



Arabica Transformation Consulting



The 5 keys to successful organisational transformation - #1 Committed Leadership

Having had some free time recently we have been thinking about some of the common factors that we regularly see associated with successful organisational transformations to modern Lean and Agile ways of working. The first of these 'keys' to successful transformation that we are going to consider is the role of the leadership team and how levels of leadership commitment can make or break the transformation.

We are starting with this because we believe that leadership commitment is probably the most significant independent factor in the success or failure of an organisational transformation. This is not to say that leaders are actively sabotaging their organisations, but rather that they often do not truly understand what is required of them.

This is not entirely their fault – we often see 'consultants' selling snake oil 'quick fixes' to highly complex and difficult challenges and 'agile coaches' pushing a manifesto for software development as the solution to all organisational challenges. Leadership is often missing specific and effective transformation support that is meaningful to their role as leaders and will help them to drive a successful transformation.

So, what does good leadership look like in a successful transformation?

Clear imperative for change

As many people will have experienced recently through the COVID-19 crisis, a clear reason to change can help organisations focus, align and rapidly respond to changes in the market. Leaders who are successful in orchestrating organisational transformation are adept at providing and communicating a clear and immediate imperative for change. They are able to form a compelling narrative that helps the organisation understand the threat which forms the rationale for the changes required.

This clear imperative for change also needs to be accompanied by a sense of urgency for change in order to motivate the organisation into action - the first step in Kotter's change model.

Again, with the recent COVID-19 crisis this was provided by forces external to the organisation and was highly focussed. Where transformation is driven internally by the organisation as part of a drive to be better, the leadership needs to create the necessary urgency to provide energy for change.

Leadership teams that are not able to articulate a clear imperative for change or generate a sense of urgency to do so will struggle to secure the commitment, motivation and support from the organisation to change – after all, why should they? There is no explanation of why the changes being advocated are important!

United leadership team working towards a common vision

Once the leadership have provided a clear reason for change and generated a sense of urgency around this, they then need to create a clear future organisational vision and agree to work together towards this while supporting the ongoing business.

While this may seem obvious, it is not uncommon to find leadership teams that do not have this shared vision. Leadership teams are commonly fractured along functional responsibilities which often leads to individuals competing against each other rather than focussing on a common goal. An agreed organisational vision and commitment to work towards this shared vision is critical to aligning a leadership team to a future state and providing the common basis on which they can work together across these functional lines.

A common error which leaders who are new to the concept of organisational vision make, is to confuse it with their business vision. The business vision is about the 'what' of the business – what the organisation 'exists' to do. The organisational vision is about 'how' the business uses its people, tools and processes to create competitive advantage in the delivery of its products and services to their customers. Clearly, the organisational vision needs to support the business vision, but it cannot be replaced by it. Successful organisational transformations have leadership teams that are focussed around the delivery of the future organisation as outlined in their shared vision and communicated to the whole organisation.

Ongoing involvement and support

Having a clear imperative for change and a shared organisational vision for the future state are critical elements that a leadership team contribute to the success of the transformation, but their role does not end there.

Successful transformations have leadership teams that are engaged from start to finish. This includes identifying and backing the strategies and mechanisms that will drive change and guiding the prioritisation of work to make the space for the organisation to change. In addition, leaders also need to provide sponsorship and support in the critical areas of funding, governance, resourcing and the removal of blockers that ensure that transformation activities are not second place to 'keeping the lights on'.

This is not always easy, particularly for leadership teams that are not used to working in this way.

Leadership teams in successful transformations recognise that their support is critical to building the future organisation, and remain engaged in the work that is being done to bring their shared future vision to life. It is only this sustained support that prevents the transformation losing momentum and petering out.

The keys to successful organisational transformation - #2 Whole organisational transformation

For the second of our five keys to success in organisational transformation we are going to look at the importance of taking a holistic approach rather than one which focuses on functional silos such as 'business', 'technology', 'finance' or 'governance'. By focussing on the whole organisation, we do not mean trying to change the entire organisation in one go – also known as boiling the ocean - but that we consider all functions within the part of the organisation (such as a business unit or domain area) we are focussing on changing.

Using technology as a driver for change

Challenges with current technology are often a driving factor in organisational transformations. Difficulty in creating new offerings, making changes and high operating costs are often associated with an ageing and fractured set of technology systems. Many of these systems are not suited to modern software delivery practices such as test automation, continuous integration and continuous deployment, and as such will likely need to be replaced in order to support these new ways of working.

Technology replacement provides both a great driver and opportunity for advancing organisational transformation. It allows us to build a portion of our desired 'transformed' target state in terms of our people, processes, technology and organisational structure. Techniques such as Domain Driven Design allow us to ensure that our technology and supporting teams, as well as business operations, are structured around discrete things of value to the business.

Where organisations undergoing transformation do not see and use renewal of their systems estate as a major opportunity to drive towards their desired state, technology constraints always become a major

blocker to change. We frequently see this in organisations that use 'green field' opportunities to prove the value and feasibility of the 'target' state with significant success but can't seem to replicate it in their 'legacy' world. It is easy to implement new processes and structures when you are not being constrained, typically by existing technology. Using technology refreshment as an opportunity for transformation removes this often-significant constraint.

Cross-functional teams focussed around a thing of value

Cross-functional teams are a critical factor in the effective continuous delivery of value to the customer. They contain all of the skills and knowledge necessary to take an item of work from its identification through to delivery. In doing so, they minimise or eliminate the need for any functional hand-offs in the delivery of the work, reducing potential wait times and keeping the overall cycle time for an item of work to a minimum.

Cross-functional teams should ideally be stable, long lived and structured around a thing of value to the business. Stable, long lived teams are able to achieve mastery through established relationships, communication patterns and general ways of working. Structuring the team around a thing of value in the business allows this effectiveness to be focussed on a specific area, creating a sense of ownership in the team as well as opportunities and insight derived from short, medium, and long term feedback on the impact of their work on the organisation or customer.

Where organisations are unable to establish cross-functional teams they are likely to see significant delays in the delivery of value to customers as work crosses several functional boundaries and waits to be prioritised and actioned by the new function. Work is also likely to be delayed as clarification around details is sought by the new function and occasionally the feasibility or value of the work challenged due to the new function not having been represented at the original idea stage.

Agility over the whole work lifecycle

Agility over the whole lifecycle means introducing new ways of working from the point at which ideas are generated through the whole process of delivering them to the customer and understanding their impact. This will mean adopting a new lifecycle for the work which allows it to be assessed for value and feasibility with increasing levels of detail as we invest more time and effort into its delivery.

A typical lifecycle for an initiative will take it from an idea or proposition, through a phase of feasibility or discovery, on to planning or inception and then on to delivery and support / support & enhancement. The same cross-functional team will take the initiative through the phases, though its composition may vary as needed (e.g. more developers during the delivery phase). Adoption of the new lifecycle allows elements such as funding and governance to be 'right sized' to the phase of the work, and supports a flexible and lean approach to managing the overall portfolio of work.

Organisations that do not implement agility over the whole work lifecycle but only within a functional silo (typically 'technology' or 'development') are unable to receive the full benefits of Lean and Agile ways of working as they are still tied to the heavy weight governance and funding models associated with more waterfall delivery. It is only by introducing agility into the full work lifecycle that we can deliver true business agility.

The keys to successful organisational transformation - #3 Starting small and growing with success

For the third of our five keys to successful transformation we will look at the importance of starting small and growing with success. It is very common to see organisations that are attempting to transform to Lean and Agile ways of working to attempt to 'scale' too early in their transformation, often off the back of a limited proof of concept or 'pilot'. There is a belief that now that the concepts have been proved, the simplest and quickest way to transformation success is to roll out a set of training and restructure the whole organisation – boiling the ocean. This is done in the hope of 'getting transformation done' and frequently without understanding or considering the characteristics that made the POC a success. These attempts at 'transformation at scale' inevitably end in failure. It is only by scaling success that the overall transformation can succeed.

Identifying opportunities where transformation can succeed

One of the main reasons that transformation POCs or pilots often succeed is that the organisation actively seeks out good candidates for the new way of working. This means looking for areas that are not constrained and are actively seeking to adopt the new way. Often these opportunities will be 'green field' involving the development of new technology and working practices, as well as operational processes.

Continuing this process of identifying good candidate areas for change is a critical factor in helping a transformation gain momentum. Credibility for the new ways of working is established by having increasing numbers of real world, in-organisation examples of success. As the number of examples grows, the capability of the organisation to adopt the transformation target state grows, as does the capability of the people involved.

The questions in the organisation move from "how can we work like that?" to "why are we not working like that?"

Organisations that are not focussing their transformation activities around opportunities and areas that have the greatest chance of success are by definition going to encounter more problems and failures. This often has the effect of stalling the transformation as it becomes too hard, at best this will result in a slow, frustrating and expensive transformation where key resources are wasted on areas that are not ready or unable to change. Organisations that are unfocussed in their transformation activities often expend their energy in an attempt to 'boil the ocean' yielding little in the way of value for their investment.

Focus on building internal capability

An important element to a successful transformation is a focus on building new capability within the organisation. While it is recommended to have support from a credible 3rd party organisation at the beginning of your transformation, organisations that are successful plan from the beginning to build internal capability in both the new ways of working and transformation itself.

Focussing on creating internal capability creates a number of benefits that contribute to overall transformation success. The first of these is that people internal to the organisation are seen as driving the change and are therefore more able to motivate and empower others. They can use their existing networks and relationships to promote the benefits of transformation and demonstrate that it is owned by the organisation and not a 3rd party 'consultancy'. The second major benefit is that building internal capability will over time reduce the reliance on any 3rd party transformation support, reducing cost and making long term change more sustainable. The last benefit is quite obvious but often overlooked; it shows meaningful investment in the people of the organisation, providing new skills and demonstrating that they are at the heart of the organisations' future.

Organisations that have not planned on building internal capability from the start of their transformation are typically reliant on expensive 3rd parties for long term support. This will usually burn through their budgets quite quickly and leave the organisation without meaningful or sustainable change when the consultants eventually leave.

Scale based on success and available opportunities

A common mistake in organisational transformation is where there is a desire to scale too quickly. A desire to scale transformation quickly is understandable – we want to have all of the benefits of our desired target state as quickly as possible. However, scaling prematurely is counter productive and often reduces the effectiveness of your transformation through the dilution of expertise and the inclusion of parts of the organisation not yet ready to transform.

Organisations that have successful transformations tend to base the rate at which the scale is based on feedback from the organisation. They look at where they have been successful, understand why they were successful and use this insight to target the next areas for transformation. They do not prematurely force the transformation into areas and teams that are not ready. They promote readiness as a good thing, and help support readiness for change by seeding people from previously transformed areas of the business into newly ready to transform teams. This approach ensures that it is transformation success that is scaled rather than just directing 'training' or 'coaching' at all areas of the business.

Organisations that do not scale based on success and available opportunities often introduce poorly supported wholesale change into an organisation that is not ready for it. The resulting chaos is what ends up being scaled – not the desired new ways of working or target state.

Organisations that scale success and target receptive elements of the organisation are scaling an already successful model which is promoted by people who have seen it succeed.

Flexible best practice approach – no dogmatic application of frameworks

The desire to adopt frameworks and methodologies wholesale is a common and understandable element of many transformations to Lean and Agile ways of working. It is easy to choose to adopt 'Scrum' or 'SAFe' or 'Less' or 'Kanban' and say 'this is what we do now'. Each framework or methodology has clear rules and guidance on how to put it into practice. There are specially designed training courses, tests and certificates to prove how well you have learned the method and even the opportunity to go on and teach others. They provide a one stop shop for all of your needs – and invariably lead to poor results.

Organisations that have successful transformations do not seek the wholesale adoption of frameworks and methodologies and do not try to 'sheep dip' their people to transform them. They recognise that each framework or methodology is appropriate within a particular context, and all have good and bad elements. They will use this understanding to produce a flexible 'what works for us' approach to their new ways of working, which will be improved and refined with each successful implementation.

Successful organisations will use frameworks and methodologies as a starting point for their transformation, and use help from trusted advisors with real life experience to help them decide how and when to use them. They will use a 'test and learn' approach allowing teams the autonomy to try using different practices and will use feedback from these teams to generate an approach that is suited to both the specific organisation and its current stage of agile maturity.

Organisations which look to simply select and apply a single framework or methodology typically focus on the dogmatic implementation of it. In doing so they often forget the reasons that drove them to want to transform, and rarely get the benefits sought. Truly adaptive organisations have a wide tool box of practices and techniques which they can deploy at will to solve problems. This is a much more valuable target state than a perfect implementation of a framework.

The keys to successful organisational transformation - #4 Grounded in reality

For the fourth and penultimate of our keys to a successful organisational transformation, we look at the importance of remaining grounded in reality and not becoming blind to the challenges and realities of change.

It is common, particularly in large federated organisations, for transformation to be driven or even mandated from the top. This would normally be considered a good thing, particularly given the support and attention that one would expect to come with it. Practically, this seems rarely to be the case, with top level leaders making big claims and promises of benefits such as operational cost savings, speed to market, revenue growth and customer satisfaction with little real understanding of how this relates to the process of transformation.

Successful transformations work to understand the impact of these goals on the organisation and plan to understand how they can be realistically achieved. They use feedback on progress to adjust their plans and expectations, then apply effort to where it is most effective. Where this is not the case, we typically see a strategy of 'hope' or 'blind optimism' leading to stagnation and eventual failure.

Focussing on strategy and tactics

Sun Tzu said in the Art of War that "Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat". This applies just as well to organisational transformation as it does to warfare. For our purposes we will consider the organisations Goals, Strategy and Tactics. The Goals tells us where we are looking to get to, the Strategy tells us what we are going to do to achieve them, and the tactics tell us how we will make it happen.

Organisations that take a well-structured approach to understanding their transformational goals, what they are going to do to make them as reality as well as how to do this are setting themselves up for success. They have not only taken the time to understand the purpose of the transformation, but have also considered what it will take to deliver this in reality. This allows them to form the basis of a high-level approach for their organisational transformation and is a fundamental input for a realistic plan for delivery.

Where there has been a failure to consider how strategy and tactics will make the organisations goals into reality, we see transformations that are poorly coordinated and floundering. Teams are not sure how or to what extent they are contributing to the new organisation, and are often frustrated by a lack of 'big picture' thinking. The inability to clearly relate work back to strategy and goals hinders meaningful prioritisation of work, resulting in lower team motivation and poor delivery of the desired organisational outcomes. There may be a lot of change, but it does not deliver the expected value.

Plan and monitor the delivery

Successful transformations have a plan - the future state is achieved by completing a series of concrete activities, initiatives or 'projects' that move the organisation towards it. These actions can be effectively planned and their delivery monitored, and the extent to which they contribute to the organisations' goals measured.

Initiatives are structured cross-functionally, delivering work that meets the organisations goals while building out the desired future state. In this way it is easy to monitor progress as the success at delivering the work will mirror the success of building out the new organisational state for that team. Team maturity around concepts such as lead time, cycle time, velocity and capacity, with the progress on delivery that they provide, allow the transformation leadership to effectively understand where transformation is going well and where it needs more support. The transformation is delivered through the effective delivery of these initiatives as vehicles for change.

Organisations that do not effectively plan and monitor their transformation are very likely to fail, or at least cannot indicate whether the steps they have taken are contributing to the creation of the desired organisational state. They can expend enormous effort making change that does not meet their business

goals, and are unable to monitor and course correct their efforts. This is most commonly seen where transformation is siloed, as changing a function independently rarely delivers the future state and holistic benefits that are the desired outcome.

Effective business prioritisation / limit Work In Progress (WIP)

The strategic and forward-looking nature of building your future organisational state will mean tackling the big challenges, particularly in terms of building capability in people and providing modern tools and technologies. In order to be successful, it requires many key resources in terms of people, funding and time. Critically, the one factor organisations fail to plan into their transformation is the impact of learning, failing, experimenting and general change activities on existing work.

Organisations that are making a success of their transformation recognise this early in the planning stage and achieve better results through the effective prioritisation of work. By limiting the amount of work in progress, they ensure that the organisation has the spare capacity to learn and adopt the future state before they are encouraged to speed up their rate of delivery. This spare capacity is a crucial factor in teams and individuals having the time and space to truly embed their new lean and agile ways of working, ensuring that they do not revert back to previous behaviours when the pressure is on.

Where organisations fail to manage WIP, we see large numbers of concurrent activities with transformational activities fighting for resources and attention against short term, tactical work. The focus on the future state is lost in favour of 'immediate short-term benefits' and transformation is relegated to a back seat and back of the mind for leaders, leading to stagnation and failure.

The keys to successful organisational transformation - #5 Leading with the right people

Organisational transformation is fundamentally about people. From executive leadership through to individuals delivering services to customers, it is about changing the way the people think and behave, shaping and driving the culture in which they operate. Structures, processes, practices, tools and technology are of little value without the people in the organisation they are there to support. For our fifth and final key to a successful organisational transformation, we will look at the importance of having the right people involved to drive the transformation to success.

Resourcing the best people

As we have already outlined in keys 1-4, organisational transformation is itself a challenging activity, often initiated due to challenges in the organisations operating environment. As such transformation creates a demand for resources, most notably in terms of the most able, knowledgeable and flexible people. This comes at a time when these same people are also seen as critical to the continuity of the business in order to simply 'keep the lights on'.

Organisations that are serious about transforming recognise this, and set their best and most able people to creating the future state. Where additional capacity is required to do this, they look to promote from within their existing structure and supplement with 3rd parties to 'keep the lights on'. The right support from the right transformation partner or partners is also a critical factor for success. Leaders should

carefully select credible and experienced partner organisations to work with their best people to provide capacity and experience. Recognising that the partners are there to build capability and expertise, not to 'do' the transformation to the organisation, is a foundational principle for a successful working partnership.

Where transformations are not actively resourced with the best people, they tend to be resourced with those who are available or those who can be 'spared'. 3rd party support is often selected on price rather than capability or by procurement decisions based on little understanding of the challenge at hand. Capability building within the organisation is not a core activity, with much of the transformation work being completed by the 3rd party. This results in transformation being 'done to' the organisation, rather than the organisation owning the path to its own future. With little internal ownership or capability building, the transformation will typically stall and fail when the 3rd party 'partner' leaves.

Looking after your people

Since having the right people is a crucial part of a successful transformation, looking after them should be a high priority. Even when going well, transforming an organisation is challenging and hard work and if things are going less well it can be exhausting and frustrating. Oftentimes, individuals who are energetic and enthusiastic change champions at the start of a transformation are no longer present in the organisation at the end of the programme. Where organisations lack some or all of the common factor outlined in the 5 keys, people become disillusioned with the organisations commitment to change and move to organisations who are already aligned to their desired ways of working.

Organisations that are committed to a successful transformation recognise that it is those people who are enthusiastic, energetic and engaged in moving to the new organisational target state, who are critical to that success. They go out of their way to identify, nurture and protect those individuals as they show how good the new world can be and infect others with their enthusiasm and creativity. They empower them, remove or escalate blockers so that these are quickly resolved preventing frustration and burn-out. Where this is not possible these transformation 'champions' are given the freedom to find other areas of the business where their skills are of better use.

Where organisations do not explicitly look after those people who are driving their transformation, we see a common pattern of failure. They start with high levels of energy and enthusiasm which then turns to fatigue and cynicism as blockers to change are not dealt with effectively and small positive steps to the future state are hard to make. Those people who have driven and championed transformation are held accountable for the high cost and slow rate of change, becoming disillusioned and burnt out. This situation results in those who cared most about moving the organisations to its desired state losing faith in the commitment and ability of the organisation to change, leading to people with high levels of capability leaving for pastures new.