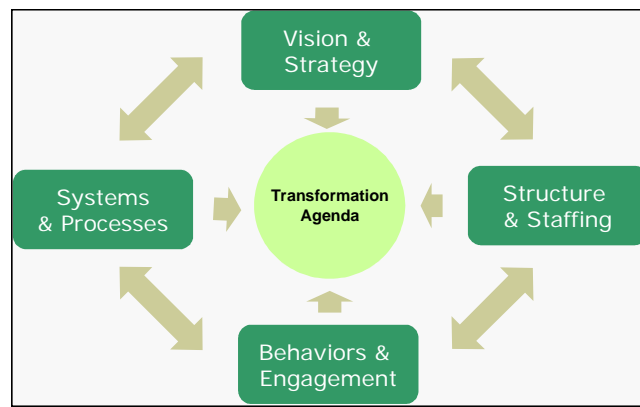


Business Transformation

by Karen Ayas

Business transformation aims at changing the way people **think and act** in an organization, since behavior is the ultimate driver of business results. A few basic principles guide our approach to transformation.

Holistic approach. Transformation is not just strategic, organizational or cultural—it must address all these aspects cohesively and coherently to ultimately impact the behavior of all within an organization. The chart below provides a simplified framework including the major facets of organizational behavior that impact results.



Line leaders leading the change. Transformation cannot be viewed as a staff function and implemented as a project. The bulk of the responsibility is on the shoulders of line executives, starting with the top. Building capacity for leadership at all levels is critical.

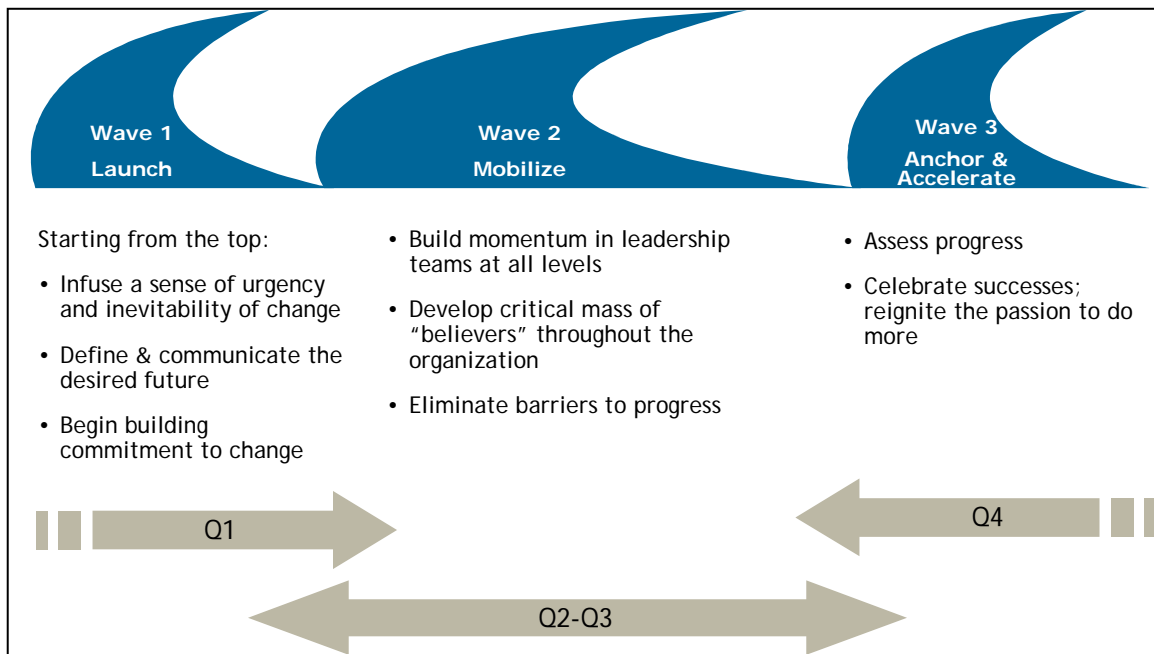
Employee engagement & building momentum for change. Working with the “believers” and managing skepticism in the organization is a must. There is a need to build a critical mass of change leaders who can engage everyone in the transformation. Traditional cascading is too slow and kills the momentum. To accelerate the change and build momentum, we need to tap into the power of large groups.

Balancing short and long term. A challenge at all times, this becomes even more critical in a bold transformation. In particular, there is a need to pay attention to key people and ensure that resources are dedicated to managing the transformation.

Setting expectations and punctuating change. Deep cultural change takes three to five years, and today’s environment dictates continuous change. To succeed in bold transformation, the change efforts need to be punctuated and led as cycles of change with a clear beginning and end. Accelerating change with every new cycle is also critical.

Approach to Transformation

The chart below shows the three waves of change within a given cycle. While times are somewhat arbitrary, it is helpful if they are aligned with the planning cycles of the organization.



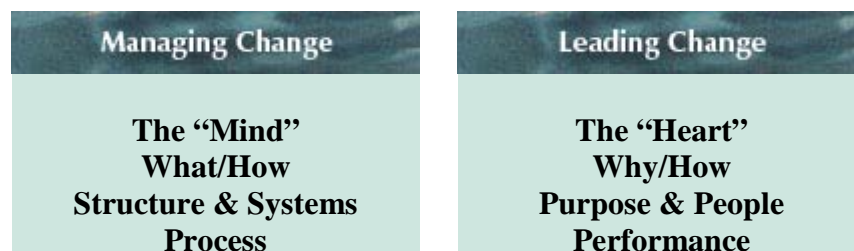
Managing Change: The Master Plan for Transformation

The Master Plan is a high-level plan for the company as a whole. The plan needs to be customized as it cascades through different groups and organizations and translates into further specific initiatives. These might include initiatives such as:

- **Strategic clarity:** Elaborate on key questions—Where we are heading? How do we make money and sustain a competitive edge?—to simplify and speed up decision making at local levels.
- **Organization model:** Finalize the operating organization structure that will create the desired synergies across the business, and draw up a transition plan.
- **Business processes:** Identify up to five critical initiatives that support the implementation of the organizational model and enable strategy execution.
- **Culture:** Design and implement a leadership development practice to grow leaders who become role models and carriers of the desired culture; conduct leading change workshops; and hold large-scale events to deepen, accelerate and broaden change efforts.
- **Communication:** Create a plan to ensure that everyone is kept informed, quick wins are highlighted, and behavior reinforcing the desired culture gets recognized.

Key to Success: Leading Change

The majority of transformations fail. Only one out of three is considered successful, and merely one out of ten transformations achieves deep cultural change. The key to success here lies in *leading* change. This is not a question of semantics, but of focus. There is a need for changing both the “mindsets” & “heartsets” of the individuals involved.



Transformation therefore requires strong leadership and strong management at every level of the organization. See the chart below for brief description.

Managing Change	Leading Change
<p>Plan the program Set targets, goals, milestones Establish the work breakdown Allocate resources</p>	<p>Set a direction for change Assess current reality Develop a vision for the future Prioritize for action</p>
<p>Organize and monitor projects Maintain the project office Monitor implementation Communicate plans & results</p>	<p>Align and mobilize people Communicate the new vision Infuse passion & energy Create change agents</p>
<p>Solve problems to deliver results Monitor results versus the plan Find solutions to problems Deliver results</p>	<p>Keep the momentum Motivate and inspire Keep people committed Celebrate progress</p>