

Kurt Chauviere,
Ben Maritz, and
Jasper van Halder

The role of the transformation office

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Pace and rhythm are important in planning and execution.

Many companies set up a project-management office (PMO), led by a spreadsheet-savvy analyst charged with tracking myriad transformation initiatives. Their transformation leaders attend PMO meetings, tick boxes, and generate reports. At one North American company, we know a key executive announced stubbornly, “We can’t move the data center, because we haven’t gotten the server list from IT.” The conversation stopped there with no follow-up, and the PMO leader called a time-out.

When leaders like the North American executive announce delays, they typically cite extrinsic factors, create new timelines, and talk about root-cause analysis, deflecting and delaying the day of reckoning. Even when PMO projects move ahead, the organization itself remains unchanged and continues to work at the same slow speed, anchored in the same old structures.

Cue an independent transformation office (TO), a very different unit that, when organized well, brings a different pace and rhythm to planning and execution. The best of these are the beating heart of a transformation, propelling the company forward at a new speed and instilling a new culture of delivery. A good TO identifies and captures value in the same way a highly effective PMO does. But it breaks out of the PMO mold by changing the metabolic rate of the organization and setting new rules of engagement.

Increasing the working metabolism of the organization

Importantly, the transformation office drives results through standardized, weekly, action-oriented meetings. Attendees include a sponsor for each work stream and other key initiative owners, plus a representative from finance and the chief transformation officer (CTO). Meeting agendas are tightly defined and action items rigorously tracked.

The best TO meetings bear no resemblance to ordinary meetings dominated by presentations, debates, and “show-off” items. They are fast-paced, 60- to 90-minute sessions led by the CTO and designed to encourage action and remove roadblocks. As one CTO told us, “The TO is emotionless and fact based. The TO coaches and pushes initiative owners with questions like ‘What would you do if it were your money?’ and ‘Have you handed over your initiative so that it doesn’t fall behind while you are on leave?’”

The TO's role was particularly important in helping the working-capital team at a global dairy company we worked with. The team had been struggling for years to reduce inventory at its hundred or more plants around the world. The operations group, however, felt customers would be better and more fully served if the buffer remained. Only through TO probing were the facts highlighted and the business case brought to the attention of the CFO. When he saw the numbers and the value at stake, he quickly adjusted the existing limits, thereby freeing up hundreds of millions of dollars in capital in such a way that it did not adversely affect delivery performance.

The TO team needs a mandate from the CEO to challenge upward as well as downward (including the CEO in the event that he or she falls behind set targets and milestones). It must be able to impose consequences on over- and underdelivering sponsors and initiative owners.

Setting the rules of the game

The TO not only sets the schedule and the tone of the transformation but also keeps score. A simple, consistent way of defining and tracking value (in dollars) gives it clear credibility when it comes to commending those who have made good progress and to calling out laggards. The TO ensures everyone has access to the same simple rulebook and is trained to understand it. Every initiative should link to the same value measure and in cases of doubt the TO should give the final answer.

We've seen how tough it is to get everyone on the same page. But we've also seen the power of those TOs that succeed: an end to arguments, explicit agreement that the number is the number, the visibility of an unambiguous process, and clear goals.

With clear rules, there can be no debate about which valuation is right or what assumptions should go into a business case. People know their work must stand up to external scrutiny and therefore will not spend time on pet projects or substandard ideas.

Creating a single source of truth

Any organization undergoing a transformation will have a pipeline of improvements, subdivided into actions, owners, and dollars at stake. An important role of the transformation office is to ensure that all participants have a "single source of truth," a transparent view of what flows through the pipeline and a central record of the progress of each initiative owner.

For better or worse, that single source of truth extends to the TO terminology that rapidly becomes the language of the transformation. We recommend tracking and approving initiatives through a structured stage-gate process that goes through five steps, from initial identification to final realization.

Armed with the truth, the TO has the credibility to spot potential conflicts or overlaps among work streams, raise the issues with stakeholders in its regular meetings, and work with owners

and executives to achieve the best outcome for the business. Without this sort of planning and intervention by the TO to remove bottlenecks, one or two support teams can cost an organization millions of dollars.

Reinforcing the change-management goals

An effective transformation office will reinforce the transformation culture at all times: during weekly TO meetings, at executive-committee meetings, in reports and updates, during problem-solving discussions, and in communications to the rest of the organization. Everyone should see its messages, and initiative owners need to follow the TO's lead. It should encourage appropriate behavior and acknowledge achievements, insisting that the CEO or CTO personally makes weekly calls to frontline employees to celebrate success. Such actions can have a profound impact on owners and executives alike, especially in organizations where positive recognition is not the norm.



The success of a transformation depends on the regular drumbeat of the transformation office, on clear communication and an action-oriented tone. In our experience, TOs are critical to the organization accomplishing its goals. The best ones have such a profound impact that they become part of a new way of working, long after the transformation is complete. □

Kurt Chauviere is a senior vice president of McKinsey Recovery & Transformation Services and is based in McKinsey's New York office, **Ben Maritz** is a partner in the Tokyo office, and **Jasper van Halder** is an associate partner in the Sydney office.