Business Transformation Blues: Getting Done What Needs to Get Done

Getting things done may sound simple in theory, but in reality it can seem almost impossible. Here are some insights on what goes wrong . . . and why.

By Ralph Welborn, Ph.D.

Here's what we need to do. Now let's get it done. We've all heard those words from management. And whether such orders refer to a restructuring, a new product rollout, a brand expansion, an outsourcing effort, or any other change, we've all too often been privy to the great-intentions-meet-brick-wall results.

Stated simply: a gap exists between management wants to get done and what operationally gets done. This gap, using business jargon, is known as the "execution gap." And a fundamental challenge for any and arguably all organizations is how to bridge this gap consistently, effectively, pragmatically. Now, lots of ink has been spilled and many dollars have been spent trying to close this gap – usually without any enduring success or consistent effectiveness. Why is that? Why is closing this gap so hard? Why, oh, why is it so hard for companies—successful companies filled with very smart people—to close this gap, to align their objectives with their activities? Conflicting organizational activities, silos, redundant processes, and confusing governance policies block effective, consistent execution. It's a big, big problem. Consider this statistic: more than 64 percent of C-level executives from 250 midsized to large companies in the United States and the European Union have said that being able to execute, to react quickly to changing business opportunities and technologies, is critical for their success. Yet nearly 80 percent of them said that it is nearly impossible to achieve. The gap between management objectives and operational reality remains. This brings up another question: why does "getting it done" seem so, well, *impossible*?

After years of experience, frustration, observation, involvement and learnings – from different industries in different parts of the world, a colleague and I stepped back and exclaimed that "there had to be another way" - since traditional ways of thinking and acting to closing these "execution gaps" obviously wasn't (and isn't) working.

And there is… and it all starts by asking two simple questions: 1) is there a set of common reasons for the "executional challenges," and if so, what are they? And 2) is there something ***underlying*** all of these common challenges, and if so, what is it? The answer to these question is an emphatic "yes"! There is, what we call a "DNA of Business Execution" that when identified can be manipulated to close the execution gap and help organizations "get done what they need to get done."

The paper I'd discuss at the conference focuses on *This DNA of Business Execution* – on exploring what is common underlying the gaps between management objectives and operational reality – that give rise to the "executional challenges" organizations face globally. I'll describe this "DNA" strand and how to identify it to manipulate it quickly to begin taking pragmatic steps to get done what needs to get done – consistently and effectively. I'll use examples from different industries in different parts of the world to show how clients have "cut through the

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politics and operational confusion" – making sense differently, thereby allowing them to take action pragmatically, and quickly.

About Ralph

Ralph Welborn, Ph.D. has nearly 20 years of experience focused on business transformation, global sourcing, innovation strategies and large scale systems integration. Ralph has co-authored two books with Vince Kasten, Get It Done! A Blueprint for Business Execution (Wiley, 2006) on how to close the 'execution gap' and *The Jericho Principle: How Companies Use Strategic Collaboration to Find New Sources of Value* (Wiley, 2003) as well as a number of articles on different business and technology topics.

Ralph has been managing partner of Business Transformation at Unisys and BearingPoint as well as Senior Vice President of Global Solutions and Strategy & Systems Integration for Financial Services at BearingPoint and KPMG Consulting, Director of Strategic Initiatives at Charles Schwab, Director of a Bay Area start-up as well as other places. He has published many papers and articles as well as led or participated in numerous workshops, seminars, and talks around the world with business and technology leaders.

Below is part of a "press release" Vince and I released several months ago – based on our new book, Get It Done! A Blueprint to Business Execution, that highlights some of the common execution challenges organizations face. In the talk, I would refer to some of these challenges – to set up the topic and make it visceral for some of the participants.

In the course of our work we have unearthed a wealth of reasons why so many companies have trouble getting done what they need to get done. Here are ten common challenges:

1. Knowing what connects with what, when, where, how, and how much. Mike is the COO of a large retail bank working to anticipate and respond to a significant regulatory change that would impact his bank's operations—from customer service through check clearing. No problem, he predicted: the change would impact a small set of what he does, around 15 business processes and 21 technology applications. He was stunned to discover he was off by a factor of three: the changes would impact over 25 business processes and well over 75 technology applications. And Peter, in his effort to migrate a set of IT and business processes to an outsourcing provider, underestimated by over $250 million—that's right, *$250 million*—in activities that had to occur. As these two cases illustrate, it's very difficult to see "what connects with what, when, where, how, and how much." This kind of connectivity is critical, and failing to have visibility into it can derail change efforts and cost companies huge amounts of money.

2. Internal struggles around new products/services development. Tony, a global CIO for one of the world's largest financial services firms, was responsible for supporting 128 retail banking products. Customers were demanding ever more features; sales reps were designing ever more products; and the technologists were struggling to support the exploding new requirements while maintaining the applications of the existing products. The result? Complaints from the business side regarding IT's lack of responsiveness . . . complaints from IT that the business side didn't

understand what went into building (and supporting) new products and services . . . frustration and finger pointing on both sides . . . more delays and costs . . . and more frustration and finger pointing. And so on, and so forth.

3. Getting T-shirts, Turtlenecks, and Suits to agree. So you go to a meeting with colleagues from different parts of your company and you leave more confused than when you came in. We've all been there. The fact is, T-shirts (operations people), Turtlenecks (marketing people), and Suits (management) all speak different languages. Each of these people may use the same words and nod at the same set of business objectives, but they mean fundamentally different things by them. It makes sense. Each group has fundamentally different sets of metrics, perspectives, and backgrounds—all of which are necessary—but they're all so different that alignment is an enormous challenge. Take, for instance, the simple question *What is a customer?* and you might get these answers:

> T-shirt: "Someone we need to support because they keep us in business."
> Suit (the CFO): "A receivable. They owe us money!"
> Another suit (the CIO): "A data record in a set of applications."
> Turtleneck: "There are no customers, only prospects to be mined or demographics to be studied."

Okay, so a few of these examples are slightly tongue-in-cheek. But they express an oft-ignored reality: the fundamental disconnect between diverse people within a company can make it very difficult to work together effectively.

4. Silos: Corporate antibodies to change. How many times have you been involved in change management efforts to get different "teams" or "groups" to work together more effectively—and then are stymied because as soon as these people go back to their areas, they do what they were doing before? Their response makes sense. After all, they get paid to do what their boss tells them to do, not what someone in another part of the organization pleads for them to do. Yet, it's more than just metrics. We were facilitating an executive team work session for one of the world's largest IT companies that was going through an organizational alignment effort because the company overall had recently been hit by some bad performance and one of the corporate officers sniffed, "I'm hitting *my* numbers just fine—so obviously, I'm not the problem." Not exactly the attitude that fosters effective change—but one that does strengthen the borders and the boundaries between departments, and feeds the corporate antibodies to change.

5. Integrating "existing" with "emerging" technology. Companies spend a lot of time and money maintaining heritage or legacy applications. Up to 70 percent of IT budgets are spent on maintenance and redevelopment, and 60-80 percent of application functionality is redundant. At the same time, the never-ending introduction of new technology and business functions means that new technical skills are required to complement the ones we already have. The tension *between what companies have* and *what they need to incorporate* is exacerbated by things like 1) cross-functional or departmental projects, 2) consolidation of areas due to driving out costs or so-called "gaining efficiencies," 3) merger and acquisition activities and/or the result of kicking off multiple projects to meet multiple objectives multiple times over multiple years. Whew! Who can keep up?

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6. The "invisibles." (What you don't know <u>will</u> bite you.) It sounds simple: *let's redesign our processes to make us more cost effective and more responsive to what our customers need.* But reality is always more complex than it appears. There are many invisible factors and activities that management doesn't know about when they kick off these "improvement" initiatives. After all, what are business processes but sets of activities, workarounds and exceptions that, over time, have evolved into the ways things get done, including technology "patches," "features" and "modifications" added to support those processes? And many of these things are undocumented, existing only in the heads of your employees—or embedded in the code of the added-to technology applications. For instance:

- ✓ The "exceptions" that have to be handled by, let's say "Betty" and "Michael," because the computer application can't understand them: a signature is illegible, or the check bounced and has to be tracked down, or the oil heating cost doesn't match what the invoice said it should, so it has to be reconciled for this particular customer that Betty and Michael have dealt with before.
- ✓ The "workarounds" added or new features that were never documented but are now part of the computer application.
- ✓ The "we've-always-done-it-this-way-because-it-works-better" activities that only Betty and Michael know about because they've been here for 20 years.

It's these "invisible" things that keep the processes and applications running, yet they're hard to identify when you're making a change. Companies discover these unseen factors after it's too late—after customers complain, after frustration has exploded, and the gap between what management wants to get done and what actually gets done gets wider and wider. After all, can you know what you don't see?

7. Conflicts between what's good for the company and what's good for your team. The people you work closely with every day—the men and women who make up your immediate team—are your reality. And despite whatever abstract, ephemeral corporate strategies your boss hands down, you will instinctively serve this set of colleagues. The Tip O'Neil dictum that "all politics is local" cannot be more apt. There is frequently inherent conflict between doing the right thing for your company but the wrong thing for your team members. When such a conflict exists, "getting it done" becomes immensely difficult.

8. The Botox Effect: managing the impossible decisions. There's a reason Barry Manilow and Mary Tyler Moore can't smile anymore without making it painful for us to watch. Botox takes out their wrinkles but inhibits normal facial expressions. This isn't so different from executive teams telling you that you have to cut costs *and* grow revenue. You have neither the time nor the resources to do both. And yet, as the manager and person who deals directly with customers, you know that's bull. You *have* to do both, and even more. But when you fix one problem, another one is automatically created. When you try to manage them all—in an environment characterized by a "locked in" way of thinking and operating—the "smile" you show to customers and your superiors quickly becomes artificial . . . and the competitive pressures keep on comin'.

9. The Peter-Out Principle and the rise of horizontal loyalty. The Peter Principle held that people would rise through the ranks of an organization until they reached their level of incompetence. The Peter-Out Principle holds that people will move up the ranks of an organization until they stop having fun. Have you noticed this? Talented people are walking out

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of organizations where they are no longer challenged or inspired. Furthermore, the nature of "employment loyalty" is shifting. Loyalty used to be vertical in nature; people were loyal within the bounds of the "organization-employee compact." But the wide disparity of CEO/entry employee pay in the U.S. (more than 400:1 now), and rabid mistrust that stems from broken promises and corporate greed have broken that vertical loyalty focus. What's rapidly emerging is a *horizontal* loyalty to colleagues, alliances, affiliations, associations, friends, and families. It's hard to "get stuff done" when the people who must carry out the execution just aren't that invested in the fate of their organization.

10. Underestimating the Bull's Eye Effect. In any change initiative, lots of "stuff" has to get done. This stuff ranges from simple things (moving equipment) to hard things (consolidating computer applications) to really difficult things (moving and retraining people). What's more, it all has to come together just right to create "the perfect storm." Or as Trevor Davis, the chief implementation officer of an effort to put a large company back on profitable footing puts it, "It's like hitting the bull's eye with parallel darts thrown with both hands." And if that's not troublesome enough, if one thing goes wrong, it has a "cascading effect" on other things. If you don't get people trained, then customer service calls don't get made. If the calls don't get made, the service level goes down. If the service level goes down, customers defect. And so on, and so on, and so on. It's like the children's book *If You Give a Mouse a Cookie…*— but with far less charming results.

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