



# Is transformation killing your business?

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slalom

We believe that everyone is finding transformation tough. One of the great things about being a new consulting firm in London is that we've spent time talking to a lot of organisations as we build our presence in the market. Since we launched late last year, we have spoken to everyone from neighbourhood start-ups to global giants in technology, retail, telecoms, health, financial services, and government.

There is one theme that pops up in every conversation from HR, IT, & Marketing, and that is transformation. Almost every organisation we speak to has a transformation programme on the table with a customer, employee, or digital technology focus (or all three).

Everyone is trying to "transform", but it doesn't appear to be working. At best the programmes are causing unnecessary disruption, destruction, and confusion, and at worst they are actually killing businesses.

We know there's a lot being written along these lines at the moment, and while we have a strong point of view, we don't claim to know all of the answers. Read on for our initial diagnosis as well as some ideas for a check-up or change of medication.

### **Why is everyone transforming?**

Organisations in both the public and private sector are changing the way they do business to adapt to the rapid evolution of customers, employees, suppliers, and frankly, the world. At the heart of this is the increasing pace of change. This means that doing what we always did will fail to deliver even the same result.

We are all changing the way we work, relax, learn, play, shop, and travel. You could argue that this is a digital- and technology-driven change, but it's also driven by changes in wealth, globalisation, and social norms.

Disruptive competition is another major driver for change. Traditional organisations are scared—and rightly so—by new challengers and disrupters who just create new business models and experience for the now, with none of the baggage. It's rare not to have a meeting, read a paper, or watch a presentation on the subject without someone mentioning AirBnB or Uber at least once.



## The six transformation personas

Everyone views transformation through a different lens. We've borrowed some principles from the world of customer experience to frame a few transformation personas.

### 1. The futurologist

"If you don't know what you want, how can you ever get there" is the mantra of the futurologist. This visionary is all about understanding how the market is changing and how the organisation needs to adapt to be successful in that market. We have seen a lot of organisations talking about their 2020 vision, and how they should be operating five years down the line, and then working backward to get there.

### 2. The slasher

During our recent economic woes, organisations had to make some big cost reductions, and that's still happening today. Digital and customer transformation is often seen as a way to cut costs, and you see a lot of business cases claiming to support this. If we create more compelling self-service digital channels, we can move the customer from expensive channels (the contact centre in most cases) to online self-service.

### 3. The techie

Technology clearly has a big part to play in transformation around customer and digital, so many organisations have led their transformations by their technology functions. This focuses on building new, "more agile" businesses that can respond to a more dynamic market. It can create new products and services and it's been most important for the larger organisations encumbered by their old tech who are trying to get new tech (e.g. cloud, big data, agile) to work alongside old tech (e.g. legacy, hosted, enterprise, waterfall).

### 4. The innovator

Innovators are trying to find a way to disrupt their own market using digital technology. The smart ones have created new ways to do this from their own digital labs and innovation hubs, funding start-up communities and running hackathons and developer events to building test stores or sites.

## **5. The customer focus**

We all know that many organisations are trying to put their customer back at the heart of the business. The idea of a customer-centric organisation has been around for over a decade, but what's really exciting at the moment is that many organisations now realise that this is not about simply changing customer experience and a few metrics, it's actually a serious reworking of the operating model.

## **6. The power shift**

When a new leader is appointed to an organisation, he or she often kicks off a transformation. They may have no desire to carry on working with their predecessor's initiatives and they may decide a new organisational structure is the best way to approach his/her new role. The cynics would say that some organisations have one of these about every four years. These are usually painful, poorly communicated and/or misunderstood, and rarely bought into by the organisation's whole senior leadership team.

### **Why is this killing us?**

There are many reasons for our pain, but to briefly summarise:

- We fail to keep a clear line of sight for all leaders, managers, and employees on why we're doing this and the part we all need to play on a daily basis.
- We forget that nothing can be excluded. We have to consider everything regardless of our "transformation persona", which means customer, employee, technology, data & analytics, and social—they all need to play a part.

### **Where should we focus for a successful transformation?**

Each of our personas has its merits, and organisations choose their path for reasons of pressures, personalities, experience, and budget—or even through the advice they receive. Those that are succeeding are focusing on the following key themes:

#### **1. You're not running this show**

A lot of organisations are seeing either marketing or technology driving digital and customer transformation. Much is written and discussed about the new relationship between the CIO and CMO. This is logical, as they manage much of the front-end experience, and the systems to

support it. But the organisations that have moved beyond this have figured out that you need cross-organisation collaboration and buy-in for a successful transformation, including:

- Leadership—This needs to come from the very top, across the whole organisation—not just certain departments.
- Marketing—This department has to have a role, but also needs to become more of a customer-focused organisation.
- Technology—The CIO needs to become an enabler, no longer owning huge systems but supporting overall strategic goals.
- Information—Data needs to be at the heart of everything.
- People—Engage with employees throughout the organisation, and develop a talent model that aligns to and enables your strategy.
- Delivery—Set up a delivery model that focuses on strong governance to manage and diffuse cross-party politics.

## 2. It's not just about customers

The concept of a customer-centric business is becoming more established in many organisations, with the principles of customer experiences and design becoming well embedded not just in the development of digital experiences but across the whole customer experience. Organisations use the terms “multi-channel” and “omni-channel” to describe their programmes, which strive to create consistent journeys and experience across journeys, and narrow the divide between online and offline experience.

This is the right thing to do, but arguably, the customer-centered business is a fad. It is important that this spotlight on the customer doesn't blind businesses to the rest of the organisation that also needs to be aligned, especially the employees.

Employees tend to be excluded from the effort in a number of ways. Most notably around how digital transformation is going to impact them.

There are a number of examples where new innovations and experiences have been created without involving the employees, either by applying the same principles to their journey or by involving them in the process itself (especially where frontline staff are involved). The winners here are those organisations that have involved—or even been led by—the experiences of frontline staff. They are the closest to the customer, and they are the ones who will make the change stick.

The other aspect of this is that millennials now represent the largest part of the workforce. The biggest consideration is their familiarisation with digital tech, and the ways in which they engage and share information. Those who are successfully harnessing the millennial workforce are going to adapt to the new realities faster, and continue to do so.

### **3. You actually need to finish to win**

The big challenge for organisations attempting to execute a vision that extends beyond three years or more is that you can't "finish" executing on that vision.

That's because the transformation "vision" is often based on an assumption of customer needs over a set period of time. Besides the obvious limitations of guessing at the future behaviours and needs of the customer, the world is changing way too quickly. By the time you reach your 2020 (or even 2018) vision, new innovations will have outpaced your vision or rendered it obsolete.

The organisations that are looking to succeed are not those with awesome 2020 visions and complex transformation programmes and plans. Instead they are organising themselves to become more flexible and more responsive. In some ways they are learning from the start-up world and creating responsive organisations that are better at listening to and understanding customers—as well as agile enough to respond to the change. Transformation is no longer a "thing"—it's a completely normal way of working for everyone in the organisation.

### **How do we think about it differently?**

Our conclusion from our many conversations with organisations is that those that are most likely to succeed (by which we mean maintain or grow market share) are not those embarking on large, long-term, top-down transformation programmes, but those who are building their organisation from the bottom up to become responsive organisations.

Responsive organisations can adapt to customer and employee changes, create new customer experiences, deliver products and services based on their customer needs, and where there is opportunity, competitive threat. They look at their data (big, predictive, and simple analytics) and respond to evidence. They are flexible when they can see that the direction needs to change, but they are also able to influence that direction.



Everyone knows that change is the new normal. The future can't be known now and we are all aware that change no longer has a start, middle, and end. Disruption and innovation are becoming as much a part of our vocabulary as efficiency and effectiveness.

We want to work in and with responsive organisations that are flexible, adaptive, relevant, and supported. It is critical to build feedback into your organisation to enable responsiveness and to prevent chaos. Building a responsive organisation means considering the outside in and the inside out.

**Customer engagement + people and change = customer value  
(the outside in view)**

**People and change + customer engagement = employee value  
(the inside out view)**

Take a step back and think about what you're really trying to achieve with a transformation. Remind yourself why it aligns with your strategic direction and conduct a check-up against your strategic levers.

Look at your strategy, your structure and how you operate, your leadership, your people, your culture, your rewards, and how you collaborate. Don't be afraid to take a different type of medication and focus on the initiatives and projects that will rapidly drive value for you.

There's a lot being written along these lines at the moment. We're passionate about the topic and determined to look at this issue from all sides. If you are interested in being part of the debate, please get in touch.

***Please contact Peter Stubbs (Customer Engagement Lead) and Jo Aidroos (People Lead) to learn more and join the conversation.***

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