



CONTROL YOUR OWN BUSINESS TRANSFORMATION – OR IT WILL CONTROL YOU

by Mike Radcliff

Companies have launched programs of strategic business change for decades – yet many do not really make a difference. They transform – or change – very little about their business model or organizational execution. During my career I designed and managed successful transformation programs that did make a difference by achieving sustained improvement in business performance.

One thing is clear: Successful companies plan and design organizational change to control and maximize the impact of transformation on every process of the business. As important, they realize the most critical outcome of any transformation is the creation of new business models that will be the foundation for strategy execution for the next twenty years. This is the secret of successful companies.

The following offers my top-ten best practices for the design of successful business change. These are essential elements of a winning plan for transformation.

Best Design Practice # 1: Control transformation to achieve specific outcomes

Many executives hate the word “transformation.” That’s because “being transformed” implies a business initiative they might not be able to control – either in the intent or in the results. Successful executives change their business performance by design. They decide what should change, how to change it, and the specific tangible outcomes that define success. Then, they design the program to maximize the benefits to be achieved by controlling their transformation process.

Best Design Practice # 2: Treat change as a business issue, with an IT foundation

Successful companies know there is no solution they can simply buy, install, train employees to use, and then just watch and wait for results to appear. Instead, technology enables change, principally by providing open and timely access to complete, accurate and trusted business information that had not been available. New uses of this previously “captive” information allows for the improved visibility and decision-making that creates immediate and continuing business improvement.

Best Design Practice # 3: Recognize you are creating a new business model

Transformation programs often don’t work because they are not taken seriously enough. Only when executives realize they are going to design and adopt a completely new business model – in order to achieve completely new results - will they give the transformation program the serious consideration it deserves. They will realize they are leading a process of radical change and that they must take the steps necessary to prepare the organization for the impact of that change.

Best Design Practice # 4: Fully understand your current business model

Before companies can design and build a new business model, however, all of the processes that make up the current business model must be identified, defined and measured. Understanding each specific process used to deliver products and services allows you to construct the baseline for current company performance against which you can benchmark your company against best run businesses. The gap between this baseline and where you want the business to be in the future defines the context of the new business model, and the corollary process performance goals.

Best Design Practice # 5: Involve customers in creating the new business model

Most companies have a wealth of intelligence about what customers want to buy. However, successful companies involve customers directly in the design of any new business model not only to determine if the model will add more value for the customers but also to engage them accepting and supporting the transformation process. Clients develop a clear understanding of the customer-facing processes that are actually defining the company in its markets, the perceived value proposition, and brand image. The efficiency, consistency and quality of these tangible customer interfaces are primary determinants of the stability and growth of the company’s brand and associated customer attraction, retention and loyalty.

Best Design Practice # 6: Create greater value with core processes

The core processes for each line of business are the center of innovation and emphasis for new business models. These are the processes where the company can invest in productivity, efficiency, quality, reliability and the differentiating characteristics that will provide greater value for the customer and receive a sustainable premium in competitive markets.

Best Design Practice # 7: Commoditize common processes

It is equally important to understand which processes should be common throughout the company. These are the processes that are needed for basic operations but are not the source of competitive advantage. In fact, the market already expects these processes are in place and the customer will never pay a premium to you – no matter how good you are at the basics. At the same time, however, the company cannot operate these processes inefficiently or they will eat the profit from the value-added processes. For that reason, the transformation outcome must make these processes as efficient as any competitor regardless of size or scale.

Best Design Practice # 8: Engage employees in changing the business model

Too often companies do not take sufficient time to think through all the organizational implications related to transforming a business model. Successful companies realize, however, that they must plan for, and deal with, the organizational inertia that can be the most powerful force in the corporate universe. Employees take pride in what they do. Often they define their self-worth in terms of their job. For that reason, employees will often fight the new business model because they would be forced to unlearn many aspects of their old job. As a result, successful companies involve employees from the start – first in helping to articulate and shape the new business model, and then in leading the learning and mastery of new processes, tools, techniques and information that will be necessary.

Best Design Practice # 9: Real-time information demands new process discipline

Key to the success of a 21st century business model is the advent of real-time, shared information. Transformations succeed because of the quality of the real-time information they can tap into which is integral to the newly revamped processes. Information drives each process. Processes happen in real-time and now decisions can be made on an information base that is also updated in real-time. Consequently the accuracy and consistency of all information is absolutely vital to the transformation. This change to doing it right the first time from we can fix that later – often causes the most shock waves in an organization. Process discipline becomes one of the most important aspects of learning to live in a real-time business.

Best Design Practice #10: Remember that time is money...

... and it is not the big that eat the small – it is the fast that eat the slow. Success requires careful planning – for all of the potential impacts of a transformation program. Once the planning is in place, the best companies get to the new business model – and jettison the old - by executing the transformation as quickly as possible. The longer the change program takes, the more it's going to cost the company, and the fewer benefits it will achieve during the life-cycle of the new business model. To accelerate the process, the best companies keep in mind:

- **The Scope of the Transformation.** If you have done a good job of understanding the old business model, and how it performs, and the gaps in performance that must be made up to advance to the new business model; then you can properly scope the transformation – and not waste time on things that don't really matter. Control the scope – decide where it's best to spend the time and money – and you will achieve the defined outcomes most quickly.
- **The Best People Make the Best Change.** Too often, the lack of seriousness about organizational implications in a business change program is evident in the caliber of people involved and accountable for the transformation. Successful companies put their best people in charge of the development of their new business model that is the foundation for future success. If the CEO can say, "I have my very best people on it full time," then the transformation will have the strategic impact intended.

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