

## **Accelerate Business Transformation article and questionnaire**

Article and questionnaire created by Claudio Avila Tobias, management consultant, May 2017

Managers must take the lead to inspire, challenge, and develop their people to make business transformation happen, and quickly. All too often managers assume that strategic ideas, processes and technology are enough to transform the business.

Managers continue to fail in their transformation effort because they over rely on the power of investment and technical ideas. For instance, BBC had to entirely stop its digital transformation initiative because it focused more on the technology solution than on changing the way content was made and shared with staff and partners; and it also failed to properly manage the transformation itself. Nokia had prototypes of touchscreens even before Apple and its smartphones were technologically superior. However, their intolerance to failure reduced their agility to test and adapt the technology already at hand.

To truly unlock the potential of the organization and realize the benefits of the transformation, managers need to combine technical ideas and leadership. Effective leaders inspire people with the objectives of the transformation and help them think about how strategic ideas and technology solutions will contribute to its realization. Effective leaders challenge people to demonstrate how strategic and technology ideas will produce tangible results in the short term. Finally, effective leaders help managers step up to manage transformational challenges.

A few years ago I helped a country manager of Grupo BIMBO, the world leader of bakery industry, to turn around an operation. The management team had many good the ideas but there was not full alignment and focus within the management team. It all changed for good when the manager brought the team together to clarify why the company should transform the way it worked. The team prioritized three main goals that if achieved would not only make it profitable but they would change the way it operates and interacts with suppliers and partners. One idea was to reduce distribution costs by integrating three separate networks into one. Another idea was to make profitable a major segment by optimizing product supply with supermarket partners. And a third idea was to make profitable one product line by creating value added products.

Then the country manager challenged the team to demonstrate how these ideas would work and impact the profitability in the short term. For example, the first team started by integrating two supply networks in order to serve customers located in the city capital. Amazingly, they successfully implemented this idea in a few weeks and then scaled up the solution into the rest of the country in the next months. Had the team persisted in installing a picking and distribution center in the first place, they would have never used the organization's existing potential and

resources to achieve the goal. Likewise, the second team selected a small supermarket to make two changes: to reduce stock outs and product returns, and to reach smaller stores through independent distributors. Once this was achieved, they partnered with the largest retailer in the country and replicated the same solution. Finally, a third team created a portfolio of value added products and imported the first two from a cheap source abroad. As the organization scaled up the initial rapid cycle projects into larger changes, the management team passed down the leadership of the implementation to middle managers, thus expanding the capacity of the organization. After a year, the organization successfully achieved its profitability targets and was ready to assume a bigger role as supplier to other sister companies in the region.

### **Take the lead**

To transform an organization to make it more innovative and productive requires leadership. Strategic ideas, processes and technology are not enough. Managers must take the lead to inspire, challenge, and develop their people to make transformation happen, and quickly. Here is what you should do.

#### *Energize people with a purpose*

All too often, leaders assume that the moment they present the transformation vision, the entire organization will rapidly follow. Some people need guidance on how to prioritize their work while others need to go through the process of understanding the rationale of transformation. Therefore, use the visioning sessions to revisit “WHY do we do WHAT we do” so that your people have the chance to connect their individual purpose with the company’s purpose. A good example of company’s purpose is Disney’s “We create magic” and Apple’s “We challenge the status quo”. Then work with your the team to prioritize goals that will realize the transformation vision, as shown on figure 1 for a fast-moving consumer goods company. Finally, ask your team to repeat this exercise with their own people and re-align their portfolio of initiatives around the goals.

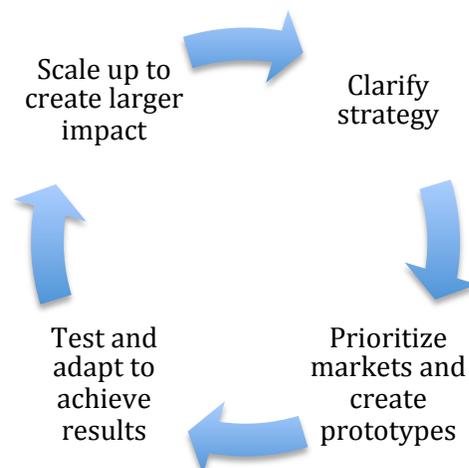
Fig 1. Goals of transformation vision

<b>Financial:</b> <ul style="list-style-type: none"> <li>• Achieve revenue to \$17 bn</li> <li>• Increase ebitda to 15%.</li> <li>• Keep leverage to 2</li> </ul>	<b>Strategic:</b> <ul style="list-style-type: none"> <li>• Grow business in Europe by \$2 bn by deploying our power brands.</li> <li>• Achieve 12% ebitda margin in high volume segment and lean operations in NA.</li> <li>• Enter Asian market by acquiring local brands where we can leverage our operational capabilities.</li> <li>• Achieve agile and efficiency distribution with top 3 global clients by developing digital capabilities.</li> </ul>
<b>Operational:</b> <ul style="list-style-type: none"> <li>• Reach efficiency of 90% in all our global operations.</li> <li>• Integrate innovation centers and focus on creating our next global brand in next 3 years.</li> <li>• Consolidate the purchase of raw materials in Latin América to increase gross margin by 3%.</li> </ul>	<b>Organizational:</b> <ul style="list-style-type: none"> <li>• Be the #1 place to work for in the industry.</li> <li>• Share a common vision and values.</li> </ul>

*Use stretch goals to move the organization quickly from vision to results*

In my experience, the planning process is so exhaustive and takes too long that managers begin to believe that the strategy is linear. That is, that those assumptions are true, that all ideas will work, and that results will be invariably achieved. To break the paradigm, ask your managers to get out of the building and test their strategies and ideas on a small scale. This will require the team to create a prototype of the strategy and implement it in a select segment or geography or a group of clients. The breakthrough is that the team must achieve tangible results in one or two of the transformational goals. Give them a few months to build the sense of urgency. Then bring those teams back to learn what it took to achieve results and decide the best way to scale up their initial prototypes to create a bigger impact in the company.

Fig 2. The agile execution process



### *Engage large numbers of people in transformation*

Another common paradigm consist of believing that because the transformation is so complex, only a few intelligent people from the top must take the lead and control its implementation. This may be true when you are testing the initial strategies, but to create larger impact, you must engage and support local managers of all geographies to step up so that large groups of people follow them and achieve more results. To ensure their success, communicate to those managers what is expected from them as leaders and guide them in the development of one or two capabilities as part of their business transformation challenge. For instance, GE defined its leadership brand around three capabilities: speed, simplicity, and self-confidence. GE also created “decision making” town halls to observe managers working with their teams in real time, and created tools for their people to assess the manager’s capabilities. It is very powerful to observe how managers grow during transformation processes. At the beginning, they limit themselves to sharing ideas but once they achieve some initial results, they become enablers for other people to follow the same path.

\*\*\*

Every company has the potential to achieve superior breakthrough performance. Leaders have the duty to unleash that potential and put it to work towards the transformational goals.

How is your business organization doing in its transformation? What shifts would you do in the way you lead your team to accelerate the realization of its benefits?

**Questionnaire.** Take the following survey to learn more what leadership capabilities you should improve to accelerate and realize the benefits of the transformation <https://www.surveymonkey.com/r/AcceleratingTransformation>

This article appeared in *linkedin* on May 2017 <https://goo.gl/U4WdYA>