamics, about balance and handling, etc. That's what's going on in organizations today with business transformation. As business began to accelerate so the focus was on the ability to drive more projects through – increasing the size of the engine if you will. Processes were streamlined, Agile moved from a niche approach used only in software development to a mainstream approach used in many business units, and portfolio management introduced an overarching strategic focus to project execution.

These changes improved performance, the business got faster. However, these changes also showed up the problems with other areas of the business, and those areas were reducing performance, just as bad aerodynamics reduces the impact of big horsepower. The work needed to address those issues are just as complex as some of the aerodynamics challenges sports car designers face, and unlike those designers who are dealing with the predictability of physics, businesses have to deal with the unpredictability and inconsistency of people.

We recently conducted a comprehensive survey that looked at business transformation initiatives in organizations from 74 different countries across the globe. The report produced from that survey highlights just how complex the issues around business transformation are, but they also revealed some clear trends that set high performing organizations apart from the crowd. There were also a number of behaviors that organizations must avoid if they don't want to slip into poor performer territory for their business transformation initiatives. We believe this report not only helps organizations to understand how well they are doing – how aerodynamic they are if you will, it also offers great insight into the areas they need to focus on to improve.

Many of the differentiators between high and low performers in our survey related to resources and the way those resources were used. For example, the criteria used to select the project manager had a huge impact on the chances of success. At the most basic level, poor performers, those who said that their business transformation initiatives rarely or never delivered the expected business results, were twice as likely as strong performers to use the same criteria for appointing PMs to key initiatives as to any other project (39.8% of poor performers compared with 19.4% of those whose business transformation initiatives regularly meet all business objectives). The best performers in our survey focused on appointing PMs with strong company and industry understanding (51.6%) and sound business judgment / acumen (40.3%), recognizing that these initiatives required different skillsets. Our poorer performers scored significantly lower in these categories with 28.6% and 27.6% respectively.

However, using these criteria to appoint project managers isn't sufficient, you have to create an environment that ensures those PMs have an accurate and complete understanding of the organization and its challenges. You have to ensure project managers have the skills required to focus on delivering business results and that there are opportunities to develop and mature those skills. You also need to ensure you have the ability to appropriately assess talent and that you have the flexibility to assign PMs across the enterprise as necessary rather than being restricted by a silo based structure.

One of the other major themes that came from our survey was the importance of being able to recognize the need for, implement, and absorb change. This is more than simply having a formal change management process in place, although that's important as well. It requires all project execution resources to have the ability to recognize when change is needed or when it is happening through shifting circumstances. It also requires all levels of the organization to be empowered to initiate change if they see the need rather than relying on top down change delivery. Finally, once change does occur, the organization needs to be able to adjust with the minimum of impact to ongoing work. People need to be able to move across initiatives and integrate shifts in the project constraints and goals with minimal loss of productivity.

All of these elements of change require an organization that is built around the expectation of change. All stakeholders, including team members, must begin initiatives with the expectation that what is ultimately delivered will vary from what is proposed, they must expect to be reassigned themselves or to deal with colleagues who are reassigned, and they must be ready for the project's purpose to shift and evolve. This requires a proactive strategy to create a 'change agile' organization capable of responding quickly when needed. Ultimately the best performing organizations will also make the evolution towards proactive change – making adjustments in anticipation of shifts that will occur.

Our high performing organizations in the survey still experienced significant amounts of change on their business transformation initiatives – 40.3% of them reported that more than 30% of those projects experienced significant change (significant was defined as having greater than 25% change to scope, budget and / or timeline). However, the reasons for change were very different between our best and worst performers. While poor performers saw change driven by performance against project constraints as the most significant drivers, our high performers absorbed change driven by shifting organizational priorities (74.2%). A pleasingly solid 38.7% of high performers also allowed for changes driven by project teams if they saw opportunities, while they also controlled internal customer driven change – while that was still a change source for 45.2% of high performers that is lower than the 51.0% of low performers. To shift from a reactive, tactical change approach to a proactive, strategic change approach organizations must invest in the quality of their people, providing them with the skills and environment to manage change effectively.

Just as there are many different adjustments necessary to optimize the aerodynamics of a sports car, so there are many different factors that contribute to the success of business transformation initiatives. Our survey revealed trends around Agile adoption and utilization (43.4% of survey participants are using Agile in at least 10% of business transformation initiatives and that increased to 53.2% among high performers); around the type and use of tools an organization has; and a number of other factors. It also looked at how business transformation projects are expanding in organizations and how much of the organizational portfolio is taken up with such initiatives.

There was a strong indication from the survey that business transformation is becoming an ever larger element – 50.0% of participants said that a higher percentage of their project budget was going on transformation projects than three years ago, and only 9.9% said it was lower. There is also an increase in the number of projects focused on transformation – 46.7% said a greater percentage of the total number of projects were transformation related than three years ago, and only 12.3% said it was lower.

With so many variables the factors influencing an organization's ability to succeed are many and varied, but one thing is abundantly clear, the need to have teams of people who can manage those variables effectively has never been greater.