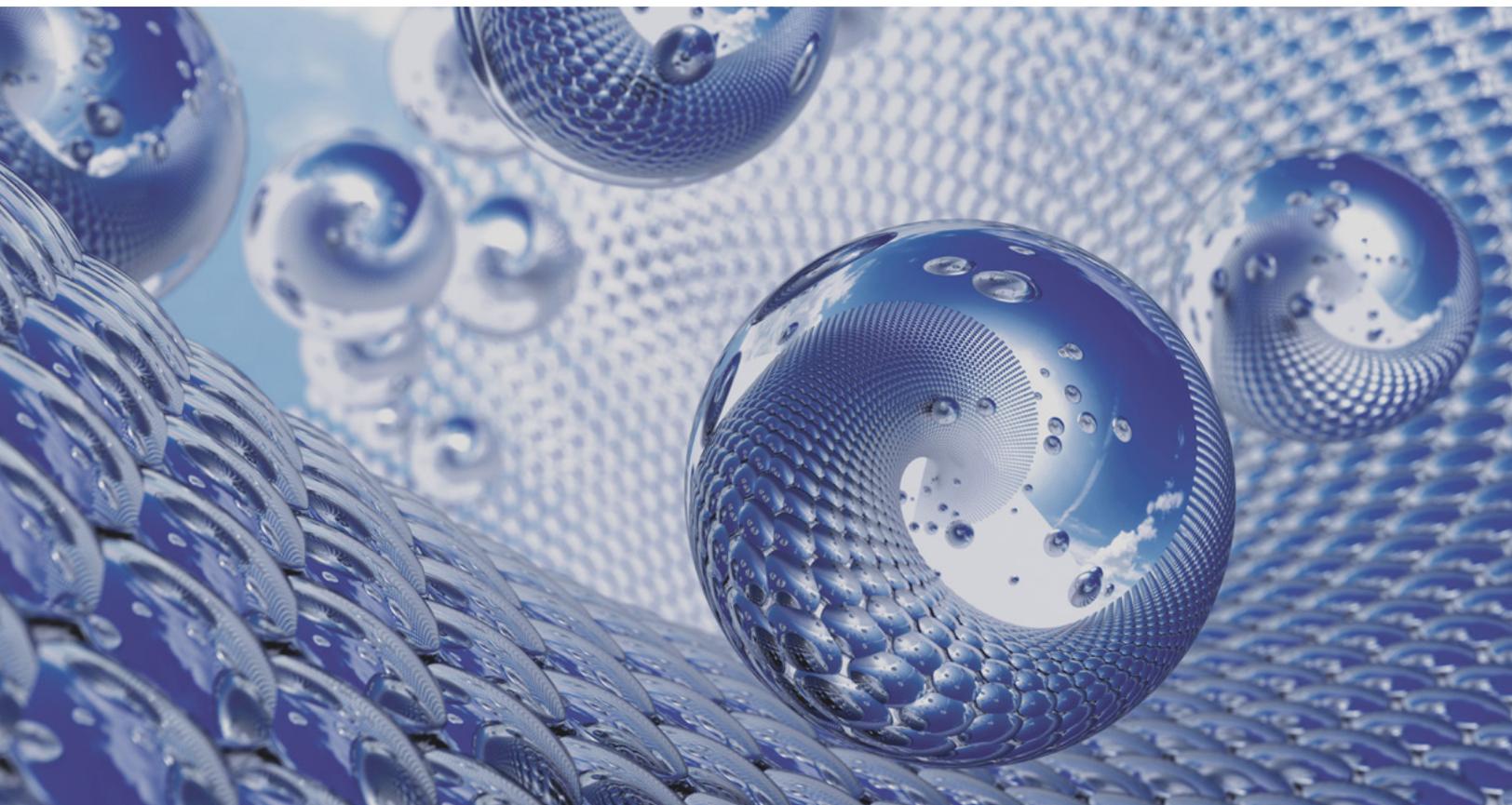# How transformation offices help tech-enabled transformations succeed

Effective transformation offices can help organizations combine technical know-how with "soft" capabilities.

by Matt Banholzer, Etienne Billette, Laurent Kinet, and David Pralong

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The failure rate of corporate transformation efforts is startlingly high: 70 percent of transformations (both tech-enabled and conventional) fall short of their goals.[1] If conventional transformations are difficult, the tech-enabled kind—which use technology in innovative, comprehensive ways to improve business results—are even more complex. Tech-enabled transformations often bring unfamiliar technologies and processes into the working lives of almost everyone at a company. Leaders must manage this upheaval while maintaining focus on shared goals.

But the typical workforce lacks the critical mass of technology skills that can help smooth and sustain a tech-enabled transformation. Even when technologies are in place, too many of companies' processes remain stuck in the pre-transformation world, to say nothing of the disconnect that remains between IT and systems groups and the rest of the business. It turns out that a tech-enabled transformation also requires a shift in workforce capabilities and ways of working.

Most successful tech-enabled transformations benefit from the supervision of an effective transformation office. Its function as air traffic control monitors and prioritizes the many various workstreams, processes, and initiatives that make up a comprehensive transformation. The office can also arbitrate attainable technology goals and actively shape solutions. Combined with a focus on measurable progress, an effective transformation office can ensure that a tech-enabled transformation progresses at a pace that allows the organization to adapt to new tools and processes while reaching ambitious performance goals.

Taking advantage of a transformation office's resources should be natural for organizations, given that its potential contributions are significant, although its mandate may vary widely (see sidebar, "Four archetypal roles of the transformation office"). Companies that take the time to develop the office, ensure it works closely with IT and technology groups, and empower it to iterate solutions with end-user feedback are more likely to reap financial and operational benefits. Conversely, companies that fail to take full advantage of transformation offices risk falling behind.

Why tech-enabled transformations flounder

The challenges that hold back tech-enabled transformations are distinct from those of conventional transformations. A lack of technical expertise and so-called soft organizational capabilities can exacerbate inadequate coordination with IT and make tech-enabled transformations even more fraught.

It's not surprising that most companies lack in-house expertise before the start of a tech-enabled transformation. Companies need both technical and soft skills that allow them to work in new, more flexible ways. But embarking on a tech-enabled transformation without enough technical experts—developers, data scientists, and user-experience designers, among others—puts the entire undertaking at risk.

With ample technological expertise, it is easier to coordinate and manage the performance of cross-functional efforts between the business and IT. Without such fluency, the transformation office may be unable to keep underperforming teams accountable, but a technically proficient transformation office can help teams find creative work-arounds.

A lack of technological fluency also isolates IT efforts to connect systems and solutions, depriving both business and technology teams of meaningful feedback. For instance, one company embarked on a robotic process automation (RPA) effort to reduce operating expenses but neglected to involve the established IT team in the ad hoc RPA team's plans. The disconnect resulted in friction when it came time to internally launch the new system: because the IT team had been excluded from the development process, it perceived that the RPA team's design had failed to account for the complexities of the existing IT system. The ensuing rework and

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[1] Brent Gleeson, "1 reason why most change management efforts fail," *Forbes*, July 25, 2017, forbes.com; Boris Ewenstein, Wesley Smith, and Ashvin Sologar, "Changing change management," July 2015, McKinsey.com.

Four archetypal roles of the transformation office

Every transformation office aims to help an organization navigate its tech-enabled transformation. Not only must the transformation office collaborate closely with IT, it must also serve as a translator between business and technology organizations. And to ensure that organizations' tech-enabled transformations bear fruit, offices must act as both coach and taskmaster to enforce discipline and accountability on key performance indicators. In light of these demands, transformation offices might approach their (multiple) roles differently, depending on the organization's needs and capabilities. Below are four distinct roles the transformation office could play.

— An organization needing to change its operating model can benefit from a persistent **advocate for agile ways of working**. This kind of transformation office will likely spend time and energy building its organization's agile capabilities to support the transition to a different operating model. Such transformation offices usually adopt an agile approach themselves to help manage progress on initiatives whose intermediate outcomes are less certain.

— A **use-case and portfolio coordinator** is usually in close communication with the leaders in charge of each use case as well as company leadership. This level of interaction is especially important as tech-enabled transformations often need more thoughtful involvement from management to adjust the pace and approach of projects throughout their life cycles.

— Under an **incubator** model, the transformation office would help teams build proofs of concept and business cases to advance risky use cases. The business case would then be submitted to an internal investment board for approval for further funding.

— Because maintaining the progress made during a tech-enabled transformation requires new kinds of roles and new kinds of talent, a **technical-talent coordinator** would help set talent strategy: how to recruit, retain, and develop tech talent such as developers and data scientists. A separate team can then implement this strategy at the transformation office's direction. Besides defining and filling new roles, this approach to technology talent can also help companies develop and retain relevant intellectual property.

redundant time and effort were ultimately avoidable. Likewise, technology organizations might inadvertently create products that don't fit operations groups' needs.

Some of the difficulties stemming from the aforementioned problems might be mitigated via processes built for tech-enabled ways of working. But without a coordinating body, process redesign can be scattershot and lead to many missed opportunities. Worse, a lack of prioritization and coordination makes companies more likely to wander into "pilot purgatory," in which numerous pilots run in parallel without enhancing each other and with no clear path to enterprise-wide application. What's more, traditional enterprise project-management practices make ongoing monitoring, feedback, and responsiveness—parts of the much-lauded agile methodology—more difficult.

How transformation offices can contribute

With support from passionately committed executive leaders, the transformation office functions as a steward of the technology vision and road map. The office should advise on assembling and allocating resources—including talent—to

realize that vision. To that end, the transformation office should excel at translating data and technical information into actions for functional teams. The transformation office should also provide objective assessments of the transformation's progress. As the only unit devoted to advocating for the transformation, the transformation office's focus allows it to identify and remove obstacles for teams as needed.

Creating a successful and efficient transformation office means setting it up with the right people and then letting it coordinate with IT and operate in a way that best supports the transformation.

Setting up the transformation office

A transformation office can be effective only if it's staffed with the right people. Besides being respected and credible, the leader of the transformation office should be technically proficient, understand the affected business domains, and have a strong relationship with technical teams. Plus, these traits can help the transformation office leader earn and keep the respect of both business and technology teams throughout the organization. Otherwise skilled leaders who do not have the ideal depth of technical expertise could be supported by technically proficient team members. Not only does this expertise help the transformation office team measure progress with the right analytics, it lets team members meaningfully discuss technology implementation with IT.

Indeed, without a transformation office in place to advocate for the optimal approaches to technical problems, organizations might find themselves in need of rework. One aerospace company created what it thought would be a data lake (a centralized depository of both structured and unstructured data) only to discover that it was in fact a collection of databases. A transformation office was hastily put together with the requisite technical expertise, and it guided the design of a bespoke data lake with databases optimized for their intended uses instead of pursuing the company's original plan of transferring all of the company's data to the data lake. In the end, this intervention minimized the effort and resources required to make the data lake quickly usable.

If a company does not have the right subject-matter experts on staff, bringing outside technology experts into the team, at least in the early days, may be beneficial. Technology experts often bring experiences with diverse solutions, other tech-enabled transformations, and a detachment from internal politics. This detachment allows outside technology experts to challenge the thinking of internal stakeholders for the benefit of the transformation and the company.

Collaborating with IT

That the transformation office must collaborate with the IT function in a tech-enabled transformation seems obvious, but many companies fails to bridge the two units. Company leaders can encourage a close working relationship between the transformation office and IT—obvious areas of partnership include data and cloud infrastructure. Transformation offices and IT organizations should jointly evaluate and prioritize their initiatives so the most important and valuable projects can receive support, regardless of which office ultimately oversees those initiatives.

Working with business functions

As the unit leading the central effort, the transformation office can make sure that the overall organization enacts the necessary changes by using regular business reviews to present data on progress to company leadership. For example, the metrics and scorecards used in such reviews can also help demonstrate the benefits of easy-to-access and clearly displayed data as benefits of technology solutions. Where agile methods are relevant, the transformation office can also model its practices.

The transformation office must also consider the highest priorities for the different business functions. Depending on its function-specific goals, the office may diagnose a need to increase technology adoption; alternatively, it may encourage role-model behavior from functional leaders and partner with them to make sure any insights and solutions are practical and usable.

For example, another aerospace company's transformation office had a mandate to educate stakeholders about the company's tech-enabled

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transformation and help cultivate new ways of working. The transformation office team began by conducting tailored workshops and training sessions for working teams and C-level executives over the course of several weeks. This upfront investment of time helped both groups better understand the mechanics of resource allocation, solution releases, agile methodology, and development timelines during the transformation.

Running the transformation office
The rhythms of a classic transformation office lend themselves to tech-enabled transformations too. Deliverables are defined and tracked in detail, and actionable—rather than isolated—information is emphasized. For instance, the meetings of a transformation office designed to move an initiative forward or to remove roadblocks can focus on the needs of technology initiative teams and proceed briskly.

In addition, agile methodology is a natural fit for technology transformations because brisk agile cadences help teams achieve results quickly and adjust priorities as needs arise. For example, one effective transformation office incorporated sprint reviews into their frequent meetings. This approach gave the transformation office a full picture of the technology components and helped it adjust its direction to working teams while minimizing lost time and effort. The reviews help transformation offices plan subsequent sprints based on business priorities. At the same time, teams that work on developing day-to-day solutions can gain insight into higher-level goals and participate in discussions that center on end users' needs. An agile approach can even be expanded to encompass the entire enterprise.

In the short term, the transformation office may model how the entire company could eventually approach its work. As redesigned processes— shepherded by the transformation team—cascade throughout the company, external experts on the team might transition out of the office. Finally, when the team has determined that the tech-enabled transformation is fully reflected in the company's solutions, processes, and mind-set, the office might be absorbed into existing performance-management groups.

A dedicated team fluent in technology, analytics, and agile ways of working can be an invaluable source of support. The unit best equipped to provide this support, a transformation office can bridge the gap between business and technology functions, improve the performance of an entire organization, and help a tech-enabled transformation achieve its goals.

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