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Why Don't Current Transformations Get the Results

Article Series #2
The Art and Science of Transformation

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Get on the bus?

Have you ever heard your boss say "everyone has to get on the bus…" or some derivative of that saying? Would you want to get on the bus if you knew the outcome was reflective of the picture above?

Transformation efforts seem to come and go every few years, so maybe it is better to wait it out, specifically for Digital Transformations. Consider a 2018 McKinsey & Company report that found although 80% of enterprises have attempted a digital transformation project, less than 30% have succeeded at improving company performance. Another report, the 2021 Chaos Report from The Standish Group, found that 84% of technology projects "partially or completely fail." Meanwhile, the Dell Technologies Digital Transformation Index claimed a mere five percent of firms had attained "digital leader" status.

More generally, business transformations of all types are hard to execute given the individual beliefs, enterprise and business unit culture(s), processes, and technology already in place.
- Project Management in Information Technology failure rates average 83.9%.[1]
- Recent meta-analysis of organizational change implementation efforts shows an average failure rate of 73%.[2]
  - 30% Project abandon rate

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[1] Dr. Robert Klein, 1998, Stephens, 2008; Wong, Chau, Scarbrough & Davison, 2005, Standish Group, 2021

[2] Candido & Santos, 2008; Bridgeforth, 2000, Standish Group, 2021

- 33% miss on financial objectives
- 70% miss on cost reduction and earnings growth targets
- 93% miss on quality improvement targets[3]

How many times have you seen a digital transformation fail to deliver the results promised?

New leadership often creates the transformation effort to justify their hiring and to drive new investment dollars. If their transformation fails to deliver, that leadership is replaced, and the new leadership does it again. This cycle seems to continue at some companies with different approaches, different catalysts, different technical magic bullets, all with similar promises of increased revenue, profit, Net Promoter Score, and improved IT skills.

SO, SHOULD YOU STAY ON THE BUS?

With over 70 transformation efforts from small through Fortune 500 organizations over the years, ENKI's consultants are still stunned by companies that continue to spiral through this cycle. Transforming a company is hard and it takes strong leadership to make it happen. Even companies that struggle financially still invest large sums of money and often hire brilliant people, so what is going on?

Our approach aligns with *Peter Drucker's statement that culture will eat strategy for lunch*.

What does a leader do about that? Any transformation effort must incorporate the People learning, Business Architecture, and Technology Architecture elements for success.

All consulting firms will reference People, Process, and Technology as core principles to be addressed during transformations. However, poorly conceived, architected, designed, and deployed transformation efforts are overly complex, hard to explain, **too big to succeed,** and counter-cultural. Without robust learning, business, and technology architectures that include the core elements of transformation, these are doomed to be expensive failures.

So, ENKI's consultants expanded the People, Process, and Technology lexicon to be more inclusive of what matters. We enhance the Business Architecture (Process + more), the Technology (solution enablement + future flexibility), and the Learning Architecture (People + their individual journey through the change cycle). ENKI consultants created Business Architecture in 1998/9 and Learning Architecture in 2021 to encapsulate the interrelated components of the new business model(s) and people capabilities needed to be created, tested, and sustained as part of every company's transformation journey. Knowing how all the interdependencies align and how to create the transformation project portfolio with supporting business cases is what ENKI calls the Transformation Architecture. Engaging our clients' employees in adjusting and enhancing processes can be seen as a waste of time by our clients' executives but our decades of experience in hundreds of transformations have taught us that this is required for cultural enhancements needed to ensure sustainability of the transformation.

One recent large transformation effort ENKI helped clean up had 36 enterprise initiatives for two business units. Each business unit had 17 different functional groups. The inexperienced consultants engaged, from a well-known global consulting, in designing and running the global program did not understand that the structure of having 36 initiatives to transform two business units with 17 different functional groups resulted in 1,224 different initiatives. They also did not consider the dozens of countries involved, each requiring versions of the 1,224 initiatives. Or did they? Since large consulting firms need to staff dozens

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[3] Ibid

if not hundreds/thousands of young, intelligent, and eager consultants at large clients, so maybe it was complex by design.

*Where are all the consultants? **On the bus, of course***.

We were initially asked to support one initiative for both business groups, with a total of 8 projects. Our transformation program structure did not depend on the organizational structure but did depend on executive leadership engagement. We guided executives to take accountability for the goals and worked with them across groups to gain functional unit leader support.

We embraced the cultural change we encouraged by using the techniques of Business Architecture and Organizational Change Management. Our engagement in the structural design required collaborating with the people to understand the technical and process catalysts for the change (FinTech, HealthTech, Cloud, Big Data, Digital, etc.). Our approach reflected the culture and the end-state because we have the experience to know that 1,224 different efforts will never be completed on time, even if you only call them 36 initiatives. The MBA with 3-5 years of business experience does not know that because they have not experienced it before. The consulting company's Account Partner had only been a consultant and therefore had never been accountable for all the aspects of a company transformation but they were amazing at identifying all the areas outside their scope that were challenges. First, they were not there often enough to understand the structure they helped create or the cross-project dependencies. Second, they have never owned the outcomes and hence never had to explain the entire complexity to the executive team and board of directors, they were used to explaining only what was in their scope.

A simple, elegant design is often a better approach

Our approach was focused on simplicity. Get everyone to understand the changes and WHY they were needed (with clear goals). Then everyone could help drive the changes to accomplish the strategic goals.

How it was structured reflected what everyone needed to understand and execute. Simple.

Consulting firms don't make enough money working directly with your employees to cover costs and provide the profit margins required. As a result, they are more focused on using their own consultants so they can bill you for their effort. This also allows them to place inexpensive people on your account to help lower the "Blended" rate on an average hourly basis. They know, as you do, that your employees are likely better at doing the work your company needs vs. the inexperienced and uninformed consultants these other firms most often assign. The reason this is important is that your employees know your business the best. This information is critical to the success of any transformation effort but so too is the deep knowledge of the process and common pitfalls, which are only obtained through decades of transformation leadership experience as both a consultant and an executive accountable to succeed. So, what you should be looking for is a firm that embraces the need to engage your employees in the transformation journey. This partner would be interested in making sure the employees are backfilled so the day-to-day work is performed but should not have too many consultants to be the backfill because that is overhead. And, a strong consulting firm in the Transformation space would know that staff augmentation firms have hundreds of thousands of people to pull from to help backfill people for a year or two if needed.

Transforming A Company Is Complex

The corporate experience we have obtained as P&L and executive leaders has taught us that efforts structured to provide clarity and consistency allow a small group of experienced former executives to help existing corporate employees deliver outstanding results with less effort, lower risk, less cost, and in a shorter timeframe.

Now, add ENKI's use of a software to enable a repeatable project execution process that includes lessons while helping drive real-time team collaboration and issue tracking beyond normal project task list tools like MS Project, Jira, Rally, Basecamp, etc. Add to that an executive dashboard so PowerPoint and Excel status updates are not needed, and you get executive resolution happening quickly with team engagement skyrocketing. Our approach and supporting software provide complete visibility across the program regardless of the project, geography, business unit, and even team structure.

The Next Time You're On The Bus

Most consultants have yet to gain experience in how to execute real change and deliver real solutions. They have never owned it before as a corporate leader or executive. So, the next time you have an M&A, regulatory, technology, or competitor-triggered transformation need, ask your potential consultants what their last corporate position was. Ask them where they owned the delivery of a business transformative effort.

ENKI believes you will be shocked at the answers from most of the people being positioned for your transformation. Leadership is transferable from industry to industry as well so consider having strong corporate leadership skills on your team full-time and worry less about industry experience. Your team knows the industry so your partner needs to bring other depth and skills. Finding a firm that has all of this

on a project team at an affordable investment is a challenge but consider the consequences if you fail, again.

We have been on the burning transformation bus. We learned by example and figured out that transformation does not need to be complex and always on fire. We believe you should stay on the bus if there is a strategic need for change. Simplifying the transformation structure helps but coupling that with experienced leaders, tested and forged by fire as corporate executives, will deliver positive results. Even if it is just to clean up the mess created by the busloads of consultants from other firms.

We have walked in your shoes. ENKI is Success Unlocked.