

Transformation for the People, by the People

By Kirtan Gandhi and Fletcher McCombie

How to prioritize people over technology to drive winning transformation.

When you think transformation, what comes to mind? Technology? Process improvement? Robots in disguise (Optimus Prime)? Truth is, transformation has become an all-encompassing term used to describe anything from large-scale ERP implementations to adding espresso machines to the break room. And while neither of those initiatives is technically a transformation on its own, the intent of each program is rooted in what drives transformation: People.

When it comes to ambitious transformation programs, we often hear the same refrain: new “transformational” technologies and their inherent “best practices” will lead us to the proverbial promised land. In fact, software and consulting companies are all too eager to pounce on the premise, spending substantial marketing dollars to guarantee their technology and business process improvements will simultaneously reduce costs and deliver your business into the next decade. That type of rhetoric, however, rarely addresses a number of key issues, including:

Corporate culture: How tolerant and accepting is it of large-scale change?

Leadership demands: Are leaders incentivized to deliver transformation tomorrow or required to deliver revenue results today?

Key business initiatives: Which business aspirations are connected to specific markets, specific segments, and specific outcomes?

Sure, technology and process are important in transformation, but they don’t make or break a program on their own. In reality, technology and process are only enablers of transformation. And successful leaders know how to prioritize and incorporate them into the larger, more important area of your business: your people. It’s your employees who come first in driving transformation.

The foundation of transformation matters, and those built upon technology and process carry far too much risk. To understand why building your foundation on people remedies those risks, we need to examine the costs and benefits of all three areas of technology, process, and people.





Technology-Led Transformation.

Frequent choice, frequent failure.

A surprising number of companies last year started their transformation efforts with technology. Despite this, a study conducted by McKinsey & Company in 2019 concluded that over 70 percent of transformations fail. Smart leaders recognize the pitfalls of a technology-driven initiative and follow one important rule: Don't lead transformation with technology. Here are some reasons why.

The Good: The benefits of a technology-led transformation solution are obvious. You can leverage software off the shelf that's highly configurable and requires little or no customization. What it demands, however, is a laser focus on one specific process or outcome rather than a holistic, interdependent change. Therefore, if you only have a single department with a single goal to get accomplished, technology can get you there fast.

The Bad: No technology comes out of the box with a 1:1 match to your operations or business objectives. This fact alone disqualifies it from serving as the basis of your transformation. You'll have to do *even more work* to make the transformation a success. This is the proverbial square peg in a round hole.

The Ugly: Because external vendors can be a source of pain, companies often ask — what if we build instead of buy? Sure, in a build situation, you have more control over individual teams, but you also still need to fundamentally change. You need to ramp up that team, or at minimum,

change the ways the engineering team is working. You'll also need to move to agile or, if you're already doing agile, upgrade to a scaled methodology that works enterprise-wide. Even then, you'll find yourself in a situation where you over-rely on developing a new operating structure. Translation: You just added risk.

Assuming that you press on, you're now building a series of technology vendors on an already shaky foundation. Risk, risk, and more risk. And what happens when your technology vendor comes in to provide process improvement and change management? The short answer is a stalemate — business leaders looking to technology leaders for a solution while the technology leaders are asking the business leaders what they want the technology to do. In the end, it isn't worth injecting that much risk into your critical transformation.

Lesson Learned: Don't expect technology to fit your competitive differentiators or provide answers regarding how to handle the nuances of your organization.

Process-Led Transformation.

Cost-focused, losing sight of what's important.

We don't have as many clients who start their transformation on process over technology, but it does happen, and we've been in the middle of it. The primary goal is most often to drive consistency of quality or to reduce cost. While there is certainly a time and a place for reducing the cost to serve, there are several reasons to reject process-led transformation. Let's look at why.

The Good: There is no shortage of experts out there to help your business lean out what you do. One example of cost savings is to take order-to-cash and drive out inefficiency from contracting to onboarding to support. Process reengineering is important, and organizational managers and directors should engage their teams annually to ensure processes are improved.

The Bad: Most leaning effort is about efficiency and error-reduction. While this can be valuable, these efforts can be quickly disrupted if you don't bring the right tools to the table. For example, you might be dead set on utilizing robotic process automation (RPA) until realizing that you don't possess the technology to continuously

run the automation. There are a lot of ambitious goals for automation, but they can be derailed quickly if not scoped properly.

The Ugly: The biggest scope miss: forgetting the customer in your process. Don't get so lost on leaning out your process that you spent months focused on improvements but never make a single change. Remember to keep the customer as your focal point.

Lesson Learned: Process improvement has a place in annual planning and ongoing management. Advanced tools such as RPA should be used intentionally and in a targeted manner (e.g., to run overnight quality checks). But process-led transformation creates the exact waste that you were trying to lean out in the first place.

People solutions are not cookie-cutter. This is a lot of work.



People-Led Transformation.

Acceleration and momentum built for people-led results.

Finally, the transformation lynchpin: people. We rarely see leaders focused on their people over technology and process, but when we see it something magic happens. Let's look at how this differentiated form of transformation produces success unlike any other.

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The Good: People-led transformation is resilient to breakdowns. Your people are personally invested in improving the technology and processes they work within. When you invest in your employees and give them the authority to make frontline decisions, not only do they improve but so does your business.

The Better: Keeping people at the center of any transformation ensures long-term buy-in, visibility, and adoption. Your workforce is aware and sensitive to the culture, nuances, and challenges your company may face. Having frontline people who live and breathe the current state every day helps the company avoid unnecessary landmines such as nonnegotiable changes for the customer, and their understanding dictates how and when to challenge the norms of the organization and when to engage senior leadership.

The Best: A transformation led by people, for people, with clearly stated business objectives, generates the best results. And when you ensure those employees leading the transformation are also aligned and incentivized by their executives, you will see them deliver specific business

results. In a transformation where there is alignment across employees, their executive leadership team, and strategic business goals, you will achieve your greatest successes.

Lesson Learned: Your people run your business; trust them to transform it. But we're not going to sugarcoat it — people solutions are not cookie-cutter. This is a lot of work. Agile, customer experience, etc. are all about the people at the center.

In conclusion, many executives use transformation to describe an aspirational state or utopian outcome for their operations — with little structure and understanding of the outcomes they hope to drive, and the challenge they face is not knowing where to start.

In a world of constant sales pitches promising next-level technological solutions, process automation, and shared services, it's not surprising. The answer, though, is close to home — and it doesn't require outside experts, elaborate software, or even a myriad of workshops. It has always started, and should always start, with one thing: your people.