



Implementing business transformation

Rapid business transformation can only be achieved through developing a strong and innovative culture upon which to build powerful processes and systems. Culture and systems have to be carefully integrated if they are to support the achievement of an organisation's goals and strategies effectively.
By Philip Atkinson and James Thomson.

In this article, the authors outline the six core steps to be undertaken to ensure that culture and systems are harmoniously brought together to create a high performing business.

Tailored implementation strategies

Business transformation has to be a tailored strategy, rather than an 'off the shelf' package. Not all organisations have the degree of readiness in place to implement the changes that they need to make.

The six steps set out in this article will only deliver transformational change if they are applied to the unique needs and circumstances of each organisation.

Six step model for change

Our six step model for change is based on the work of Kaplan and Norton¹, benchmarking of best practice, and our experiences supporting organisations in delivering effective change.

Each of the six steps in our model has a number of discrete activities that create the foundation for a customer focused, high performance, team driven culture. Therefore the tools we use have been specially developed to assist the movement through each phase in the model (diagram 1).

Vision and leadership

You must start with the end in mind. For this reason our six step model starts with vision². Many organisations claim to

The Change Model as a Process



Diagram 1

have a strong vision of what they wish to become. We believe this should be tested for understanding, robustness and specificity. Our testing often identifies that the perception of a shared vision is not apparent when analysed throughout an organisation. We therefore work with an organisation's board and senior management to clarify the organisation's direction and to understand the focus currently allocated to its key priorities.

We utilise a number of strategic models and diagnostic tools for assessing the extent to which the future desired vision is tangible and concrete. We then assess where the business is currently positioned in order to deliver this. Only by examining the future and current positions, can we define strategies to close any gaps we have identified.

The change process requires us to scope out the vision and takes charge of leading this vision. This requires assessing the risk for future business with existing customers and the barriers to entry for moving into new markets. Strategic vision is critical to get the technology and engagement issues in balance. There is no point having the technology and systems, if no-one truly understands the process and the required changes in the behaviour of key people.

Vision is never achieved by instilling the motivation in others. Strategic vision has to be led through a committed and enthusiastic team of true business leaders who recognise that only through others, will results be achieved.

Having an accurate reflection of current strengths and areas of risk is critical, and this is why we commit to business transformation toolkits and processes to assess the current state of the organisation. We have to understand where changes are required and develop actions to make these happen. This means focusing on learning strategies to combat any resistance to change.

Resistance is normal. People resist change because others do not devote enough energy to the benefits of changing. We see this as a learning intervention – nothing more.

Turning resistance into acceptance means you have to address fears and concerns. Only when these have been resolved can you move forward. Our experience is that people fail to deal with conflict and the resistance. The sooner it is acknowledged, the sooner it can be resolved.

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Values and culture

There has to be total alignment between the vision of the organisation and the values which its people exhibit. For change to be accepted, the culture has to be in place to enable ease of delivery of the desired future state. We find that defining and measuring culture is still a challenge for many organisations. We have discrete models and diagnostics for doing just that.

Every culture that exists has consequences for staff, customers and end-users. A weak, ill-defined culture with ambiguity of values and focus, will provoke indecision in staff and managers. A strong, positive culture leads to clarity and precision in knowing what to do, when to do it, and how to do it.

Culture change takes as long as the organisation requires it to take. Few organisations truly understand the behavioural dynamics of culture and the failure to drive change. Several cultures cannot successfully co-exist in an organisation. This confuses people as to which behaviours are most appropriate. Cultural issues have to be clarified and resolved.

The culture is the foundation upon which systems and processes are built. Organisations need to be built around processes, rather than the outdated notion of functions. Developing a firm commitment to process management and supporting that mindset is critical. Embedding learning and development strategies and accelerating learning will ensure that all staff are focused in the right direction.

Staff need to be empowered to create and implement the changes. Every team leader should be developing the interpersonal skills and team leading abilities of staff to do their job more effectively and efficiently. The sooner staff are engaged in process improvement, the sooner the culture will be in place.

Goals and strategic thinking

Goals and related strategies tell us about the methods organisations employ to achieve their vision. Goals and strategies are driven both top-down and flowing upwards through empowered individuals and teams. Cross-functional working on processes is critical to ensure that an organisation's vision is apparent, real and tangible. Only when this is the case, will operational areas be enabled to understand effectively how they deliver the organisation's strategic goals.

Behaviours

What leaders pay attention to is the driver for what staff will deliver. For instance, if senior people talk of the importance of customer acquisition and retention, but fail to demonstrate this in their strategic focus, then why should anyone take them seriously? However, when business leaders demonstrate their intentions with behaviour to support their assertions,

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people take note and engage in the process.

We have to differentiate those behaviours that leaders, teams and staff in general need to excel at and display, from those behaviours that are counter to business objectives. 'Without leadership there is no change' is a powerful statement and it emphasises the importance of leading by example. Without this component, the formation of a culture to enable the achievement of an organisation's objectives will never be optimised³.

Structure, processes and roles

Direction must be articulated before organisations can structure their activity in terms of roles and responsibilities effectively. Unfortunately, too many organisations take the structure as given and develop strategies around how people are currently organised, rather than organising around direction.

Successful change takes place only when the direction and method for achieving the vision have been clearly defined. Structure should follow on much later in the change process, and be fundamentally shaped by 'where we are going' rather than 'where we have come from'. Structures, processes and roles can then be streamlined to enable the provision of a seamless service to the customer or end user.

Key Performance Indicators (KPIs)

Setting KPIs is the final step in our six step model. Too many organisations focus upon KPIs first rather than getting the bigger picture. KPIs are not drivers. KPIs are the measures by which we can assess whether strategies and behaviours are in alignment and working. Our approach ensures that staff:

- Understand the reasons why the organisation is articulating its vision.
- Can see how their work supports the achievement of the organisation's strategic aims.



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- Shape and build the culture that enables results to take place.
- Take ownership of the measures by which progress can be assessed.

Our work in this sixth step helps create a strong culture that encourages challenge and improvement. This culture results in improving all internal processes and behaviour that is geared solely to achieve and maximise customer delight.

Reality of organisational constraints and entrepreneurship

There are many instances when a blended and balanced

approach to change implementation can make a huge difference to organisational performance. One has to ask, how well do organisations currently integrate their structures, systems and culture? In times of austerity and tight public sector funding, can organisations devote equal attention to preserving and harnessing the entrepreneurial mindset and behaviours of their staff with the need for new systems and technical solutions?

Customer focused strategies and diagnostics

Most organisations focus their strategic intent on delivering to the customer better than their competitors. Time and resources are devoted to shaping the organisation to capitalise on multiple channels for fulfilling customer needs. Systems, processes and protocols are developed to ensure that customer satisfaction approaches degrees of perfection. There is nothing wrong with this, but it should not be the only focus.

Many organisations fail in their quest for change because they do not consider the need to balance the hard and soft elements of the business. No business will succeed by focusing solely on the hard elements of the business.

Understanding the difference between hard and soft elements of the business

Hard and soft matrices evolved from McKinsey's research into the building blocks of the culture of companies in Japan who were seen as a threat to the USA. Researchers in the art of Japanese management identified that the Japanese paid equal attention to the hard and soft elements of business. This differed from the US and the European model which tended to focus solely on the hard elements.

We have developed McKinsey's hard and soft elements into ten areas. We refer to these as the 'Ten Ss'. The Ten Ss methodology is a powerful tool for examining how best to improve the performance of an organisation.

In our Ten Ss model, three Ss are identified as hard elements and seven as soft. We assess an organisation's focus on the Ten Ss at the outset of our work. We use the model to help our clients diagnose the current health of their organisation. For example, this could be clients who are redesigning their service delivery around the consumer or customers, coping with severely restricted budgetary constraints, or growing a new niche business. It can also support public sector organisations facing reductions in funding, as well as those implementing the changes from recent health and social care integration.

The hard Ss

The hard Ss in our model tell us quite a lot about the infrastructure of the organisation. They help us understand how decision-making is undertaken and the roles and responsibilities of all in the organisation. The three hard elements of our Ten Ss are strategy, structure and systems.

Over-reliance on the hard Ss alone will never create the desired change or result. You must engage with the people in the business.

The soft Ss

The seven soft elements of our Ten Ss model reflect the emotional intelligence or the culture of the organisation. The seven soft Ss in our model are symbols, shared information, style, staff, skills, shared values and synergy.

These softer elements of the organisation are often more commonly referred to as the organisation's culture. The culture is the engine which powers the organisation. The soft Ss are much harder to implement and shape. We have found that this is often because of a large number of false assumptions about how to bring about cultural change.

The benefit of applying our Ten Ss model is found in how we synergise the hard and soft Ss together. This approach brings together the technological expertise within the organisation and ensures the full engagement of its staff.

Applying the ten Ss

Effectively applying the Ten Ss requires a focus on each of the Ss to assess where the organisation is in relation to each one,

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Reasons why organisations may need to deliver change

Private Sector	Public Sector
<ul style="list-style-type: none"> • Review service delivery to clients and customers • Rightsizing and redesigning service delivery • Customer acquisition strategies • Merging and creating joint ventures • Competitor analysis • Quality improvement • EFQM self-assessment 	<ul style="list-style-type: none"> • Dealing with budgetary constraints • Downsizing and restructuring service delivery • Stakeholder alignment • Health and social care integration • Business transformation • Lean, process and continuous improvement • Best value audits, PSIF application and benchmarking

Areas of focus when delivering change and methodologies for doing this effectively

Focus	Methodologies
Strategy and business objectives Branding and identity Client and customer retention and expansion of markets, Product portfolio	Strategic analysis Customer reviews – external Competitor analysis – positioning SWOT, vulnerability and risk assessment
Structural, vertical and horizontal reporting relationships	Organisational design review
Web technology and presence Digital strategy and telecoms Customer relationship management	Website review, SEO Communications process and database review
Processes and systems External communication Internal communication	Process analysis Supply chain
Business culture, motivation, teams, communication and people	Cultural analysis
Stakeholder, customer and investor relations	External communications assessment marketing

Section	Content and core organisational issues	Outcome
Executive Summary	Introduction to core steps to take corrective action to improve performance	Clarity of goals on improvement
Challenge in current year	Improvement based on our rigorous six-step research process	Diagnostics designed to aid improvement
Initial approach	Assess your business model and current performance	Highlight areas for rapid improvement
We partner with you and create a change team	Partnership with internal managers to research issues that currently put your organisation at risk – analysing core issues and processes using proven diagnostics	Initial research and analysis of measures and metrics for improvement
Benefits that accrue to you	We help you sell the process organisation wide	Communicate intention to all staff
Inaction and consequences	Assessing potential risks of failing to implement change – taking steps to prepare and handle any resistance to change	Pre- plan for easing implementation into the business
Decisive leadership	Explain the 'discovery review' process and win commitment from senior management team to the process	Win support and prepare for change
Define diagnostics	Decide on most appropriate and accurate diagnostics for analysis with client	Tailored diagnostics for collection of data
Prelim view of your customers or consumers	Focus on end user or customer retention, penetration and acquisition – metrics defined	Scope out areas for improvement and methods of measuring
Initiate discovery review	Deep and rich analysis of organisational and business issues for resolution and change	In-depth research into barriers to change
Complete analysis and report	Document and 'discovery review' completed together with potential implementation plans	Analysis completed and due to be fed back for action
Feedback to top team	Presentation to top team or steering group	Initial discussion and sharing of diagnosis
Potential change strategies agreed	In partnership building a robust culture early steps and scorecard to measure implementation plans – change team agreed	First steps – assessing readiness for change – timetable events
Engagement with all staff	Scope out who is to drive change and who in line management is to be a change champion	Leadership for change shared
Roll-out the process	Scoping out variety of implementation plans against time frames and evaluation criteria	Steps to continuous improvement defined
Sell benefits	Selling and communicating across the organisation benefits that will accrue	Communication across the organisation
Initiate the change process	Complete implementation plan for improved performance, start to roll out	Buy in by all staff – communicate the plan
Measure progress	Allocate responsibilities and set up change team to monitor changes	Clarity in change team and progress measured
Review progress	Change plan built into business planning and measured regularly via core metrics	Changes being implemented
Drive change into the line	Transfusion of the role of change into line manager role	Set up process of continuous improvement
Continuous improvement	Lock continuous improvement into the business as 'change being business as usual'	Continued improvement



and a comparison of where the organisation wants to be for each element. Analysis of this will enable an organisation to identify any gaps or areas for improvement. The organisation can then use the findings of this analysis to develop an action plan to reduce the gap and identify the resources required to do so.

To make an effective plan to address this change, it must address both the hard and soft Ss. However, our experience of supporting clients in applying this has found that few project managers are as skilled in the processes as in engaging the passion of the staff fundamental in making the processes work. This means a core part of the change process is under resourced.

We often see organisations with the intent to bring about a balance, unfortunately focusing entirely on the systems or the process element of the change.

Our process is deliberately participative. The issues that arise may ask you to question your beliefs about how your organisation is managed, because this will certainly impact on how your organisation grows and prospers in the future.

Overall, the Ten Ss model is a great way to explain the culture you have created. The culture is reflected in 'how we do things around here' and also reflects key behaviours, styles of management, communication with staff and the outside world, as well as working with the more tangible managerial structures.

In conclusion

Implementation of change has got to be the focus of change. Theory is great, but if it's not followed up by a bias for action then implementation is at risk. Doing things badly at speed is not our suggestion.

Using our six step model will help you identify and address the steps your organisation needs to take to deliver effective change. It is the road map to navigate your change. There has to be a very firm commitment to vision, culture, goal setting strategies, behaviours, and the engagement and emotional commitment of staff at all levels. Our model will also help your organisation get the balance right between the hard and the soft Ss.

Importantly, our model and approach, articulated in our article, sets out how change can be installed effectively, helping to deliver continuous improvement for your organisation.

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Most organisations focus their strategic intent on delivering to the customer better than their competitors.

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