

OCTOBER 2021

RENOIR
CONSULTING



BUSINESS TRANSFORMATION: SET UP FOR SUCCESS

DELIVER BUSINESS OBJECTIVES AND GET TO THE VISION



REAL OUTCOMES,
SUSTAINABLE CHANGE.

© 2021 RENOIR GROUP OF COMPANIES. ALL RIGHTS RESERVED.

OCTOBER 2021

TABLE OF CONTENTS

| | |
|---|----|
| EXECUTIVE SUMMARY | 03 |
| WHAT IS BUSINESS TRANSFORMATION? | 04 |
| CRITICAL SUCCESS FACTORS | 06 |
| IMPLEMENTING SUCCESSFUL BUSINESS TRANSFORMATION | 09 |
| STAGE 1: STRATEGY AND TRANSFORMATION PLANNING | 11 |
| STAGE 2: TRANSFORMATION EXECUTION | 13 |
| BUSINESS TRANSFORMATION IN PRACTICE | 16 |
| THE KEYS TO SUCCESS | 18 |
| THE RENOIR ADVANTAGE | 20 |
| REFERENCES | 21 |



EXECUTIVE SUMMARY

Successful business transformation is a crucial capability for any business seeking to achieve its strategic aims.

Companies are constantly required to simultaneously transform across multiple fronts while facing an increasingly competitive landscape.

Whilst company leadership usually knows where they want to be, they often stumble at implementing and sustaining transformation efforts.

With 70% of business transformations failing, companies need a proven approach to make them a part of the 30% that do succeed.

This white paper elaborates on the framework and best practices that companies can use to transform effectively, efficiently, and sustainably. Our approach has evolved from decades of successful engagements with companies from across all industries globally.

In Part 1, we explore the common pitfalls of business transformation.

In Part 2, we detail the framework that Renoir uses to guide clients to successful business transformation and how it can be tailored to suit a company's maturity, business needs, goals and where it is on the transformation journey.





WHAT IS BUSINESS TRANSFORMATION?

Business transformation is about changing an organisation on multiple fronts so that it can adapt to shifts in the market and remain competitive and relevant to customers.

There is never a perfect time to trigger transformation — the best time is always now.

Ten years ago, transformation was typically something that companies initiated when revenues dropped, market share eroded and share prices tumbled. In today's complex and fast-moving world, business transformation has become a constant and continuous process.

Research in 2016¹ found that recently listed firms were dying more quickly than ever. For comparison, firms listed in the 1970s had a 92% chance of survival, whereas firms listed in the 2000s had a 62% chance. Today, the average

lifespan of companies has shrunk to 10 years².

Government incentives are encouraging more competition. Technology is lowering the barriers to entry or creating industries.

As a result, more companies than ever are born every day. While these newer companies are nimbler, they must continuously innovate to survive.

Some former powerhouse companies have fallen in relevance because they failed to innovate consistently or quickly. They are sobering reminders of what happens when companies do not transform to adapt to new markets. Yet, more than 95% of public companies have not attempted to transform or have not achieved measurable growth³.



It takes courage to initiate business transformation, especially when a company's performance seems solid and the business model is delivering steady profits.

Executives are aware that companies should constantly reinvent themselves to survive long term — more than 80% of executives

at large enterprises recognise the need for transformation.⁴ However, two-thirds are not confident that they can successfully transform the business in five to 10 years⁴.

In the next sections, we will highlight why business transformations often fail and what can be done to overcome this.





CRITICAL SUCCESS FACTORS

Business transformations are often multi-year projects that demand high magnitudes of effort and resources.

They may involve simultaneous changes to strategy, processes, structures, technology and culture.

Some companies may not be ready for this complex undertaking as they lack the necessary strategy, plan, framework, resources, momentum and sustainable change approach.

Business transformations fail due to many reasons. These are some of the more common ones:



ALIGNED STRATEGY

We often find that companies do not have a clear mission and vision, nor the goals and initiatives to deliver them. Sometimes, a CEO does have a vision, which is the driving force for the transformation programme. However, the vision may not be aligned or understood across the organisation.

For example, the CEO of a software company wanted the company to be a mobility solutions provider. However, there was no communication or systematic process to ensure that everyone was aligned with the strategy. As a result, not everyone understood what he meant or what needed to change in the company. This spawned different interpretations of the CEO's vision, leading to projects running everywhere but in the right direction.



EXECUTABLE PLAN

Some organisations have a strategy. However, they may lack the skills or experience to translate strategy into reality. Creating the transformation roadmap through trial and error may end up wasting precious time and resources.

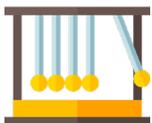
Bringing in experienced transformation partner can accelerate this process and increase the chances of success.



TRANSFORMATION FRAMEWORK AND RESOURCES

Transformation rollouts require huge amounts of investments in time, resources and people. Often, these resources are pulled from Business As Usual (BAU) activities and channelled into transformation-related work. If resources are “part-time”, the urgency of the day-to-day demands invariably trump the importance of the transformation effort. That is why a dedicated transformation team, or a Transformation Management Office (TMO), can achieve better results.

The right framework can drive the successful execution of the transformation roadmap. This includes employees with the right skills and experience that are sourced and tailored to the strengths and weaknesses of the organisation. For example, a detail-oriented programme manager will provide great support for an organisation that is more strategic. However, they may not be a good fit for a company that is good at execution but bad at strategic thought.



MOMENTUM

People are often excited when transformation programmes begin, eager to participate and curious to see the changes that will happen in the company. However, after the “honeymoon period” enthusiasm usually wanes, especially as BAU shifts priorities.

There will always be a decline in momentum after a year into a transformation programme, especially for companies that do not have a well-defined structure, methodology or a dedicated TMO. Even with all the prerequisites in place, many organisations will find it a challenge to keep everyone enthusiastic about the work years down the line.

The best way to maintain momentum is to put the right TMO resources permanently in place, ideally separated from BAU, so that the entire function’s purpose is to continually drive the transformation on an ongoing basis.



SUSTAINABLE CHANGE

The danger of positioning transformation as a temporary intervention is that after completion, when people resume BAU, old ways creep back. As a result, the work done during the transformation programme is undone, and the new way of working is shelved. That is until the next crisis sends the organisation scrambling again.

Business transformation should never end. There should always be constant activity to change and improve. The best performing companies make it a permanent, regular practice to review their alignment to the mission and progress towards the vision. Companies that continuously find ways to raise the bar to become better are the ones that remain competitive and relevant in the marketplace.

Sustainable change happens when mindsets are ingrained with a culture of change so deeply embedded that it becomes second nature. That is the level of maturity we aim to bring our clients to.

THE FOLLOWING TERMS ARE OFTEN MISUNDERSTOOD OR POORLY DEFINED. GETTING THESE DEFINITIONS RIGHT IS CRUCIAL TO ENSURE ALIGNMENT BETWEEN THE COMPANY AND THE BUSINESS TRANSFORMATION PROGRAMME

| | | | | |
|---|--|--|--|---|
|  <p>STRATEGY A plan to achieve an overall aim</p> |  <p>MISSION An action-based statement that describes how employees need to behave to achieve the company's purpose</p> |  <p>VALUES The set of principles that guides how employees should conduct themselves and perform their decisions</p> |  <p>VISION The direction the company wants to head towards as an organisation</p> |  <p>GOALS What a company wants to achieve in a certain period. They should be measurable and actionable metrics</p> |
|---|--|--|--|---|



IMPLEMENTING SUCCESSFUL BUSINESS TRANSFORMATION

Execution is the most difficult part of business transformation.

Too often, we see transformation programmes initiated this way: A group of senior managers set the direction for the organisation without consulting employees who are responsible for the execution. These managers are often out of touch with the way things are done. As a result, the plans made may not reflect the current situation and are not, in reality, executable.

This “top-down approach” often results in a set of instructions that people will resist and a transformation programme that will be difficult to execute.

Transformation programmes require out-of-the-box thinking. Most of all, they require a “top-down, bottom-up approach” because while managers or leaders at the top can set the direction top-down, transformation has to be from bottom-up.



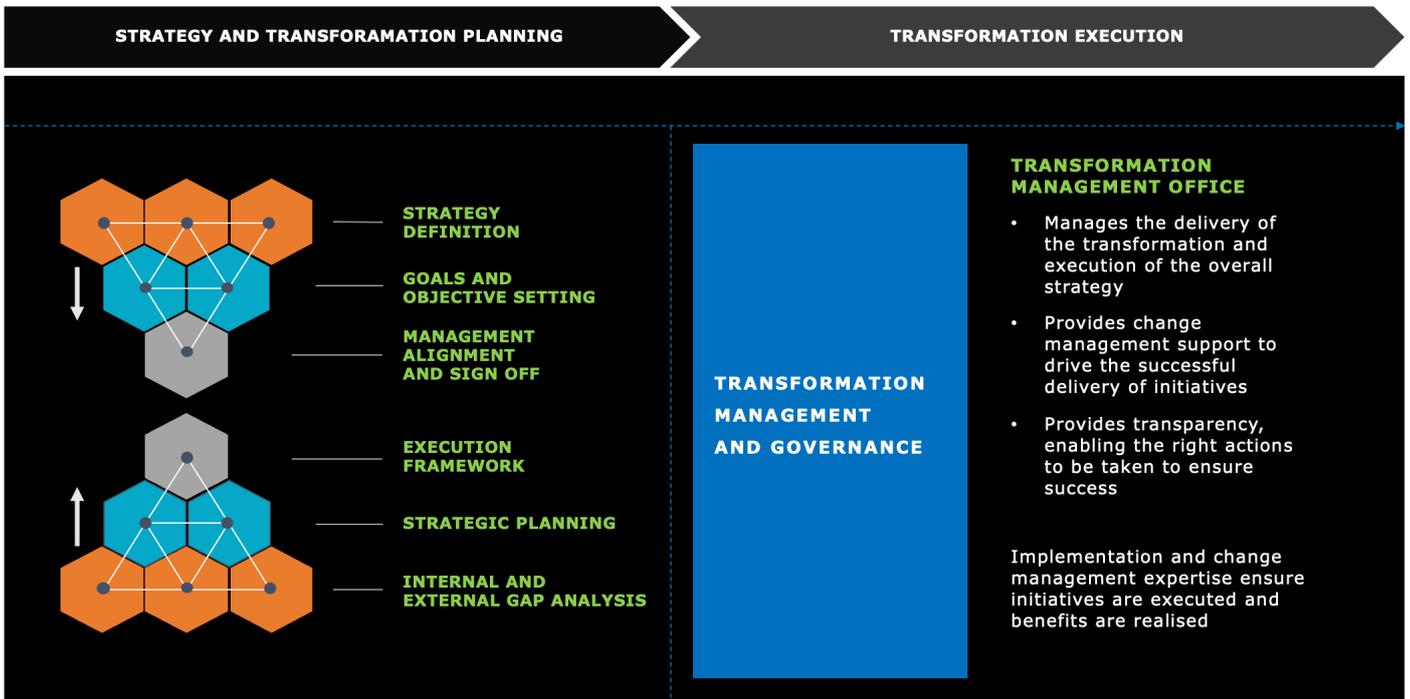
Therefore, it is crucial to factor in the input and experiences of the people at the lower ranks of the company because they will be the ones that will be executing the programme.

With a top-down, bottom-up approach, executives can:

- Ensure clear communication and understanding about the transformation and what it means for every employee.
- Create buy-in and reduce resistance to change.
- Identify potential risks and issues and minimise them.
- Develop an executable plan.

Renoir’s methodology is centred around this philosophy. Our business transformation framework, which is divided into two stages, is designed to tackle the major problems that hinder success:

- The **strategy and transformation planning stage** ensures that the journey moves in the right direction and is set up for success. Alignment is achieved and an executable plan with effective governance is put in place.
- The **transformation execution stage** ensures that the programme is executed successfully by using a tailored change management approach.





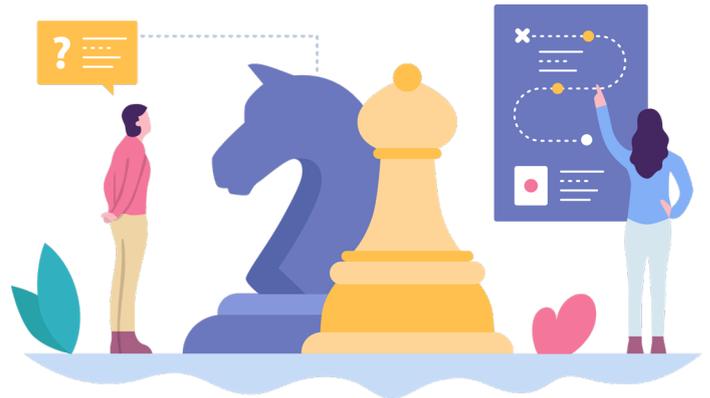
STAGE 1: STRATEGY AND TRANSFORMATION PLANNING

In this stage, we put all the right “pieces” in place to ensure success.

DEFINE THE STRATEGY

Where would you like to see the organisation going? What are your current plans?

It is vital to validate the vision and mission of the organisation and ensure that it is effectively communicated throughout the organisation. The strategy needs to be defined in cohesive terms.



SET GOALS AND OBJECTIVES

What are the goals for the organisation, and where would you like the organisation to be in the next few years?

This needs to be formalised and set at a group, business unit and functional level. This is where the defined strategy is translated into tangible metrics that can be measured.

ALIGN MANAGEMENT AND GET SIGN OFF

Do we agree on the vision for change?

For transformation initiatives to come to life, they require management alignment, ownership of strategy and organisation-wide buy-in. Management must understand, agree and sign-off on the transformation programme. This is critical to its success.



That way, when a structured engagement model is deployed across all key layers of the organisation, the agreed vision, mission, goals, roadmap and initiatives are communicated effectively.

PERFORM AN INTERNAL AND EXTERNAL GAP ANALYSIS

Where are we vs the strategy we want to achieve?

To get successfully to where you want to go, you need to understand where your business is now. In doing this we get a clear picture of what needs to be done and how to do it to achieve the company's goals and objectives.

The external analysis collates and interprets industry, market and competitor data as well as customer and employee insights.

The internal analysis involves a comprehensive review of existing organisation functions to understand current processes, management systems, structure, skills and capabilities, behaviours, and culture.

We need to understand the limitations and constraints of the current way of working versus the current external position of the company to identify opportunities for improvement.



DESIGN THE EXECUTION FRAMEWORK

How do we get this done?

This is where we determine what is the best way to get the transformation done. Here, the strategy is translated into a plan that can be executed. Some of the tasks include:

- Developing a roadmap aligned with management commitments on strategy.
- Identifying required transformation management support and governance required to realise strategy.
- Developing change management strategy and execution plans to ensure success.
- Identifying resources, required organisational support, and actions to ensure success.

The framework should allow you to balance the work that needs to be done as part of the transformation with the work that needs to be done business as usual.



STAGE 2: TRANSFORMATION EXECUTION

A transformation roadmap will contain initiatives to launch and new ways of working to implement. At the core of this, we must remember this vital fact: People power up organisations and make them run. If people do not change, initiatives will not succeed.

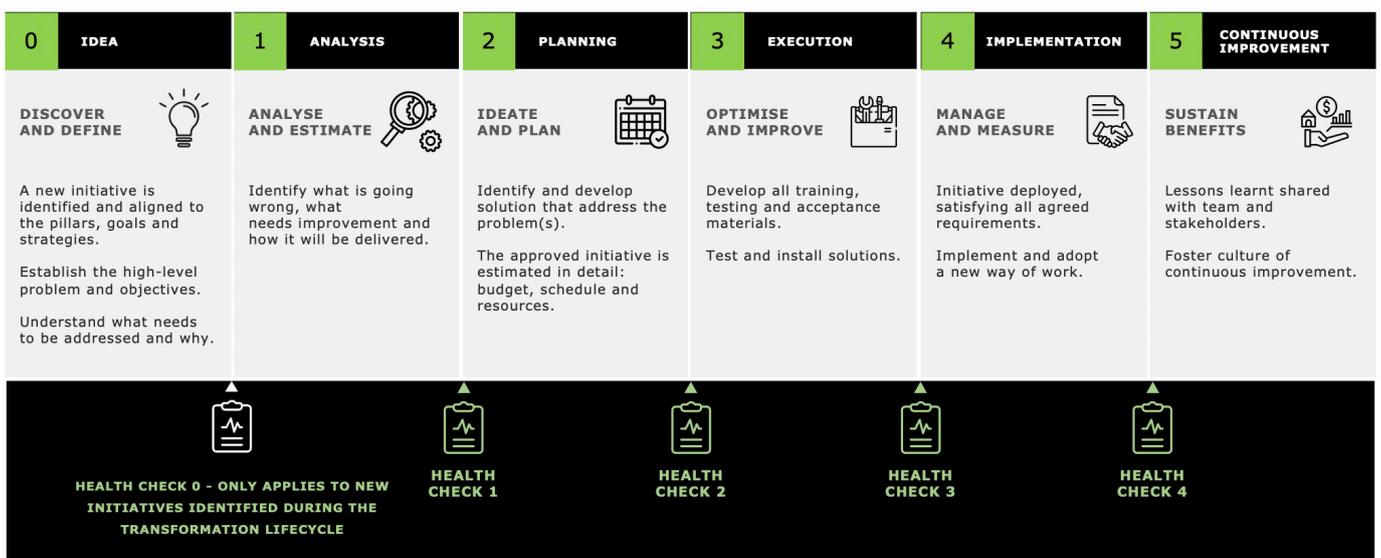
Managing the “people factor” is vital for any transformation initiative — many strategic failures stem from mismanagement of the change journey. An example of failure is assuming that everyone will instantly understand and use proposed new solutions whilst completely disregarding awareness, buy-in and compliance issues.

That is why a tailored change management approach needs to be the backbone of every initiative in the execution stage.

Renoir’s practical methodology incorporates change management, elements of design thinking, lean and agile methods to ensure the successful and sustainable delivery of transformation programmes.

Ideally, the transformation programme is overseen by a TMO, which will oversee the execution of the transformation roadmap and perform a “health check” at the end of every stage to ensure that the initiative has what it needs to proceed to the next stage.

TRANSFORMATION EXECUTION STAGES



CHANGE MANAGEMENT

REAL OUTCOMES,
SUSTAINABLE CHANGE.

© 2021 RENOIR GROUP OF COMPANIES. ALL RIGHTS RESERVED.





IDEAS

New ideas will pop up as we go through the transformation lifecycle. These need to be evaluated to ensure that they are feasible and aligned with company goals, meets transformation needs, and that there are no duplicate projects.

If the idea is accepted, it will be part of the transformation roadmap and will go through the stages outlined below.



ANALYSIS

Once a project or an initiative is identified, we need to get a clear understanding of the current situation, and assess what needs to be changed or improved. We arrive at a high-level understanding of how we're going to deliver the change.



PLANNING

At this stage, we come up with the solution to solve the problem. The analysis stage would have given us an idea of what solutions are needed. For example, processes that must be changed or whether we're going to manage the transformation in-house or get a partner.

These key elements need to be determined for the approved initiative:

- Budget
- Project plan or schedule
- Resources

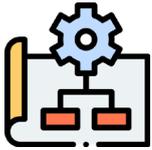
To determine that the initiative delivers on what it promises, we must also define the ROI or the quantifiable and qualitative benefits.



EXECUTION

About 70% of a project's lifecycle's activities happens at this stage. This is when we install and test solutions. For example, this may include installing an enterprise solution, performing a data migration or changing processes or even an organisation's structure.

Before the new system can go live, it's important to perform User Acceptance Testing (UAT) to determine its readiness and if employees fully understand the new ways of working.



IMPLEMENTATION

It can take up to six months or a year before an initiative or a new system can go live. Many activities must happen first. They include:

- Adoption — is the workforce proficient in the new way of working?
- Change management — are we managing the behavioural aspects of change and reducing resistance to the new system?
- Communication — are we consistently communicating the vision, mission and goals of the transformation to the workforce?
- Measuring the benefits — is the initiative delivering the right ROI?

The goal is to ensure that the project or initiative is delivering the benefits it promises and if it isn't, we need to determine what can be done to ensure that it does.



CONTINUOUS IMPROVEMENT

At this stage the changes have been implemented successfully, but to ensure that they last, the organisation needs to adopt the mindset of continuous improvement. Companies that constantly learn, improve, and are unafraid of change, will be more resilient to disruptions and ready for the future.

THE TRANSFORMATION MANAGEMENT OFFICE

To ensure good governance and adequate resourcing for transformation programmes, we recommend that a Transformation Management Office (TMO) be created.

The TMO is a focused engine room that supports the business in the delivery of initiatives. It:

1. Provides a methodology and delivery framework to ensure transparent and effective execution.
2. Facilitates the necessary communication and change management support to ensure implementation.
3. Acts as a single source of truth for project status, progress tracking and outcomes versus objectives.



BUSINESS TRANSFORMATION IN PRACTICE

There is no single way to implement business transformation. Every company is different, which means every transformation programme will be unique.

However, Renoir’s business transformation methodology can be applied to any organisation, no matter its maturity or stage in its transformation journey. Here are several examples of how we have adapted the framework to help clients with different business challenges:

THE COMPANY NEEDS AN EFFECTIVE TRANSFORMATION STRATEGY

A 50-year-old privately held company faced a changing market where illegal operators were chipping away at their market share. It urgently needed to modernise its operations, but to do so, their workforce needed to be supported and upskilled so that the business could move towards a more digital direction.



What we did:

The company needed an effective strategy to attack their problem, so we built their transformation strategy, defined their roadmap and supported them in executing it. We created an execution framework and transformation governance model tailored to the business and the strengths and weaknesses of the management team. To ensure that we maintained the momentum towards achieving the company’s goals, clear targets and objectives were identified for every quarter over the next five years.

THE COMPANY NEEDS TO REFINE ITS BUSINESS STRATEGY AND TRANSFORMATION ROADMAP

A board mandate to diversify the business meant that a South-East Asian toll company had to conduct a complete reorganisation and refocus of the business. They had embarked on multiple business and digital transformation projects, but management struggled to align to the new strategy.

More than 20 initiatives were running, all with varying degrees of clarity, management ownership and scheduled adherence. Due to the lack of uniform approach and governance, programmes started to flounder and management became consumed by BAU.

What we did:

We first helped the organisation get clarity on its necessary transformation initiatives. With that achieved, we designed a transformation structure and governance model that aligned the programme with management. A TMO was also built to proactively address roadblocks and support transformation initiatives across the business.

We also helped them translate the board mandate into a clear and cohesive strategy that had management alignment and ownership, which is key to any successful programme.



THE COMPANY HAS A STRATEGY BUT IS EXPERIENCING CHALLENGES WITH EXECUTION

A beverage company had a business strategy to expand its team and grow into new markets. But to make that happen, management needed to deliver transformative initiatives across multiple functional areas and locations simultaneously during stressful circumstances whilst rapidly growing its organisation and business. The company did not have a dedicated function to drive transformation across the business. Therefore, BAU dominated most management discussions.



What we did:

The company knew where it wanted to go as it had already defined its strategy and set goals and objectives. Therefore, we helped them create a transformation plan and an execution framework to get to their vision. After getting management aligned, we set up a TMO to drive the transformation across the organisation.



THE KEYS TO SUCCESS

Every business transformation programme needs the following to succeed:



LEADERSHIP

Transformation initiatives require clear commitment and direction from the top. Without commitment from the top, business transformations are severely handicapped. It is imperative that the senior leadership teams recognise the company's urgent needs and deeply want things to be fixed. They also need to demonstrate utmost belief in the team's ability to deliver. Leadership sets the tone and leads the entire organisation in the transformation programme, but perhaps most importantly, they never relent in seeing things through. Too often, transformations fail when senior leadership loses interest.



VISION

The move towards an envisioned future state needs to be done in a structured manner. That future state needs to be defined well and everybody needs to believe in it. Without this, the initiative may end up a meandering journey with suboptimal results.



GOOD GOVERNANCE

Transformation requires coordinated change across multiple fronts. This requires a body with resources, governance flexibility and know-how that can incorporate new initiatives and opportunities as they arise and ensure that objectives are met.



DEFINED, STRATEGIC OBJECTIVES

Objectives bridge the gap from the vision and goals to the actual initiatives required to deliver the strategy. These are the endeavours that organisations take to achieve its identified goals. While there is a single vision and set of goals for an entire organisation, there are multiple objectives, depending on the functions involved. There should be short-term as well as long-term objectives. They must be feasible, realistic and operational, and must respond and react to changes in environment. Meaning, they must be flexible.



MEASURABLE OUTCOMES

These are the time-bound, measurable results that we expect. Every objective must be supported with ways to gauge success. Sometimes these are Key Performance Indicators (KPIs). Other times, they may be certain identifiable milestones or implemented new ways of working.

Not all companies have these elements in place. However, a business transformation delivery partner can provide the crucial experience and support to get companies to the required levels of maturity, accelerate the business transformation process and increase its chances of success.



CAPABILITIES, RESOURCES AND INVESTMENT

If transformation is expected to happen on top of current workloads, you have created a buy-in problem: “Leave me alone! I already have enough work to do!” The most successful transformation programmes involve investments in capabilities and resources to tackle the challenges. Based on our experience, leading companies invest as much as 5% of their operating expenses in transformation programmes.



CHANGE MANAGEMENT

Change management is crucial and must start at the very top and trickle down to the entire organisation to ensure that every employee understands how the transformation programme will impact them and what they must do to help the company succeed. As described above, the management of change must be adjusted at different stages of the transformation. Mismanagement of change is a major contributor to failed initiatives.



THE RENOIR ADVANTAGE

Renoir has had over 25 years of experience helping clients define and execute their transformation strategies. Our tried and tested methodology ensures that the required focus is applied to all stages of the transformation journey and that programmes deliver on their strategic objectives.

Renoir brings:

- Help for our clients to build and define their transformation strategy and roadmap.
- Support to ensure that the business transformation is implemented successfully. We partner collaboratively with our clients by working with people at all levels of the organisation to ensure that the business plan is realised.
- Knowledge and expertise in executing business transformation successfully in companies from various industries around the world.
- A deep understanding of the process and methods that leads to success.
- Bespoke solutions that are tailored to a business's needs and goals.



If you are ready for the next step, connect with us at connect@renoirgroup.com or visit <https://www.renoirgroup.com> for more information.



REFERENCES

- 01 Vijay Govindarajan and Anup Srivastava "Strategy When Creative Destruction Accelerates"
Tuck School of Business Working Paper No. 2836135
(https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2836135)
- 02 "How long do firms live? Finding patterns of company mortality in market data," Santa Fe Institute, April 1, 2015
(<https://www.sciencedaily.com/releases/2015/04/150401132856.htm>)
- 03 "The Transformation 20: The Top Global Companies Leading Strategic Transformations," Innosight, September 2019
(<https://www.innosight.com/insight/the-transformation-20/>)
- 04 "Bertolini, Mark; Duncan, David S. and Waldeck, Andrew "Knowing When to Reinvent," Harvard Business Review, December 2015
(<https://hbr.org/2015/12/knowning-when-to-reinvent>)

ABOUT RENOIR

Renoir Consulting is the trusted business transformation partner for the world's many leading companies and institutions for more than 25 years. We have partnered with clients from diverse industries in more than 50 countries to co-create bespoke solutions that produce real outcomes and sustainable change. Our boutique approach means that our clients receive the highest level of professionalism, expertise and leadership ownership.

Contact us:  connect@renoirgroup.com

For more:  renoirgroup.com

 [Renoir Consulting](https://www.linkedin.com/company/renoir-consulting)

 [@Renoir Consulting](https://www.facebook.com/RenoirConsulting)

ABOUT THE EXPERTS

Farouk Jivani is Head of Transformation at Renoir Consulting

He has over 12 years of consulting experience and has worked with Renoir across North America, EMEA, and APAC in various roles. He now heads Renoir's Transformation practice supporting clients in utilities, retail, consumer goods, finance, and oil and gas.

Max Ferrin is a Transformation Director at Renoir Consulting

He has 19 years of experience in various multinational organisations and business environments; helping companies to organise and deliver their Business and Digital Transformation programmes. He is now supporting our clients to define their transformation strategy by ensuring the required focus is applied to all stages of the journey.

Paul Archer is a Transformation Management Office Programme Manager at Renoir Consulting

He has had more than 20 years of experience designing and implementing transformational change programmes around the world across varied industries. He has experience in organisational restructuring, business transformation, operational excellence and sales force optimisation.

This document is provided for information purposes only. This document is not subject to any other warranties or conditions, whether expressed orally or implied in law. Renoir specifically disclaim any liability with respect to this document and no contractual obligations are formed either directly or indirectly by this document.

This document and the information contained herein are exclusive property of Renoir. No part of this document may be copied, reused, reproduced, stored in a retrieval system or distributed in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written consent of Renoir.

REAL OUTCOMES,
SUSTAINABLE CHANGE.

© 2021 RENOIR GROUP OF COMPANIES. ALL RIGHTS RESERVED.

RENOIR 
CONSULTING