

Enabling Your Transformation Journey

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As part of their Global Survey efforts, McKinsey recently updated their annual study on Business Transformation. Based on nearly 20 years of research spanning dozens of industries and hundreds of companies, their findings continue to shed light on the challenges that organizations face in successfully planning and implementing enterprise level improvement and transformation efforts.

In SMAs work supporting dozens of organizations with complex transformation initiatives, our learnings and observations align with the McKinsey research in multiple ways

Need for a comprehensive approach - Many companies do not fully appreciate the true potential of their desired transformation. We encourage our clients to assess their entire business, both strategy and operations, to fully “unlock” their full value and deliver against growth, capital productivity, cost efficiency and operational effectiveness improvement targets. This “due diligence” work helps executive leaders and sponsors be more confident in setting targets beyond what they typically have been comfortable doing in the past.

Value loss is highest during implementation - Organizations typically under-estimate the required pace needed to sustain a successful transformation effort and fail to continuously refine their change and performance management communications. Our tools and resources play a key role in sustaining initial momentum following the planning and target-setting phases and typically help to augment areas in organizations that may lack expertise or experience in maintaining the intensity of a major change.

Successful organizations embed transformation principles into Business as Usual (BAU) processes and systems - we can draw a direct line between transformation realization (both monetary and sustainability) to our clients efforts to align their annual operating and business planning activities to the on-going transformation initiatives and performance review cycles.

Key role that influencers play in determining transformation success - buy-in from employees is critical in any change initiative yet it is typically the most difficult to do. We work with our clients to identify key players in the organization that are routinely looked at by their colleagues for new ideas, willingness to challenge the status quo and comfortable providing feedback to senior leaders. Having members of the transformation work be willing to “roll up their sleeves” is critical and a key predictor of likely impact and sustainability.

How Sunstone Enables Transformation:

Based on SMAs experience enabling successful enterprise-level transformation initiatives, we typically work with our clients and executive champions to:

- Use an objective fact-base to identify and quantify opportunities for improvement - we encourage leaders to be more confident in setting ambitious, yet realistic targets and communicate clearly with the entire organization on the likely impacts and desired results
- Ensure they are communicating the compelling reason(s) for why transformation is needed and the required pace - model for them an investor mind-set, similar to a Private-Equity firm, and be willing to challenge the status-quo and pursue new sources of value.
- Match talent to most important initiatives - we are candid in identifying who in an organization has the experience and skills to deliver against targets and timelines. We understand the need to not over-burden top talent but also recognize that the most important building blocks of any transformation effort will likely require an investment of time and leadership from an organizations' key resources.
- Identify ways to re-deploy created value to create a constant cycle of improvement - challenge clients to generate "quick wins" to create positive momentum for stakeholders and re-invest towards new initiatives and longer-term targets.
- Emphasize the critical role that business objective / target-setting plays and work relentlessly to ensure direct alignment with performance measurement and calibration activities.
- Engage and sustain participation from Executive Leadership - after the initial "flurry" of transformation and change management communications in a 12- to 24 month effort, we continue to work directly with executive leadership and encourage the deployment of a Transformation Office and use of Transformation Officer. These functions play a critical role in set the "rules of the game" and acting as a single source of truth throughout the transformation journey.

Successful business transformation efforts reflect both the "scoreboard" results in terms of value captured or realized as well as the use of repeatable processes and tools that become part of an organizations "DNA" that continue to drive improved performance results after the transformation initiatives have ended.

Need help in assessing your company's readiness for a major transformation effort? Want insights into a successful transformation journey and resources to help you get there? Contact us at info@sunstonemanagementadvisors.com.