



A Process for Business Transformation

Focusing the energy of transformation through a process approach

By [Andrew Klemm](#), Chris Burton, and Emily Cowperthwaite

As we entered 2020, no one foresaw the emergence and impact of COVID-19. Business plans and expectations had to be thrown away as organizations instantly pursued a strategy of survival and value preservation. While the response to the crisis has been acute, the impact will continue indefinitely. As a result, the narrative in board rooms must quickly look to the future, and leaders must strategize how organizations can successfully emerge from this crisis. More than during any other period, ground is gained and lost against competitors in times of crisis. Times of crises present a convenient reset point for organizations. Those that seize this opportunity to make step-change improvements to their business will emerge ready to take market share and outperform competitors.

Business transformations can take many shapes, ranging from a narrow functional focus to a holistic perspective addressing the entire business. No matter the size and scope of a transformation, all projects have some commonality; they will impact (and hopefully adequately address) Process, People, and Technology.

In general, a large percentage of transformation initiatives fail to realize their initial investment goal. At SLKone, we have experienced a variety of business transformations in various project phases and have identified several critical factors that impact the outcome of a transformation project including Strategic Guidance, Project Management Discipline, Solution Development, and Change Management. However, chief among the contributing factors is a fundamental trap – a preoccupation with *what* the business should transform into, rather than a focus on *how* to transform the businesses. Lacking this understanding leads to shortcomings in the execution and realization of transformative initiatives including:

1. Prioritizing shifts in who performs work vs. changing how and what work is performed
2. Creating new positions without defining what roles they will fill
3. Lack of balance in role and scope resulting in sub-optimal performance
4. Misaligning investment in supporting systems and technology that does not support processes and/or strategy

With these shortcomings in mind, we will provide in this article, the first of a series, the process by which businesses should transform. What follows is a brief description of each step in the process for Business Transformation.

“Never let a good crisis go to waste.”
– Winston Churchill

An environment for change created by:

- Complexity Changes
- Reduced Demand
- Customer Changes
- Cheaper Financing Options
- Strong Rationale for Change

Quick Definitions:

Role – Collection of associated activities intended to be performed by a single resource

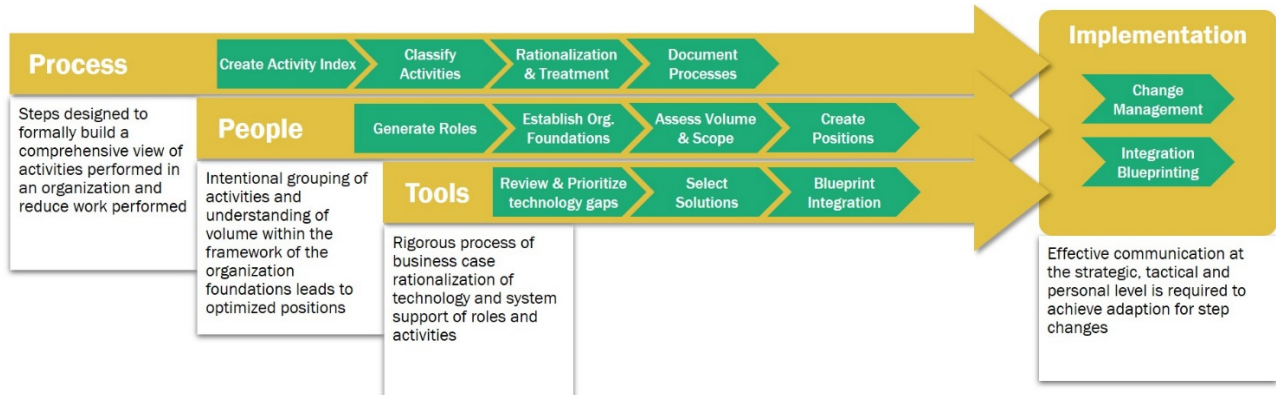
Position – A headcount that may carry multiple roles balanced across the scope of activity



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Note: Not included below are the requisite Project Planning, Team Formation, and Kickoff activities; Please see our earlier articles on effective Project Management for more on these topics.



PROCESS

Step 1. Create Activity Index

Transformations that are successful produce meaningful change in what work gets performed. This process begins through understanding the activities performed across the organization under review. On the surface this seems an easy win, but it is more difficult to create a comprehensive list of all activities performed by an organization with true meaning behind it.

Step 2. Classify Activities

Once all activities have been listed, we must classify them into three buckets: (1) value-add, (2) low value-add, and (3) no value-add. This will almost certainly be the most time and resource intensive part of the transformation, but also the most likely to pay dividends. Only through this process are we able to begin the process of critically assessing processes and activities.

Step 3. Rationalize and Define Future Actions

Throughout our experience delivering business transformation and organization restructuring services, we have learned that management is prone to reducing resources without reducing workload. The first goal of transformation is to reduce the number of hours required to run the business. A key to a successful transformation is evaluating activities before reducing headcount. By leveraging Step 2, we can quickly reduce our workload by doing the following:

- If an activity is not value-adding, eliminate it (or focus on significant reduction if it cannot be eliminated).
- If an activity is low value add, automate or outsource it (or decrease the effort and time).
- If an activity is value add, review the process and improve (and scale up, if possible).



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Essentially, each activity and process should be reviewed for improvement opportunities, often by leveraging technology-enabled improvements e.g., digitization or communication improvements.

Step 4. Document Processes

In our experience, this is perhaps the easiest step to complete, but often the most overlooked major contributor to lack of performance improvement from transformative initiatives. The focus here is to ensure processes are documented, communicated and utilized in training; in-place documentation is updated as changes are being implemented.

PEOPLE

Step 5. Generate Roles

Role generation is one of the key areas for transformative success. Understanding process and complimentary or associated activities will ultimately constrain the performance potential of the organization. This will impact organizational communication, process cycle time, and the quality of process outputs.

Step 6. Establish Organizational Foundation

This step is a prerequisite to continuing any organizational change and, while the solution has perhaps the least impact on ultimate capabilities of the organization, it often invokes the strongest sentiments. In this step, the business determines how to best organize itself e.g., by geography, product, function, or a matrix in multiple dimensions.

Step 7. Assess Volume and Scope

Properly assessing volume and subsequent time commitments required of the organization, using the boundaries defined in the step above, is critical to the optimization of the organizational resources (activities x volume = organizational needs).

Step 8. Create Positions

The most common mistake we witness in transformation projects is over preoccupation with headcount and filling positions. As a result, this is often the first consideration in many projects. This step is the final in our process because not considering impacts and information gathered throughout the process may lead to incremental improvement but will fail to institute true step-change performance improvements.

TOOLS

Step 9. Review and Prioritize Technology Gaps

Using outputs from activity assessments, process changes, and other inputs, assess the current state of the technology environment to identify and prioritize technology improvement projects. In this step, it is crucial to prioritize and rationally map technology enabled improvements in order to avoid overwhelming internal IT resources.



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Step 10. Select Solutions

Selection of technology improvements is directly linked to the ultimate realization of return. We all have seen (always from afar) over-investment in system solutions. It is critical to balance the benefits with the costs of technology solutions; for example, rather than introducing a new application, an opportunity might be solved well enough by simple dashboard, RPA solution, or process change. It is often in this area we see transformation budgets blown by an eagerness to engage technology solutions for every opportunity.

Step 11. Blueprint Integrations

The excitement of improvement opportunities, especially for businesses that have lagged digitization of operations, leads to skipping key steps in the development of technology solutions. It is a reality that many of the enablement tools rely on a mature data and IT infrastructure; skipping or delivering a biased assessment of the business' system and data environment will lead to inoperable or little business impact for the investments made in new technologies.

The series of articles to follow will explore each of the Business Transformation steps described above in depth, including: Best Practices, Considerations, Options, and Obstacles. Step-change transformations are on the minds of management teams across the business world and were so even before the impacts of COVID-19. Successful business transformations are a result of how successfully organizations can achieve the following:

1. Reduce overall work (hours) required to run the business
2. Effectively group activities into roles
3. Balance role and scope to create positions
4. Prioritize and rationalize investment in technology

Times of crisis provide a natural point to pursue step-change improvements to a business. It is our hope that this series of thought leadership articles will not only provide a high-level guide to achieve these goals, but also share experience and knowledge to support business transformations as management teams begin to plan and pursue transformation projects of their own.