Delivering Digital Transformation

A BUSINESS-WIDE APPROACH FOR A SUCCESSFUL OUTCOME

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A tricky balancing act

Let's be straight upfront: transformation projects are complex, hard work, and difficult to get right. And with the economic outlook not looking as rosy as it was, it can be tempting to shy away from the challenges – and cost – that transformation presents.

But it's often true that fortune favours the bold, and many organisations will see a huge return on value from well-run and well-timed digital transformation. Investing in innovation during a downturn puts you in the frame to capture any benefits as the market rises again. After all, stasis does not create competitive advantage. If you want to propel your business to the next level, you have to repair the roof while the sun is shining – or in other words, don't wait until your processes, systems and potentially whole business are in crisis before you make your move.

But if missed deadlines, budget overrun and scope creep sound all too familiar, then believe us you are not alone. There is still hope that your project will deliver on expectations.

Our recent research reveals that digital transformation projects rarely or never deliver within agreed timescales in over a third of businesses. Project overspend occurs in nearly a quarter of companies. In businesses with fewer than **250** employees the problem is worse – a staggering **42.8%** say projects 'rarely' or 'never' hit timeframes, and a quarter don't deliver on budget.

How often do transformation initiatives in your organisation deliver within the agreed timescales?

Never
5.8%

Don't know
1%

Always
1%

Often
26.2%

Rarely
27.2%

Sometimes
38.8%
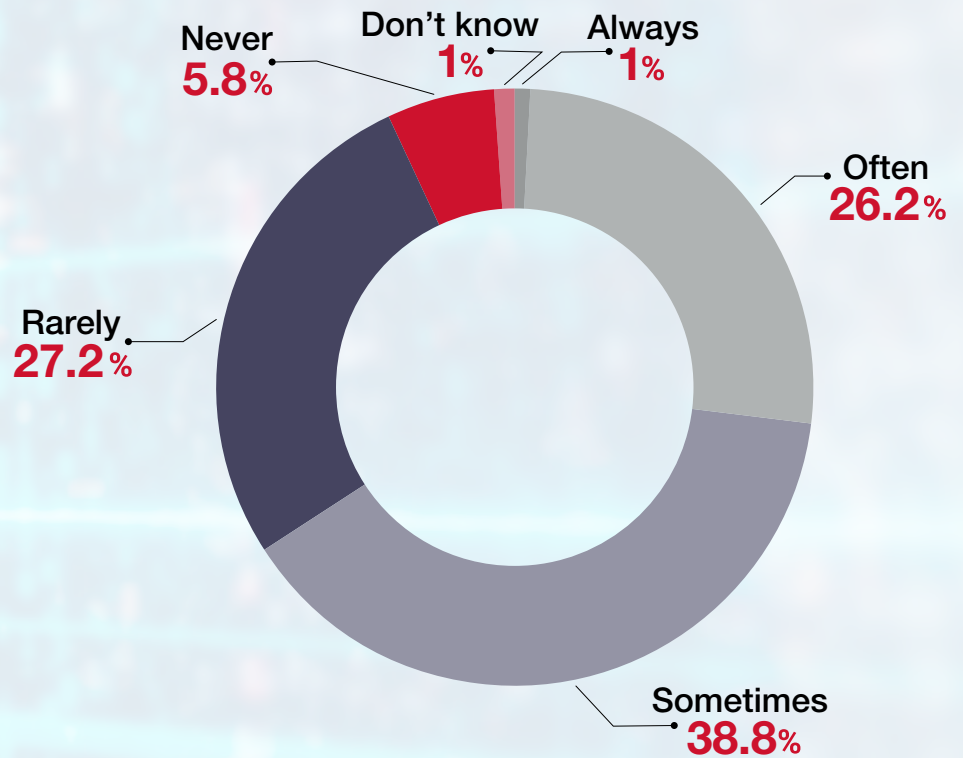
The pandemic and other events of the past few years have fed into an already rapid and accelerating pace of change for organisations. New business models are emerging hand-in-hand with new technologies. This digital revolution is not just enabling change, but driving it.

SUCCESSFUL COMPANIES ARE ADAPTING.

This might be via wholesale business transformation, shifting business models and ways to market, often driven by changing market dynamics.

Or it might be via digital transformation – rethinking the tools and technologies that support and enable business operations. But how many of these initiatives really deliver within the signed-off budget?

Never
2.9%

Don't know
2.9%

Always
4.9%

Often
25.2%

Rarely
21.4%

Sometimes
42.7%
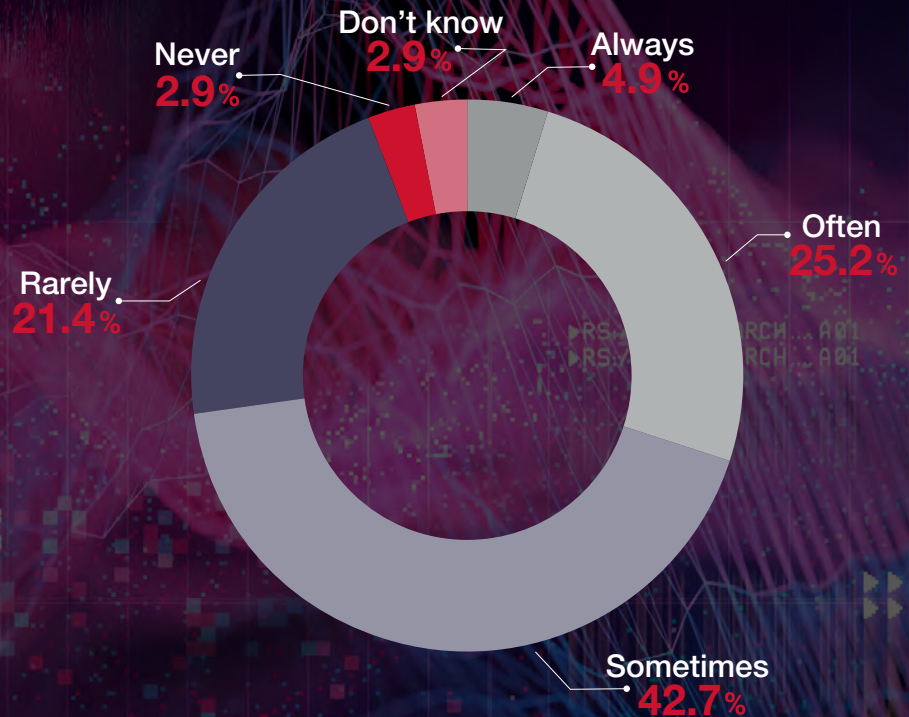
How often do transformation initiatives in your organisation deliver to the agreed budget?

About the survey

We conducted an online survey of **103 senior business and technology leaders** between May and June 2022, asking their opinions on transformation projects they had been involved in. Respondents came from a range of businesses, working across multiple sectors around the world.

If transformation projects do what they say on the tin, they are about big, brave and bold thinking that unlocks new opportunities and value. They are about setting ambitious and revolutionary targets that will shape the business for the future.

But while these high-stakes, time-consuming, big-budget projects are in motion, let's not forget the business-as-usual operations needed to keep the lights on. It's complex stuff that has an impact on the whole business.

Against this backdrop, digital transformation projects rarely fail because of the technology itself. There are so many other things to juggle: communication, business readiness and stakeholder engagement are just a few of the factors too often overlooked. Successful transformation projects rely on uniting these elements and bringing the business along with you.

We've spoken to business leaders from multiple sectors across the globe and our research backs this up: under-resourced delivery teams, unrealistic timeframes and a lack of detailed requirements are given as some of the most common reasons why projects fail to deliver on time and on budget.

In this report, we investigate the reasons why digital transformation projects might not live up to expectations. We explore the common elements in successful transformation, as well as the struggles and challenges experienced. We offer practical and proven suggestions as to how organisations can take a whole business approach, getting everyone's buy-in from the start.

EXTERNAL CONTRIBUTORS

Andy Feldon
Chief Information Officer
Taylor Wimpey

Judith Halkerston
Non-Executive Director & Chair,
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BT Global Services and Logica

Martin Ewart
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Taranata Group

Headlines & Insights

Over two-fifths of respondents say projects 'rarely' or 'never' hit timeframes

42.8 %

44.6 %

Nearly half of respondents say a quality solution is 'always' or 'often' achieved

24.3 %

A quarter of respondents say projects 'rarely' or 'never' meet budgets

RUNNING OVER TIME AND OVER BUDGET ISN'T UNUSUAL – AND IT DOESN'T MEAN YOUR TRANSFORMATION WILL FAIL

How to use these insights to improve your chances of a successful project

52%

Over half of respondents say project leaders are not open and honest about the challenges they are facing. Creating a culture where people can speak up is at the heart of every successful project

31.3%

Many companies over-stretch internal resources. A third of respondents 'rarely' or 'never' assign additional resources. Yet we know that making the most of digital transformation relies on people dedicating their time to it

34.4%

Over a third of respondents think project teams either understand Agile methodologies to only a limited extent, or don't understand them at all. But despite this over half 'often' or 'always' use Agile methods. Defining your methodology before you start is key

16.7%

A sixth think senior leaders are 'rarely' or 'not at all' effective at communicating their transformation vision to the tech team. Strong communication and taking the time to understand the impact on every level of the organisation will help to ensure change sticks

PART 1
Pragmatic

That phrase about a building only being as strong as its foundations goes for transformation projects too. You'd think it was obvious, but setting clear expectations at the outset and making sure everyone is on the same page still is not the norm.

The pressure and high expectations that come with big-ticket transformation projects create the perfect breeding ground for over-promising – inevitably, it seems, followed by under-delivery.

Add into this unrealistic or overly optimistic expectations from businesses and you risk your building project ending up more like the Leaning Tower of Pisa than the Taj Mahal.

Half of the respondents who say transformation initiatives 'rarely' or 'never' deliver within agreed timescales also say initiatives 'rarely' or 'never' deliver on budget. But, despite this, many businesses do get value from their projects – **44.6%** of respondents say they 'always' or 'often' get a quality solution.

Kudos to the 1% who say their projects are 'always' delivered on time and 4.9% who say they are 'always' on budget. If you are also getting a transformative end result then you have reached the holy grail.

"

The pressure and high expectations that come with big-ticket transformation projects create a perfect breeding ground for over-promising

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SET OFF DOWN THE RIGHT PATH

With many tech teams now including digital natives, businesses are increasingly tech-savvy – even those that don't specialise in technology carry out extensive research into the available solutions. Often, external help is not brought in until much further down the line because there is much more information available.

But when it comes to buying the product that actually works for you, a little knowledge can be a dangerous thing. No busy CIO can be expected to have detailed knowledge of all available solutions. Without an in-depth knowledge of the options, it can be easy to misstep.

While an organisation might say they want a green widget, what they actually need could be a blue one. The problem comes when a supplier tries to sell them a purple widget. While both these positions may be valid, the question is not what is the right colour, but what is the business problem – or even better, what is my customer's problem. Unless the 'solution' is sense-checked at this point, a whole train is set in motion that is only going to end up with amassing a load of widgets in the wrong colour that aren't going to get the business to where it wants to be.

You need to remember that the transformation you are looking for isn't really about digitising the existing processes. Take a look at the processes themselves: are they actually fit for purpose? Could they be used to deliver the step change you're looking for? New technologies may give birth to new business models, which in turn come with brand new processes. Digital transformation enables a re-engineering of the business to take advantage of those opportunities.

> "
> *The transformation you are looking for isn't really about digitising the existing processes. Ask yourself: are those processes actually fit for purpose?"*

BALANCE TIME AND BUDGET AGAINST QUALITY

Our survey confirms that poorly scoped projects and unrealistic time and budget expectations are recurring themes when it comes to why transformation initiatives fail to match up with plans.

Too often people overlook the three elements that determine the quality of a project – scope, time and cost. Distort any one of them and there will be an impact on quality.

Judith Halkerston OBE, Non-Executive Director & Chair, formerly Managing Director at BT Global Services and Logica, puts it another way: *"You've got time, cost and functionality determining the quality of a project. It's a triangle. If you pull any one of these, the others are going to go."*

Judith is right – while there is an absolute focus on on-time and on budget – there is not the same focus on quality. Most projects only consider quality when they conduct user acceptance testing rather than building quality in at the outset.

How often do transformation initiatives deliver a high-quality solution in your organisation?

Don't know **1**%

Rarely **5.8**%

Always **2.9**%

Often **41.7**%

Sometimes **48.5**%
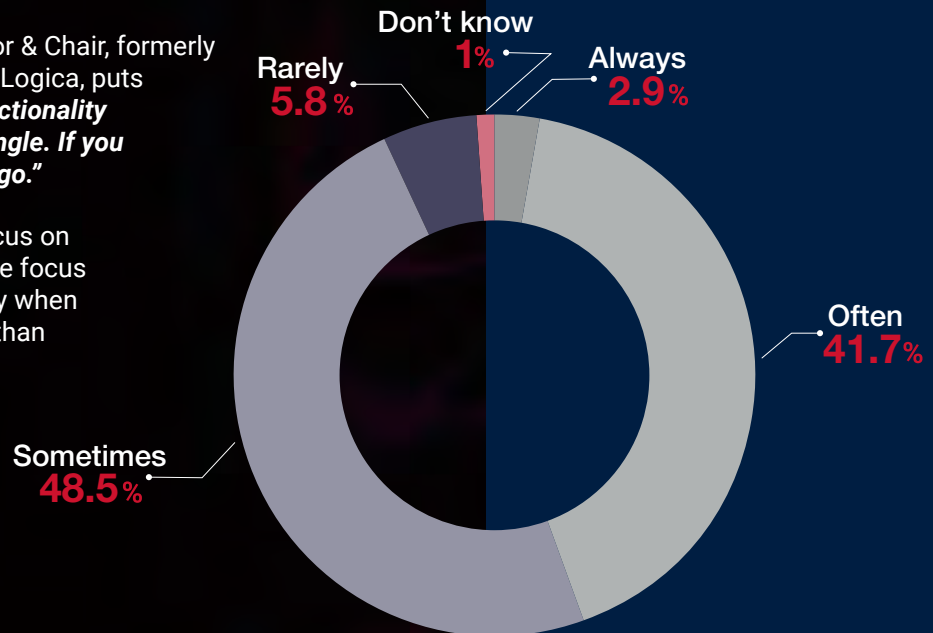
She is clear what this means: *"I think it needs more people from vendors to say, 'we can't do that', or 'we can't commit to that'. And it needs more customers to listen to that. If they can't do it, chances are nobody else can either."*

It seems that management is generally happier with the outcome of transformation projects than end users or IT teams are – **56.1%** of the top tier say projects 'often' or 'always' deliver a quality outcome, versus **46.7%** of IT or change professionals.

Respondents from the telecoms, technology and software sector are also more likely to get a quality solution **(60% 'often' or 'always')** than other sectors – perhaps because they go into it more 'eyes open' than others.
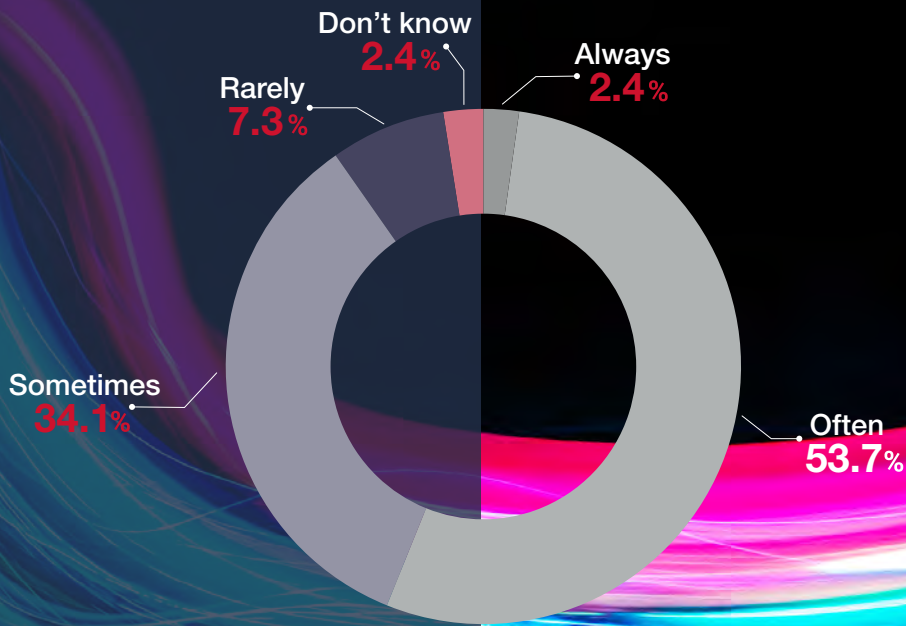
1/3

of companies don't assign dedicated resources to transformation projects, instead adding it to existing workloads

50%

'rarely' or 'never' make transformation projects anyone's sole focus

How often do transformation initiatives deliver a high-quality solution in your organisation?

*Management Cohort

Don't know **2.4**%

Rarely **7.3**%

Always **2.4**%

Sometimes **34.1**%

Often **53.7**%

GET THE RIGHT PEOPLE TO DO THE JOB – AND GIVE THEM SPACE TO DO IT

It's a mistake to think people can fully engage with transformation projects alongside full-time business as usual

When selecting project managers and programme delivery experts, a relevant track record counts for a lot. You want your A-Team on the project, not your These-are-the-people-we-can-spare Team.

Andy Feldon, Chief Information Officer at Taylor Wimpey, explains how his company approached it: *"We didn't just want people from the business. We wanted the best people from the business that had the gravitas to sell this change. And those business units didn't want to lose those people. So the project had to fund their backfill."*

Feldon recognises the challenges of just adding to workloads: *"As part of the business case, because we knew that was important, we said these are the people that we need from the business. And we don't need them part time – there's no point in that. We don't want them to have a day job as well as this project – we want their day job to be this project."*

Cutting corners when it comes to resourcing is a false economy – it's the most common reason respondents give for project overrun. It would be nice to think that change teams are pushing at an open door here – management is the respondent group most likely to recognise the problems caused by a lack of resources **(60% of managers vs 53% of all respondents).**

Yet, despite this, almost a third **(31.3%)** of companies just expect teams to magic up extra hours in the day, rarely or never assigning dedicated resources to projects, instead adding it to existing workloads. Almost a fifth of businesses rarely or never bring in external resourcing.

Resourcing in smaller companies is even tighter, with **50% 'rarely' or 'never'** making transformation projects anyone's sole focus – although our survey also suggests they are more willing than medium or large companies to bring in external resourcing.

BEWARE OF FOLLOWING THE HAPPY PATH

Have you ever been in a project review meeting when nobody will address the elephant in the room? Everyone can see it's going to go wrong, but no one wants to be the one that speaks up.

Part of the problem is unrealistic expectations at the outset, which create unnecessary pressure and a culture where realism or caution isn't rewarded.

So, without a reality injection, projects will fail to deliver on expectations. This means companies need to trust vendors' cost, time and feasibility estimates: they come from experience and they're not just picked from the sky.

For the same reason, vendors need to have the courage to walk away from bids if they're being asked to achieve the impossible. Likewise for internal transformation teams, who have to speak up when they're being given pocket change to deliver wholesale transformations.

1/4

say consideration of business readiness for transformation projects happens never or only to a limited extent

> *Unrealistic expectations at the outset create unnecessary pressure and a culture where realism or caution isn't rewarded*

ARE YOU READY FOR DISRUPTION?

There's a difference between disruption and a gentle shaking up of the status quo. Sometimes you've just got to leap into the breach – too many projects end up with teams not challenging the status quo and doing straightforward upgrades, rather than thinking big and starting again.

Martin Ewart, CEO of Taranata Group, spells it out: *"If you want to be disruptive, and if you want to be inquisitive, you've got to take a bit more risk than you normally would. This isn't just a straightforward upgrade project. You're trying to disrupt your whole business and indeed your whole market."*

So, all this said, business readiness should be a fundamental consideration. Instead it's frequently overlooked. A quarter of respondents say it is never considered, or only considered to a limited extent.

Perhaps unsurprisingly, CEOs are more likely to consider readiness than some other job functions **(27.5% of them say it is considered 'totally' or 'to a great extent').** But that's of little benefit if the rest of the company disagrees.

> *There's a difference between disruption and a gentle shaking up of the status quo*

Our Advice

THE DEVIL'S IN THE DETAIL

Having absolute clarity on the purpose of a transformation project, the role that everybody has to play, and the collective business processes that will be needed goes a long way to ensuring the initiatives deliver the anticipated benefits.

Projects are often talked about in terms of on time and on budget, as if the quality element is a given – quality needs to be planned in from the outset, too. Simply doing some testing at the end of a project does not deliver quality.

HOW MANY HOURS ARE THERE IN A DAY?

The cost of a digital transformation project can run into tens of millions of pounds and take multiple person years to complete. Is it realistic to ask someone who is already working full time to take on the responsibility of another full-time role?

Task by task, day by day, how many hours will it take to complete each deliverable that meets the time, budget and quality requirements? The chances are it will fill people's time and they will no longer be available for their day job.

The message must be crystal clear – this is a full-time job and takes priority. Be demanding – demand you have the best people on the team and don't just settle for whoever is available. Involve HR – this will require backfilling, training, a change to people's roles, and recruitment.

WHAT TO CONSIDER

- We often think about our network as a way of winning business – but exploit it in a different way: engaging with people in other organisations who have completed similar programmes is a brilliant way of getting insights into what works and what doesn't.

- Every programme has a risk register and most of them are exactly the same – they show the generic risks of any large programme but miss the specific risks. Don't be scared about including and raising something if you think it could happen, even if it may be controversial or upset people.

- Getting to the finest level of detail in the requirements and building a test plan that reflects this detail, with the appropriate data, is key. This ensures quality is a design feature of the initiative and not an afterthought. Lining up a big team to do some testing at the end is too late – you'll find the defects, but you won't have the time or the budget to do anything about it.

- Now is the opportunity to reduce waste, variation and defects in key business processes before the new solution is designed. Don't replicate poor business processes in your shiny new technology. Map out the processes and make them better. Don't just ask people what they do – sit with them, watch them and record the process. Allow days for this, not hours. Use technology to record the process and see how much time is actually spent completing each task. The investment in refining your processes will increase the ROI in your technology.

- Software vendors have hundreds of person years' experience in working with multiple companies in all industries. They have built software that serves the purposes of best-in-class businesses. Think about it – is your order-to-cash process really so different from everyone else's that you need a totally different piece of software? Only invest in changes that ensure your competitive advantage is maintained: if it's good enough for the world's leading companies, it's good enough for you.

PART 2
Transparent

It's a cause for concern if your transformation team thinks everything is crystal clear when, to the rest of the business, it's as clear as mud.

If your transformation project is not providing regular, informative updates, you can't expect the rest of the business to understand or appreciate what they're up to. Transformation teams need to continuously go heavy on the level of communication and make sure they include people from all across the business.

By the same token, business leaders need to clue themselves up on the processes and technology. McKinsey research points to the importance of having senior management on board and fully across transformation projects: "An inconvenient truth for businesses undertaking digital transformations is that without focused and active CEO commitment, there is almost no chance of success."

"I've led three large transformations at global media businesses," says Positive Momentum Partner Julian March. *"The two most successful had one thing in common: sponsorship and support from the CEO. Without that crucial backing, your programme is nearly always bound to falter, because when it comes to the crunch of priorities, you will lose out."*

Luckily for transformation teams, pandemic working got many business leaders on board with the power of technology – they no longer see it as just something that costs them money. Covid-19 has changed the pace of business, McKinsey says, alongside fundamentally shaking up business models. What was considered best-in-class speed for most business practices in 2018 is now slower than average. So, companies with superior technology are reaping the benefits.

> *Transformation teams need to continuously go heavy on the level of communication and make sure they include people from all across the business*

BEWARE OF THE OSTRICH EFFECT

Burying your head in the sand will get you nowhere. If things aren't going as planned – or if that plan needs to change – organisations must be brave and re-evaluate rather than carry on regardless. Don't stubbornly stand by the original business case if you'd be better served revisiting and evolving it instead. It can help to imagine your transformation project like a sales funnel, where you continuously qualify opportunities.

This is where external oversight can be really helpful – providing the hawk's eye view that so many projects lack. More to the point, external people are more immune to the politics and finger-pointing that sometimes arise when projects are on the downhill. But it's surprising how few organisations choose this route. Two-fifths (42.1%) of companies 'rarely' or 'never' take up such opportunities. This rises to a half among SMEs – a false economy for sure.

"

It can be hard to see the wood for the trees when you're in the middle of a huge project. You get so focused on following the path you plotted that you don't see there are other ways forward. External oversight is like sending up a drone which can show you the different paths coming up and where they are likely to lead.

Jeff Parris
Positive Momentum Partner

"

THE MARKET'S CONSTANTLY CHANGING – CHANGE WITH IT

We often talk about scope change like it's a bad thing. Instead, we should embrace it and see it as a positive – as long as it delivers business benefits and is tightly managed.

In major projects that take years, the market will move on in the course of the roll-out. So isn't it healthy for your project to adjust and evolve alongside this too? It doesn't necessarily mean the scoping was wrong in the first place.

Taranata's Martin Ewart has some great advice for technology suppliers, and the principles can also be applied to internal thinking. *"First of all, a supplier's mindset has to be 'what's the current context of the client?',"* Taranata's Ewart expands.

"Regardless of what the technical conditions of the contract are, what you're really saving up for is to help the client deliver their strategic outcomes. And their strategic outcomes will probably change the moment that you sign the contract, because if you've taken six months to get there, then frankly, their world is moving on at pace."

> *In major projects that take years, the market will move on in the course of the roll-out. So isn't it healthy for your project to adjust and evolve alongside this too?*

IT'S ABOUT PARTNERSHIPS, NOT WINNERS AND LOSERS

Everyone needs to start trusting each other more. Too often we hear tales that companies don't want to reveal their true budget because they worry vendors will quote based on that amount. Or vendors want to win the work so fail to flag the true cost of achieving what the company is asking for.

The most successful results we have seen businesses achieve are born from partnerships with vendors and third parties – it's not a game that someone needs to win.

First up, set some ground rules. You need everyone to be pulling in the same direction. This means agreeing metrics that everyone is rewarded for and measured against.

"

You need to focus on creating meaningful measures that incentivise vendors and project teams to focus on the right things – not just on getting one narrow element over the line.

Kevin Cunningham
*Positive Momentum Partner*

"

MAKE IT RELATABLE

It's worth remembering that everyone is coming to the table from a slightly different angle or with an alternative agenda on a project. This diverse thinking can be a real strength. But if you want some clear objectives for everyone to work towards – and believe us, you do – then you also need to provide context.

Projects are often not explained, it seems, in terms of their business impact. Almost a third **(27.5%)** of respondents said such explanations happened 'not at all' or only to a limited extent. If you spell out the impact in business terms (e.g. on the bottom line or customer satisfaction) and personal benefits (making jobs easier and more fun) it's going to be much easier to get buy-in. Therefore, it is vital that people get the chance to question why the project is happening, what will it deliver – 'what's in it for me?'

How effective is communication between external specialists and your internal transformation team?

Rarely effective **1.3**%

Highly effective **3.8**%

Mostly effective **46.8**%

Somewhat effective **48.1**%
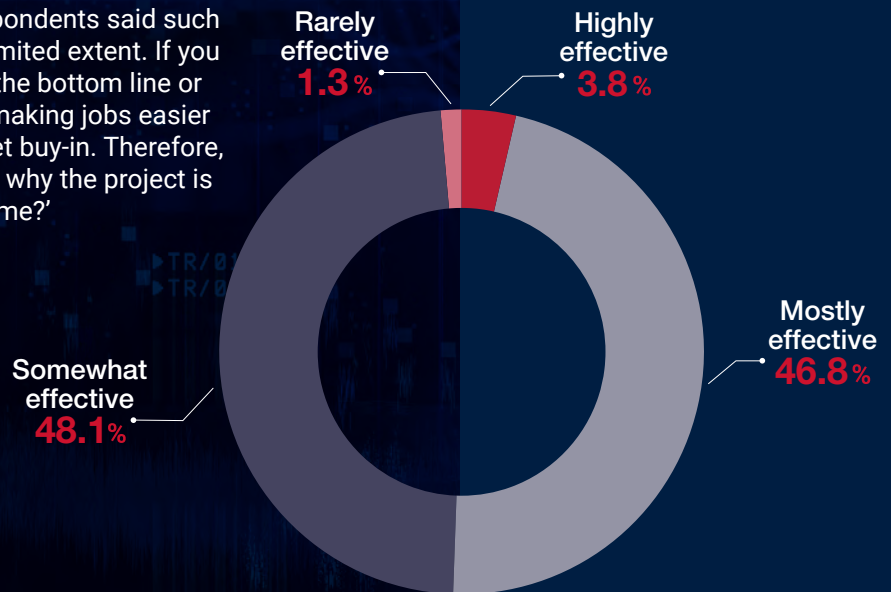
12%

think communication between external specialists and internal transformation teams is not very effective

But internal communication is a perennial problem. In our survey, there was a fair amount of scepticism about the extent to which senior business leaders are capable of explaining their transformation vision to the tech team – **16.7%** think they are 'rarely' or 'not at all' effective, with more than two-fifths thinking they are only 'somewhat' effective.

Research from Deloitte backs this up – it found that while **85%** of CEOs accelerated digital initiatives during the pandemic, most can't articulate their strategy and progress.

There's also room for improvement when it comes to communication between transformation teams and external specialists. It is rated as 'somewhat' effective by **48.1%** of respondents and 'rarely' effective by another **1.3%.**

But we should also cut these teams some slack. Just under half of respondents think communication with external specialists is either 'mostly' or 'highly' effective. Many people are doubtful whether it is ever totally possible for all stakeholders to understand and have visibility of transformation projects. Only **4.9%** think that it is 'totally' possible. A further quarter **(27.5%)** think it is possible 'to a great extent', leaving two-thirds **(67.7%)** who think there will always be limitations.

To what extent is it made possible for all stakeholders impacted by transformation initiatives in your organisation to understand and have visibility of the project's progress?

Totally
4.9%

To a limited extent
26.5%

To a great extent
27.5%

Somewhat
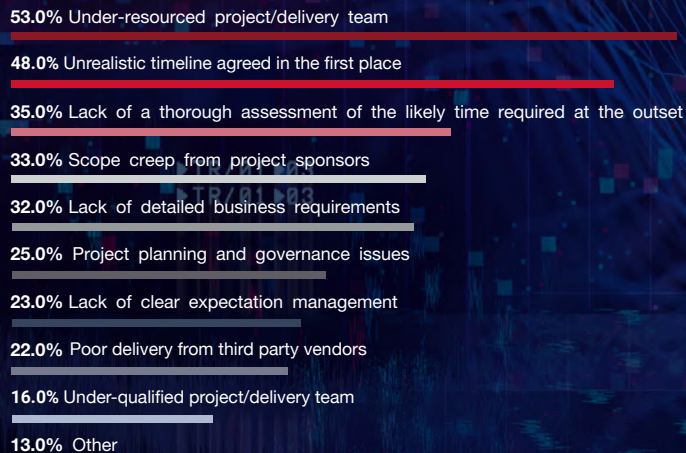**41.2**%
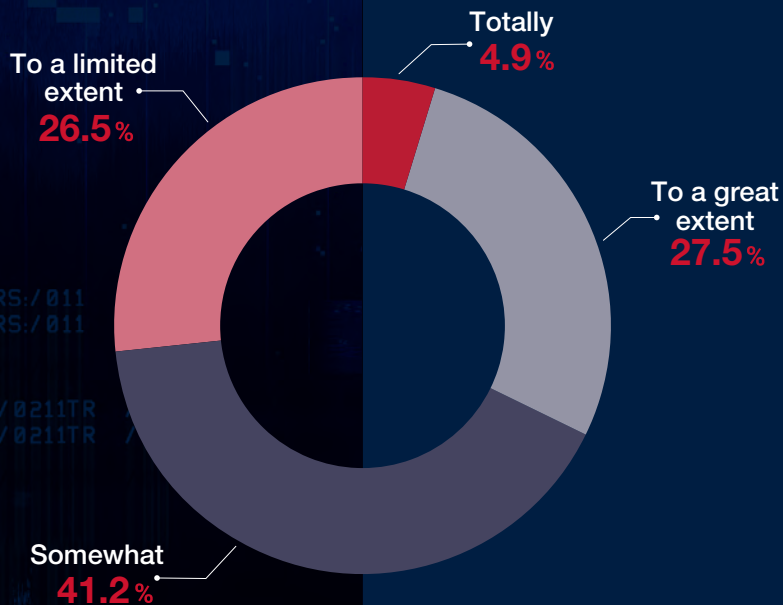
BRING PEOPLE ON THE JOURNEY WITH YOU

Transformation teams need sharp communication skills to get everyone on the same page. You're more likely to get end users on board if you bring them into the process early on. It's also the best way to make sure that the solution being proposed is going to deliver. Early 'show and tell' sessions are a great way of getting feedback and buy-in and identifying change champions in the business.

In fact, the most commonly cited reason in our survey for the failure of projects to deliver a quality solution was poor engagement with business users.

1/3

say scope creep from project sponsors leads to transformation initiatives failing to deliver on time

What are the three most common reasons that transformation initiatives in your organisation fail to deliver to agreed budgets?

53.0% Under-resourced project/delivery team

48.0% Unrealistic timeline agreed in the first place

35.0% Lack of a thorough assessment of the likely time required at the outset

33.0% Scope creep from project sponsors

32.0% Lack of detailed business requirements

25.0% Project planning and governance issues

23.0% Lack of clear expectation management

22.0% Poor delivery from third party vendors

16.0% Under-qualified project/delivery team

13.0% Other

With this in mind, it's hard to fathom why quality and user testing are often treated as an afterthought. Too often it's levered in right at the end of the project when timelines are tight, budget is spent and there are very few options to change the approach. It is easy to find all the defects at the end of a project – but it's too late to do anything about it.

The earlier that end users get visibility and understand the implications for themselves, the sooner changes can be planned and incorporated and defects identified. You don't want to just sit on them until you think the finish line is in sight.

This is backed up by IT and change professionals, who cite scope creep as the main reason projects slip behind time **(53.3%)** and budget **(78.6%).** Respondents in general only see scope change as the fourth most common reason for delays. They blame 'lack of detailed requirements' and 'lack of thorough assessment of the budget at the outset' to pretty much the same extent as scope change when it comes to reasons for overspend.

Our Advice

YOU CAN'T OVER-COMMUNICATE

Command-and-control, top-down communication about projects doesn't work, because it discourages people from speaking up about the issues they're facing. They need to understand the principles and aims that underpin why each change is being made. Equally, project managers must properly understand the on-the-ground use cases.

The core team of any transformation programme should know exactly what is happening. But what about the wider stakeholder groups – are they being kept it in the loop? Don't just assume that because you are living and breathing this every day, that everyone else knows what is happening.

Remember the three C's
COMMUNICATE,
COMMUNICATE,
COMMUNICATE.

WHAT TO CONSIDER

- Communication is two-way – sending out a company-wide email isn't communicating. Communicate often and use multiple channels – set up a transformation Slack/Teams channel and invite some more people to it.

- Executive sponsorship has become the norm, but it means more than just a paragraph in the monthly newsletter. Executives must be involved every day – not just include it as an agenda item at the next town hall meeting.

- Struggling to get people to get excited by the Gantt chart? Record a weekly three-minute update video for everyone. Be open and honest with the programme status. You can neutralise bad news by posting a 'what didn't go according to plan this week' message every week.

- Create a culture of openness and transparency where people are encouraged and expected to flag issues. You need to talk about progress as well as challenges — start airing your dirty linen in public. Include the exec team on the distribution list.

- It's one thing to say that everything is going well, but how do you know? If it's not being measured, it can't be managed. A project management office (PMO) is often seen as an admin centre that collects project stats and provides reports. An effective PMO collects data, analyses it and provides actionable data about the programme and the trends that emerge. It provides insights into the issues before they happen.

- Make sure that a strictly balanced transformation update is a standing agenda item at every exec and board meeting – not the AOB that doesn't get covered as everyone rushes out to the next meeting. If this is really going to transform your business, it should be top of the agenda.

- Each programme expects a quality solution and zero defects as if that's an unwritten rule. Why? If that's the requirement, then put it in the contract. Spell out what the quality goals are throughout the programme, not just at the end. Quantify the quality goals and make them a contractual obligation.

- Your vendor has a key role in delivering a quality solution and needs to be measured against the same criteria as internal teams. Make it a contractual obligation with vendors that they reveal problems the instant they appear.

PART 3
Inclusive

46.1%

rate their senior tech people
as either 'mostly effective'
or 'highly effective'

Coming in and fundamentally shaking up the way people work and then leaving them to get on with it is not going to deliver lasting change. It's likely to rankle a bit, too.

Unless people know what to expect and how to get involved in the process, disappointment is inevitable. This means keeping everyone in the loop and remembering that at the end of every process is a person.

When it comes to rolling out and communicating initiatives, think about your business' demographics and the different needs, drivers and preferences this creates. Agreeing development and project management approaches upfront is fundamental. There's a lot of hype about following Agile methods, but for many it's just another buzzword.

Agile is a way of working that tackles projects in small, incremental steps rather than solely focusing on the big end goal. Plans and results are continuously evaluated with the aim of allowing teams to respond more rapidly and adapt as the situation evolves.

The whole purpose of a minimum viable product (MVP) – a fundamental tenet of Agile – is often misunderstood. Rather than seeing it as a base from which to make regular, ongoing improvements, the temptation for many is to just poke holes in it.

It might be trendy, but there's no law that says Agile is the approach to use. Instead it can be preferable to pick and choose the most suitable elements from a number of approaches to find something that's best suited to your organisation's culture.

> *Unless people know what to expect and how to get involved in the process, disappointment is inevitable. This means keeping everyone in the loop and remembering that at the end of every process is a person.*

UNDERSTAND THE HUMAN IMPACT

It's easy to underestimate the scale of shifts in culture and ways of working that come with truly transformative projects. The accumulation of even minor updates to systems and processes can easily add up and make change feel like a real challenge.

Think of it like this. Remember what it was like learning to drive – at first it feels quite overwhelming with so many pedals and buttons to press, all while keeping your eyes on the road. But once things like changing gear become second nature and you're not really thinking about the processes, you've got a lot more brain space for other things like navigation.

People affected by change don't always understand what's in it for them – they just know that their job and the way they do it is going to change. So take the time to invest in them – explain how it's going to make their job better and why the company needs to make these changes.

It's pretty clear, though, that many senior technology leaders lack the willingness or clout to secure buy-in from the wider company: **14.7%** said they were 'rarely' or 'not at all' effective, with two-fifths **(39.2%)** saying they were only 'somewhat' effective.

On the flipside, there are also many that do impress: **34.3%** rated their senior tech people as 'mostly effective', and a further **11.8%** as 'highly effective'.

> "
> *You can ask people to change their way of working until you are blue in the face, but it's not going to make a difference until they understand why those changes are needed. If you want permanent change, you need people within teams who can articulate the value of transformation.*
>
> *Linda Armstrong*
> *Positive Momentum Partner*
> "

SUPPORT AT THE HIGHEST LEVEL TO CREATE THE RIGHT CULTURE

No one likes to be the bearer of bad news. More than half of respondents (52%) say project leaders are not open and honest about the challenges they are facing.

That's hardly surprising when they don't feel the executive team has got their backs. Nearly a quarter of respondents think transformation teams don't have any executive support to provide an open and honest assessment of progress, or they only have it to a limited extent.

Exec support is part of building a culture where people can express their concerns without fear or judgment or repercussions. The executive team must be willing to listen to concerns and take the time to build trust with stakeholders internally and externally.

Equally, when you are looking to bring in people from outside the company, bear in mind their culture and not just their cost. Will they be a true partner? Are their goals aligned with yours?

Preventing project creep and things spiralling out of control is as much about creating the right culture as strong project management and communication. Similarly, people need to be able to have faith that the executive team have the right 'unblockers' – be that more budget, or more resources – to resolve problems as they arise.

Creating lasting change means, in addition to project teams being seconded on to these initiatives on a full-time basis, executives need to make sure that they also commit the right amount of their time to the project.

> "
>
> *Having the support of the senior management team can make or break a project. But it is also key to creating the type of culture where problems can be flagged and addressed as soon as they emerge.*
>
> **Kevin Cunningham**
> *Positive Momentum Partner*
>
> "

FINDING THE RIGHT PEOPLE

The impact of the Great Resignation is being felt by many businesses. Faced with an already widely acknowledged skills shortage in the tech industry, there is now even greater hiring competition.

A Gartner survey from the tail end of 2021 demonstrates the scale of the problem: globally, only **29.1%** of IT employees intended to stay with their current employer. That's the lowest out of all corporate functions.

This can create a real challenge for organisations trying to find appropriately qualified internal people to work on transformation projects.

But businesses can also turn this into an opportunity. With so many people on the move, the right benefits could be used to attract some real talent and bring in fresh perspectives. Flexible and remote working – both highly desired since the pandemic – can be used particularly effectively in IT teams.

However, these are the norm in IT and only meet the minimum requirement. You have to stand out from the crowd and create an environment where people want to excel – and can. You could consider benefits such as mental health wellbeing and unlimited holidays. Projects are hard and require dedication and commitment – people are prepared to give this but expect something in return.

> "
>
> *With so many people on the move, it can be a real challenge for organisations trying to find appropriately qualified internal people to work on transformation projects.*
>
> "

WHAT'S THE RIGHT METHODOLOGY TO USE?

Agile has clearly become a buzzword on transformation projects – half of our respondents say it is often or always used. But it seems the approach is rarely followed faithfully – why is this?

Where it is used, a quarter **(23.5%)** of respondents say MVPs and iterative development are not at all supported or only supported to a limited extent.

Many people have a high level of awareness and appreciation for Agile, but lack the detailed understanding needed to implement it properly. It also needs to align with a company's culture in the first place.

How often are Agile methodologies considered for transformation initiatives in your organisation?

Don't know
6.9%

Never
2.9%

Always
9.8%

Rarely
20.6%

Often
40.2%

Sometimes
19.6%
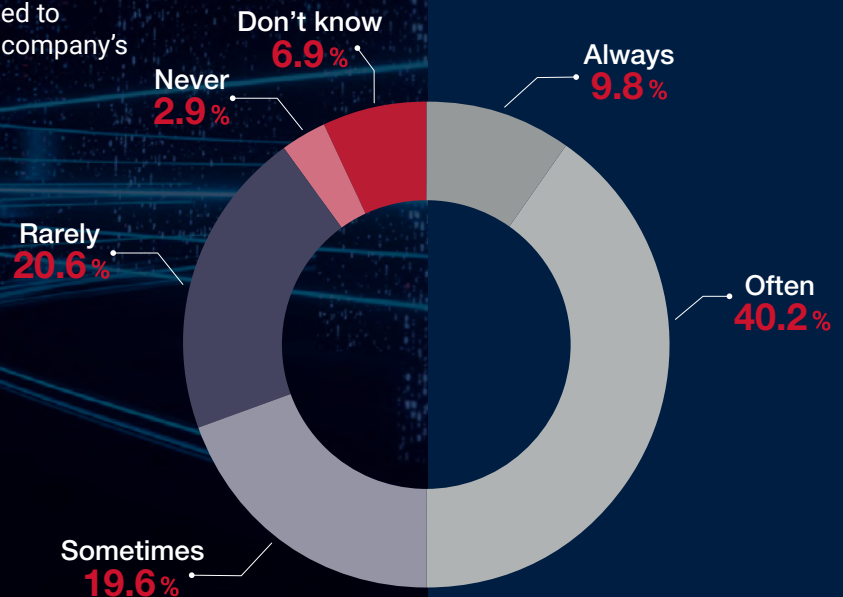
Research from McKinsey underlines this – the number one problem cited by companies going through Agile transformation is culture.

Our survey shows that a quarter **(27.5%)** of respondents think the relevant teams are sufficiently skilled in Agile to only a limited extent.

Added to this, it can be very difficult for a business not used to working in an Agile fashion to suddenly have it imposed on them – Agile methodologies mean changes need to be made in days. But if existing processes work on a timescale of weeks you have a stumbling block embedded from the start.

If you haven't got a transparent communication process in place – so all stakeholders know what progress is being made and can constantly evolve – you haven't got a chance of successfully implementing Agile processes.

So, most of the time, it's better to select elements from a range of project management techniques to build a methodology that's the most appropriate for the project. This will also allow for a bit more certainty, along with greater long-term planning – which your finance team is likely to thank you for.

Where Agile methods are used, do you think your project teams are sufficiently skilled in this way of working?

Not at all
6.9 %

Totally
3.9 %

To a great extent
23.5 %

To a limited extent
27.5 %

Somewhat
38.2 %
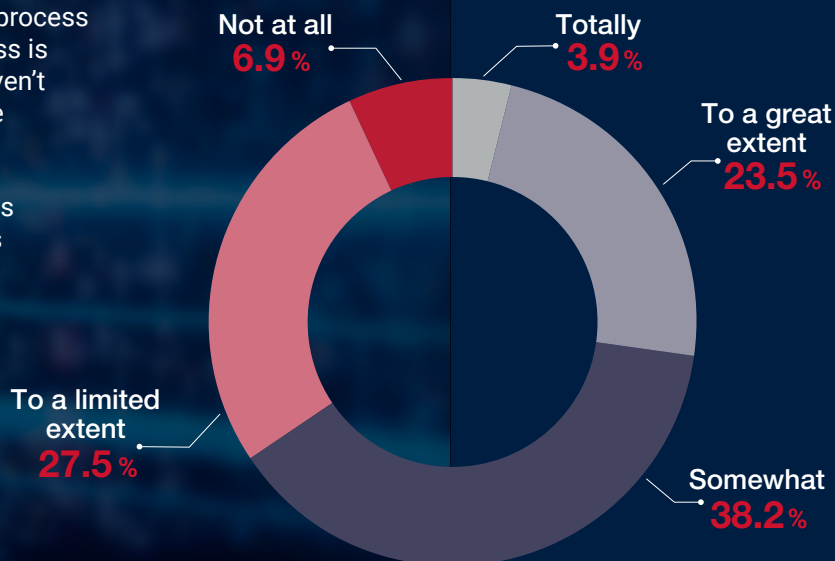
Our Advice

IT'S ALL ABOUT THE PEOPLE

You need evangelists – people internally who are going to promote change and make it an integral part of their everyday business, remembering this is not a one-off exercise but a programme of continuous change.

Invest time in understanding how people are feeling about the impending change – and explain how this transformation will affect them personally.

Ensure that your external partners are not just up to the task, but also a good cultural fit – and make sure it's clear from the outset what steps need to be taken if things go wrong.

THINGS GO WRONG AT THE BEGINNING, NOT THE END

How often are business leaders told that everything is on track right up until the time it goes horribly wrong?

Post-mortems and retrospectives are great ways of finding out what went wrong, but by then, it's too late, the money's spent and the opportunity missed. The issues on a programme start at the very outset and the experienced professionals among you already know what is likely to go wrong.

WHAT TO CONSIDER

- For many years, technology professionals have talked about Agile. Business agility is now seen as the norm. But trendy doesn't mean it's right. As a business, do you know how to track the progress, spend and ROI of an Agile project? Invest in your people, train them in the methodology and approach, give them the opportunity to develop their skills and become the experts. After all, you wouldn't expect someone to be able to develop software without being trained.

- Technology is seen as a driver for change and no longer just an enabler. But, fundamentally, it's all about people. Involve the HR and Learning & Development teams early on. Invest in educating everybody in the company about the technology and methodology so they can contribute. Run workshops on technology and transformation for non-technologists. Get everyone really understanding the language.

- The times they are a changing – are people ready for it? Change is often scary and unsettling. Change people's objectives and goals to align with the new business model and strategy. If this programme is going to transform your business, your future budgets should reflect that. Set future budgets to match the increases in sales, revenue, top line and bottom line.

- Run a pre-mortem workshop, don't wait to run the post-mortem. At the start of the programme, ask people what they think could go wrong. Ask them to think about what it was like on other programmes and what happened – and how it made them feel. Capture that and do something about it before you start.

Putting pragmatism, transparency and inclusivity at the core

Market intelligence company, The International Data Corporation estimates that global spending on digital transformation will hit **$1.8 trillion in 2022** – an increase of **17.6% over 2021.** In fact, there was only a minor slowing down in spending over the pandemic period.

It's clear that organisations are seizing the opportunities that digital transformation presents to put their best foot forwards despite continued uncertain markets. Many of them are getting it right.

But let's be honest – transformation projects are complex. Frequently they can feel like you're biting off more than you can chew. Our survey and the experiences of experts who have managed change projects paint a clear picture: there are multiple elements influencing the success of a digital transformation, and very few of them are linked to the technology itself.

Successful digital transformations rely on three core premises: pragmatism, transparency & inclusivity.

Pragmatism means going into projects with your eyes open and being realistic about expectations. It means making sure you are giving yourself the best chance of success, with enough of the right people, a decent budget, a sensible timeline and detailed scoping.

Transparency means regular, whole-company updates, CEOs bought into the process, and a culture that supports open and honest communication between all parties.

Inclusivity means appreciating the different perspectives and dynamics of all stakeholders, including external parties and end users. It includes selecting methodologies that work for your business and everyone involved. It means understanding that as projects inevitably evolve, bringing everyone along with you is key to ensuring their end success.

Taranata's Ewart summarises it well: *"Digital change, innovation – it's a human problem, and we've all got the toolkit and the processes now. But unless you get the mindset to accept risk, to enable curiosity, to celebrate failures because of the learning they bring, then you will not create an environment that is safe enough to get disruptive change."*

POSITIVE MOMENTUM ●

no nonsense business expertise
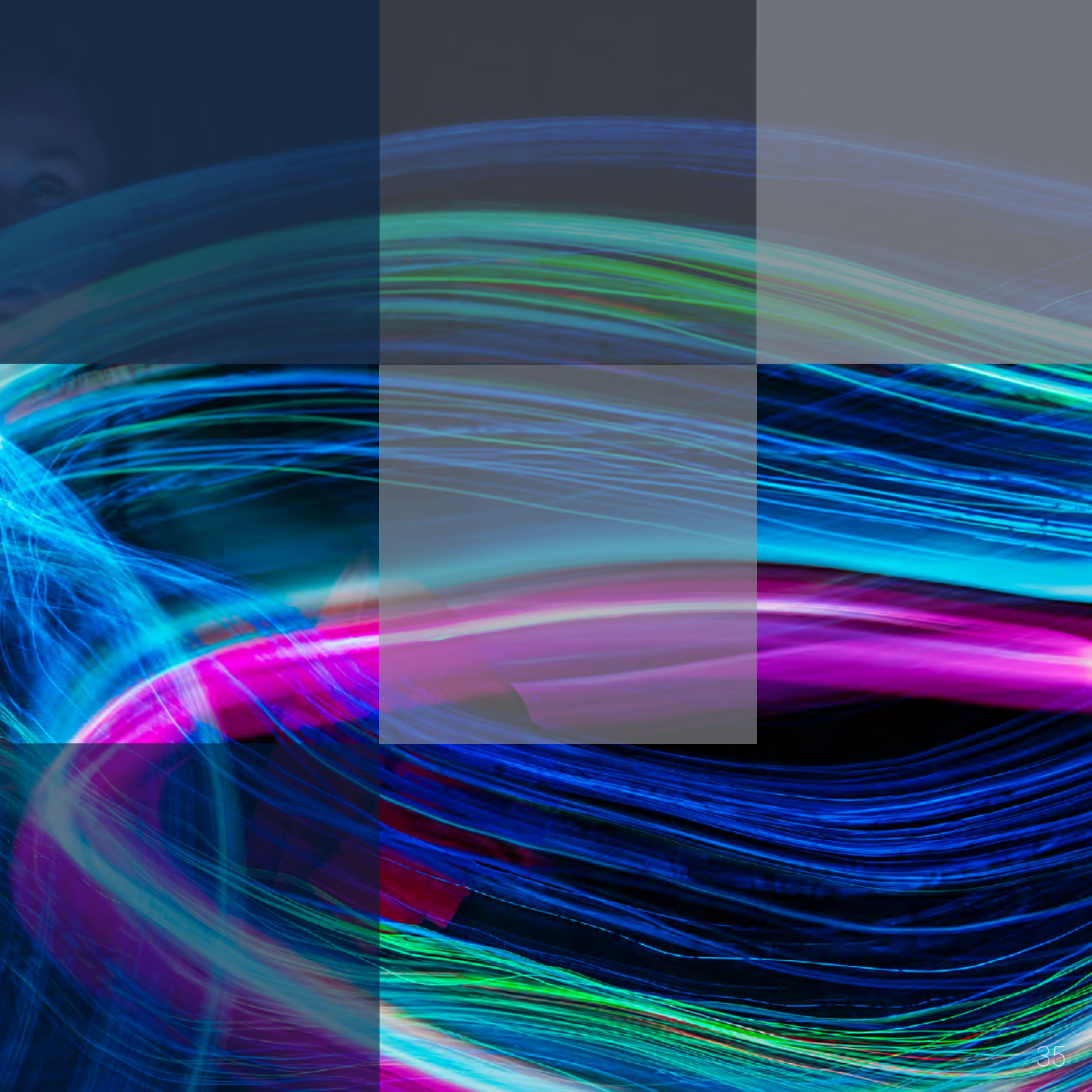
About Positive Momentum

If you seek a partner who will have credibility with your executive team, the courage to constructively challenge them and a no-nonsense approach based on your current business issues, then please contact us.

Positive Momentum consultants are all former business leaders. We understand your day-to-day because we've lived it.

We have no career consultants, no junior teams seeking spurious billing hours and no patience with time-wasting academic exercises.

WE'RE PRACTITIONERS, PRAGMATISTS AND PARTNERS.

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