

The Hard Side of Business Transformation: A Holistic Approach

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Abstract: Transformation is the creation and change of a whole new form, function or structure. To transform is to create something new that has never existed before and could not be predicted from the past. Transformation is a “change” in mindset. It is based on learning a system of profound knowledge and taking actions based on leading with knowledge and courage. The present study focuses on understanding the hard side of the transformation process in the corporate world. Transformation has become a must for every business to survive, but the toughest part is being successful in the transformation. The study highlights on the hard side of transformation taking the global scenario into consideration. In most of the cases it was found that business transformations have an alarmingly high failure rate due to lack of planning, employee motivation and lack of leadership with profound knowledge, vision and courage.

Key Words: Corporate, Innovative, Challenging, Organizational Development, Change.

1. INTRODUCTION:

For companies that don't want merely to succeed in their business but to lead them, continual business transformation is a must. Transformation is the process of reinventing the organization and to discover a new or revised business model based on a vision for the future. It is much more unpredictable, iterative and experimental. It entails much higher risk. Business transformation can mean everything from a major shift in IT systems to a large-scale innovative construction project or changes to business models and product designs. Similarly, the drivers of transformation vary widely, ranging from the increased globalization of markets in all industries to shifting energy prices to consumer expectations of constant innovation. Transformation is motivated by survival by the realization that everything needs to change or the organization will die; that a significant breakthrough in mindset is needed in order to pursue new opportunities.

The term organizational transformation is found in some of the early organizational change literature referring most often to the vastness of a change such as mega change, or changing the centre or core of an organization (Rhodes & Scheeres, 2004).

In recent literature, more often than not, transformation of an organization tends to deal with both structure and people aspects of change, is seen as a more radical form of change and is often a product of organizational survival initiated from either an internal or external source (Fletcher, 1990).

Robert Marshak (1990) offers metaphors and language as a way to categorize different types of change. For example, he argues that most organizational development interventions use language such as machine metaphors and words that describe fixing the machine to run smoother and be more productive. The change agent is seen as the repair man. Resistance comes phrased as, “If it ain't broke, don't fix it.” Conversely, transformational change talks about moving an organization from one state to another using language such as headed in the right direction. Words of encouragement take the form of phrases such as breaking out of the box or words such as reinventing, becoming and liberating. The change agent is seen as the visionary or creator (pp. 48-49).

2. TRANSFORMATION A CHALLENGING PROCESS:

Transformation is far more challenging for two distinct reasons. First, the future state is unknown when organization starts planning and is determined through trial and error as new information is gathered. This makes it impossible to “manage” transformation with pre-determined, time-bound and linear project plans. The organizational need to have an over-arching change strategy, but the actual change process literally must “emerge” as the organization implements.

Here there is a need of all the human capital, the executives, managers and frontline workers must operate in the unknown—that scary, unpredictable place where stress skyrockets and emotions run high.

But just because everyone agrees business transformation is important these days doesn't mean everyone knows how to do it. According to an Oracle/Forbes Insights survey of 534 global executives conducted for the "Making the

Change: Planning, Executing and Measuring Successful Business Transformation", 48% of executives believe their organization is only somewhat or not at all prepared to successfully execute a business transformation today.

Further research revealed some of the key reasons business transformation fails, far and away the most oft-cited cause for failure in the rollout of a business transformation initiative is inefficient execution that is leading the organizations to fail in the process of transformation. Access to the same information and organization moving towards a common goal is a biggest challenge in the transformation.

3. THE HARD SIDE OF BUSINESS TRANSFORMATION :

In a recent study of U.K.-based construction firms, Oracle found that every firm that had failed in the last few years had the same problem. It wasn't a big, catastrophic project failure that had brought them down, but the cumulative effect of several small problems that management either hadn't known about at all, or had found out about when it was too late to do anything.

The most successful business transformations are those that beget more and more transformative initiatives year after year. For business, the ability to continually and rapidly deliver successful business transformation is the key not only to cementing employee buy-in, but also to being a truly great business—as opposed to just staying in business.

McKinsey in 2015 reported that only 27% of transformation projects succeed. And also, lists 24 success factors that directly correlate to transformation success.

The latest survey conducted by KPMG found that one in three CEOs (34 percent) say their organizations have failed to achieve the value they anticipated from previous transformation initiatives.

Over 50% of the business transformation failed at Phase-I because of underestimating the need for motivating people, overestimating the success, lack of patience and a paralyzed senior management was the main causes that led the business to fail at the entry level of transformation process.

4. WHY DO TRANSFORMATIONS FAIL?

The biggest challenge for any business is to change or to transform the way they do the business. Despite the evolution of corporate transformation, both Big T and Little T still have potential to fail. Many reports, surveys have identified that transformation is a big challenge for the business. It has also been focused that many of the corporates are unable to cope the transformation and had led to failure. In fact, corporate transformations have an alarmingly high failure rate of more than 70%, and transformation fatigue often sets in as the result of repeated lengthy, mismanaged, or failed efforts. Transformation fails when there is a lack of leadership with profound knowledge, vision and courage. Transformation demands these elements. The journey of transformation can be both frightening and exhilarating. It demands energy and a deep commitment to learning and significant change.

There could be any number of reasons for failure in business transformation, but the major pitfalls has been identified herewith. Organizations can ensure transformation success by avoiding eight primary pitfalls.

- 1. Lack of executive sponsorship.** A clear tone at the top is imperative when trying to see a transformation effort through to completion. Senior management's buy-in affirms the transformation's legitimacy and verifies it is not an uncoordinated, ad hoc initiative.
- 2. High costs.** System redesign and new technology implementation are costly. A detailed business plan will ensure transformation efforts stay within scope and budget. Establishing a clear roadmap will eliminate sticker shock and keep the end goal in sight.
- 3. Lengthy timelines.** Implementing systems, designing new processes and training employees require significant time. Prioritizing transformation efforts and setting tangible, short-term goals will keep employees motivated and establish check-ins to evaluate progress.
- 4. Intimidating process.** Announcing a full-fledged transformation can overwhelm employees and cloud priorities. Using a precise approach—aligned by process or department—will allow the organization to focus on pain points, avoid transformation fatigue and realize a faster return on investment.
- 5. Lack of agility.** The economic and regulatory environment is constantly in flux and impossible to predict. Engrossing an organization in a two-year transformation project may limit its ability to adjust quickly to changes in the market. A more pointed approach to transformation will allow the business to adjust course if needed.
- 6. Poor communication.** Transformation teams need clear, firm direction around what they are attempting to install, create, consolidate or eliminate. Otherwise, transformation initiatives can be perceived as offloads from management. Communication is not merely an array of emails, but rather tracking, managing, and communicating progress—and celebrating the small successes.

7. **Unclear goals.** A team with an end goal of reducing costs by 10% needs to refine its objective. What is creating the excess cost? Cutting headcount by 20% may create short-term savings, but it can also negatively impact the long-term viability of the business.
8. **Misaligned talent.** While beneficial to have, internal personnel invested in a transformation effort, it is critical to understand the strengths and weaknesses of the project team so external resources can be brought in to supplement. Internal know-how combined with fresh, external perspective will drive the best chance for transformation success.

Many corporates have also proven that transformation is the only possible way to survive in the business with proper transformation initiatives, planning and timely implementation.

5. CONCLUSION:

The most general lesson to be learned from the more successful cases is that the change process goes through a series of phases that, in total, usually require a considerable length of time. Skipping steps creates only the illusion of speed and never produces a satisfying result. A second very general lesson is that critical mistakes in any of the phases can have a devastating impact, slowing momentum and negating hard-won gains. Perhaps because we have relatively little experience in renewing organizations, even very capable people often make at least one big error. The most successful business transformations are those that beget more and more transformative initiatives year after year.

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