



Building a better
working world

Transformation leadership in a digital era

EY Strategy



Context

Transformation in the digital era requires organizations to take new approaches and techniques to coordinate the delivery of digital solutions, together with the renewal of the enabling capabilities that support them.

In particular, approaching change in this environment requires organizations to manage change initiatives in a layered model:



○ **Innovative capabilities** require a less constrained, research-focused approach to delivery that offers the freedom to test and validate new concepts with little upfront understanding of possible outcomes.



○ **Differentiating capabilities** require a focus on value creation, typically employing agile and user-centred development approaches to progress to incrementally better solutions.



○ **Enabling capabilities** require a focus on stability, predictability and cost efficiency, with a greater emphasis on justifying and governing investment.



Established portfolio and program management methods and frameworks have been developed to support delivery in the enabling capability layer. But these are poorly suited to transformation environments in which the understanding of the solution will evolve over the course of the delivery.

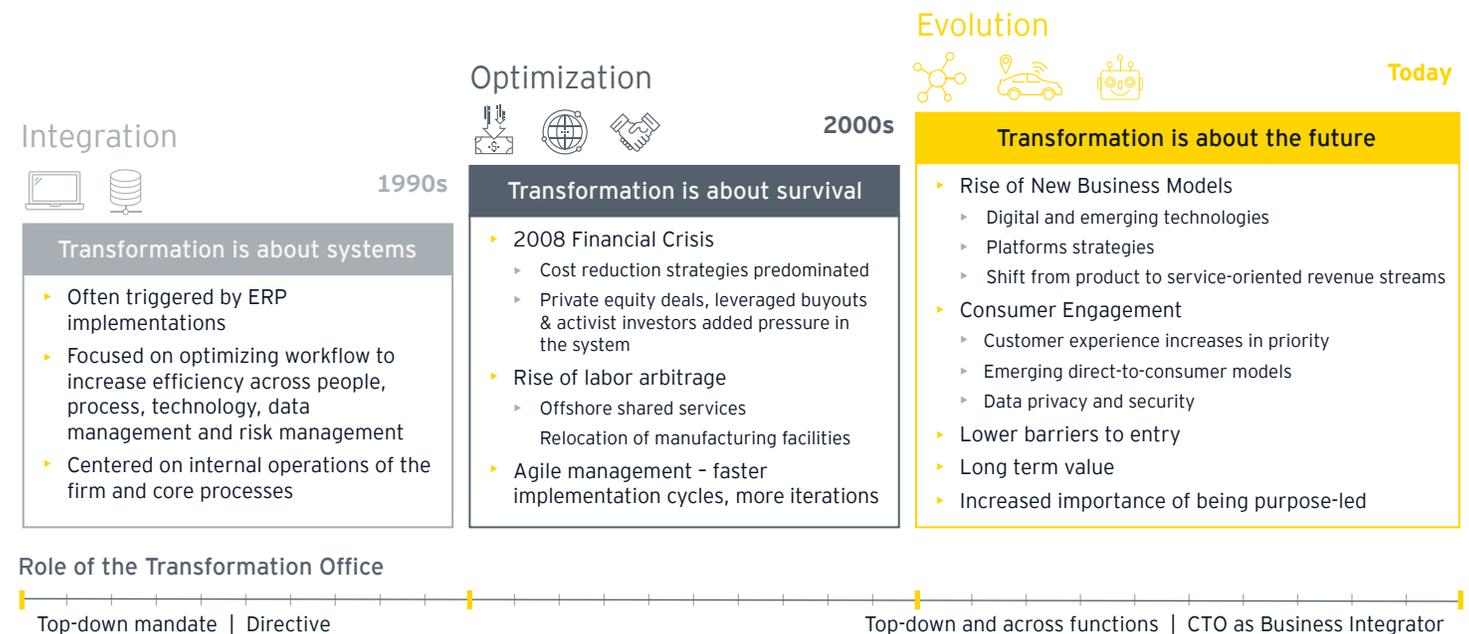
Equally, agile software engineering practices, which are developed for environments in which technology is a differentiator, are designed for point software implementations and do not address the coordination of interdependent activities that span the entire enterprise to deliver a full operational capability.

In this report we discuss the concept of a Transformation Management Office (TMO) and its associated components, which has evolved into a strategic coordinating function

that supports effective execution of a portfolio of change initiatives across the three layers, to achieve an overarching transformational purpose.

Transformation offices are not new, but they have evolved with a focus on digital, emerging technologies, customer experience and innovation as companies look for new ways to drive efficiency and effectiveness.

In the 1990s, TMOs were primarily focused on helping an organization transition to an ERP system and optimize business workflows and processes. Today TMOs help organizations optimize the digital future, making use of new technologies, transforming business models and enhancing customer and employee experiences like never before.



When considering setting up a transformation portfolio and the associated governance, it's important for the organization to first understand this external context and the internal reality. That will enable the organization to get the required focus, strategy, operating model and execution plan in place for success.

Many transformations in the digital era are now about how organizations can leverage new digital technologies and platforms to drive long-term shareholder return, so it's critical to set up your transformation office in a way that supports and enables this outcome.



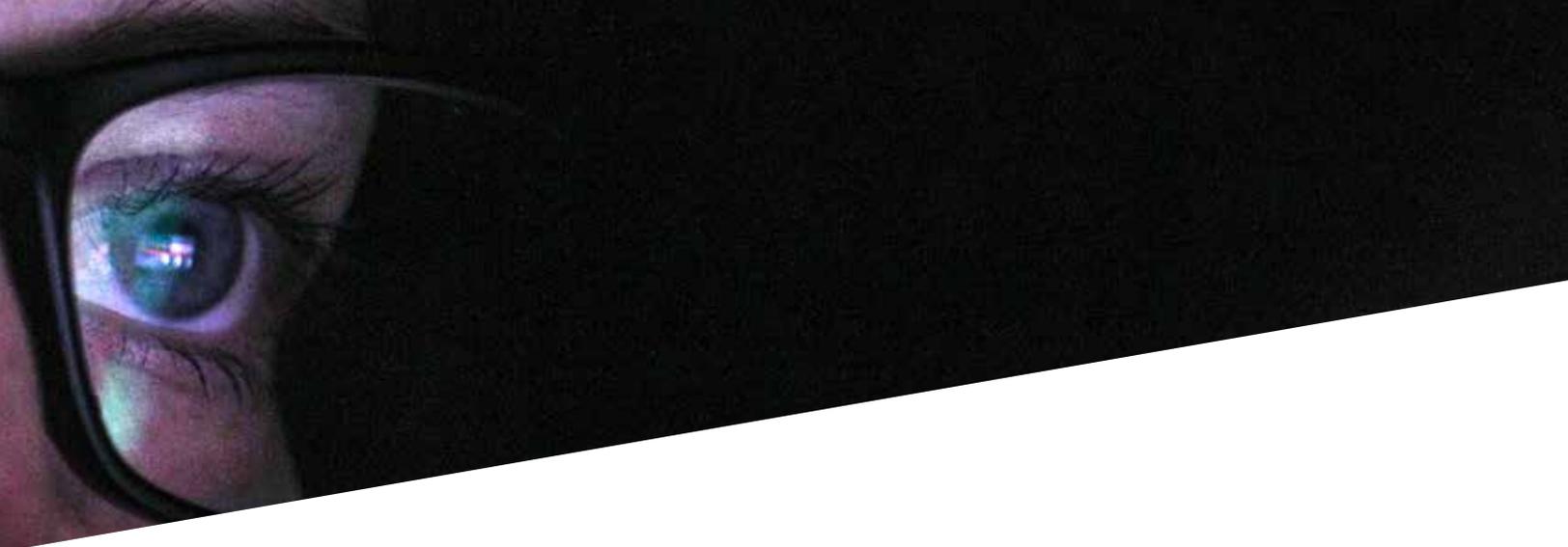
Defining transformation

Before embarking on a significant digital change journey and setting up new capabilities to drive and orchestrate transformation, it's important to define up front what transformation actually means to your organization.

How does EY define transformation?

Deep, fundamental, often radical, changes in an organization's mission, strategy, structures, systems and culture, rather than incremental change and improvement.

In our experience, defining transformation top-down helps determine the TMO's scope and form the basis of what should be in its purview. It delineates what is really transformative as opposed to what's simply continuous improvement or business as usual. Without a clear articulation of what transformation means, organizations tend to focus on the wrong things or on too many things, risk losing focus, and potentially cause confusion.



When defining transformation for your organization, it's important to consider which areas to focus on. In our view, transformation can be categorized by three specific focus areas, or pivots, that leading organizations consider:

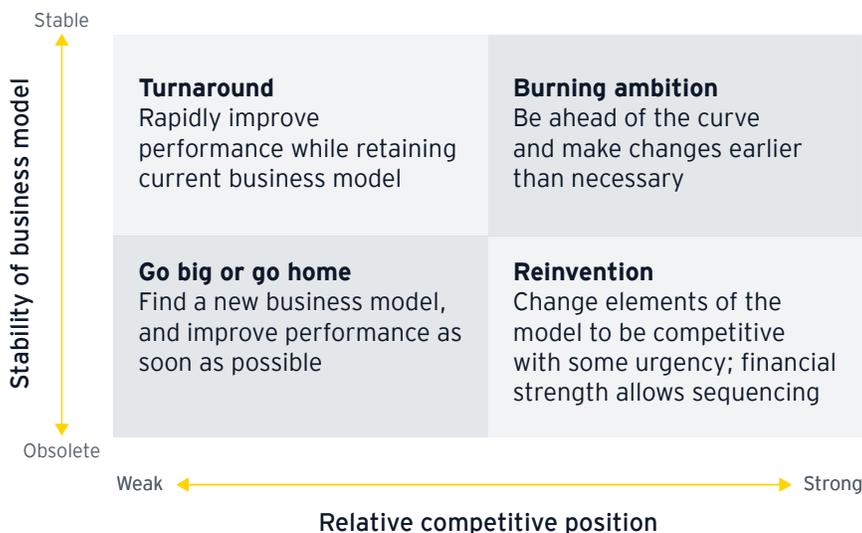
- 1 | Scale of transformation**

Transformation means big changes. It's about looking at the whole, not examining parts. Instead of incremental change or small improvements, it is about fundamentally changing the game via cultural, process, system **and** (not 'or') technology advancements to create an inspiring vision employees, and drive significantly greater value for shareholders.
- 2 | Focus of transformation**

Transformation doesn't happen accidentally. To deliver bigger and better measurable results, transformation needs to be deliberate, fast-paced, and time bound. Transformation requires intensity, focus, collaboration, clear accountability, and a strong purpose to create the momentum needed to drive and sustain changes to behaviours and outcomes.
- 3 | Nature of transformation**

Transformation isn't comfortable. It's bold, inspirational, and creative to generate exponential differences in how a company works. Transformation is about expecting big changes right down into the organization's DNA: how people work, what technology they use, what data they rely on, and how they interact with each other every day.

Transformation variances



Organizations may decide to combine, pull apart or create new concepts or statements to make them unique and ensure they resonate with the TMO as well as with the organization at large.

In addition to considering scale, focus and nature of transformation, we believe it's also worth factoring in the internal and external reality of your business in terms of stability and competitive position, both of which can influence the type of transformation required to be successful. The different types of transformation as illustrated in the chart will all have some bearing in terms of how you define transformation and the resulting TMO execution support.

Principles of transformation



Establishing principles early on is critical to the longevity of the transformation. These principles become the governing fundamentals that guide decisions, ensure alignment with the vision and help translate strategy to execution through the TMO.

These principles should be the foundation for everything that will happen in the TMO, including how it will engage, interact and integrate with other parts of the organization.

In this section, based on research on successful transformations, we've identified 10 leading practice governing principles that transformation teams should consider adopting as a backbone for governance.

TMO principle

How it works

	<p>1. Purpose-led</p>	<ul style="list-style-type: none"> ▶ Articulate up front the value you expect to achieve through transformation. ▶ Always create a line of sight from purpose through to the solution, and weave it throughout all decision-making. ▶ Share and communicate the “why” of the transformation by actively engaging employees and managers to create context, vision and a call to action that will resonate with each person individually. This kind of personalization is what motivates.
	<p>2. Focus on systemic change</p>	<ul style="list-style-type: none"> ▶ Orient around holistic, systemic change, rather than narrowly defined and targeted enhancements (portfolio versus projects). ▶ Work on initiatives that roll up into a cohesive portfolio that addresses a key theme or targeted end state. Aligning portfolios by themes would enable more effective management of dependencies for cross-functional initiatives.
	<p>3. Customer-centric</p>	<ul style="list-style-type: none"> ▶ Understand and quantify the competitive value that transforming the customer experience will bring to the organization, and then align outside-in customer, partner and market voices with inside-out organizational processes and ability to deliver. ▶ Continuously listen, analyze and prioritize what customers want and value, and then decide how the organization can evolve its customer value propositions to meet these needs both profitably and competitively.
	<p>4. Obsessive drive to value/outcomes</p>	<ul style="list-style-type: none"> ▶ Take time to be explicit about exactly how value will be created, then establish strong, clear connections to execution plans. ▶ Closely monitor, measure and track value/benefits throughout the transformation. It is critical to create a simple, consistent way of defining and tracking value to create credibility when commending those who have made good progress and to call out laggards. ▶ Ensure everyone has access to the same simple rulebook and is trained to understand it. Ultimately, every initiative should link to the defined value measures. ▶ Centre conversations around achieving outcomes, rather than status updates on activities, schedule and/or budget.
	<p>5. Embed innovation into the organization's DNA</p>	<ul style="list-style-type: none"> ▶ Transformation is about change, but also about embedding the ability to harness and embrace change, turning it into a competitive advantage for the organization. As such, it becomes critical to embed innovation into the organization's culture and structure to build enduring competitive advantages. ▶ Encourage development and improvement in core skills and competencies of portfolio and program sponsors/managers to achieve exponential performance and, where necessary, conducting knowledge transfer.
	<p>6. Technology is an enabler, not a driver</p>	<ul style="list-style-type: none"> ▶ Transformation is about business change; it's not about technology change. ▶ Always view technology as a facilitator of the new business model, culture and/or way of doing things, rather than the impetus for change.
	<p>7. Be agile; embrace failure</p>	<ul style="list-style-type: none"> ▶ Take an agile approach to the transformation, as opposed to a single big bang or waterfall way of working. This helps deliver quick wins and iterative progress that aligns with the desired transformation value. ▶ Embrace failure in favor of progress by testing, learning and iterating on what works or pivoting from what isn't working. ▶ Allow for incremental test and learn cycles in the delivery so that outcomes can be validated and optimized at small scale prior to full implementation. Testing with prototypes also lowers the cost of failure and increases the speed of learning.
	<p>8. Build in sustainability</p>	<ul style="list-style-type: none"> ▶ Put the right capabilities, competencies and change-adaptive culture in place for sustaining and growing the value of the transformation. ▶ Understand that transformation is also about ensuring the long-term sustainability of change once the TMO is disbanded by fundamentally enabling the business to change the way it does things long after the TMO disappears.
	<p>9. Break down silos and collaborate</p>	<ul style="list-style-type: none"> ▶ Balance the autonomy of portfolios and business functions with the need for consistent execution and transparency across the transformation portfolios using a collaborative approach - “supporting not policing.” ▶ Break down silos by working in more open space rather than offices.
	<p>10. Single source of truth</p>	<ul style="list-style-type: none"> ▶ Create a transparent view of what flows through the pipeline and a central record of the progress of each initiative. Then track and approve initiatives through a structured stage-gate process. ▶ Decision-making that's based on a data-driven approach that provides transparency in the governance process and promotes overall ownership among stakeholders helps support end-to-end visibility across the transformation.

Creating a TMO



In its purest form, a TMO exists to translate strategic intent into action, and then to oversee execution activities to achieve the intended outcome. High-performing organizations avoid falling into the program management office (PMO) trap by focusing the TMO on more than just tracking initiatives.

During times of change, organizations commonly stand up a PMO helmed by a leader with a track record of success and respect across the business. The PMO is charged with managing and tracking a collection of initiatives determined to be transformational. A cadence is established, integrated roadmaps are developed, and the initiatives are launched with updates shared across the layers of the organizations on their progress. Though milestones are met with recognition and praise, there is a shared sentiment that the organization remains mired in the old ways of doing things and the pace of change is materially unaffected.

This is where a TMO distinctively differs. If enacted well, a TMO brings with it new energy to strategic direction, portfolio management, and initiative execution. Leading TMOs become the beating heart of the transformation – elevating the organization forward at a new tempo, instilling with it a new culture of delivery and creating value in areas not seen before.

Great TMOs manage and execute projects in the same way a highly effective PMO does, but they break out of the PMO mold by changing the organization's metabolic rate and setting new rules of engagement. Great TMOs aren't afraid to look at and reinvent longstanding practices to generate savings and, beyond that, should be able to reinvest that capital to generate and create value.

As the TMO fulfills its role in delivering business outcomes, typical objectives should include:

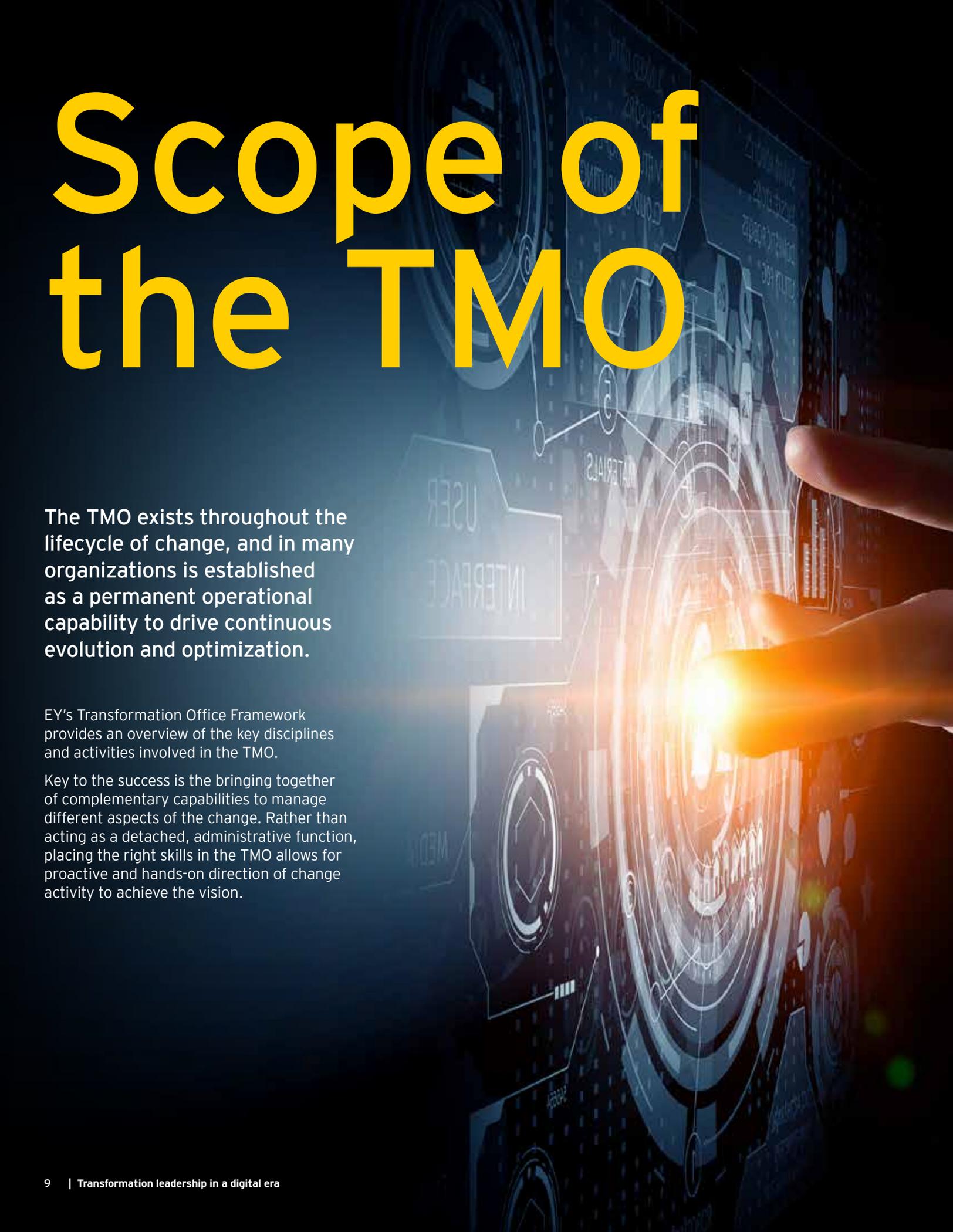
- ▶ **Spend efficiency.**
Allocate investment to the right initiatives and focus on making each initiative operate in a cost-effective manner.
- ▶ **Outcome optimization.**
Focus on making the total portfolio of change activity deliver the intended outcome, and that benefits are identified and can be measured. This helps refine solutions and delivery approaches to deliver greater benefits.
- ▶ **Speed to benefit.**
Optimize the delivery schedule and change approach so that benefits can be delivered faster.
- ▶ **Sustainable results.**
Understand business readiness to support the results of change on an ongoing basis. Put in place the right capabilities and processes to effectively operate the results of change.
- ▶ **Risk management.**
Understand the risk profile of delivering the change outcome. Identify and implement appropriate mitigating actions to control and reduce risk levels.



Key differences between a PMO and a TMO

Dimension	Program Management Office (PMO)	Transformation Management Office (TMO)
Focus	<ul style="list-style-type: none"> ▶ Achieving effective and efficient project and/or program delivery and realizing business value. 	<ul style="list-style-type: none"> ▶ Identifying and selecting initiatives that deliver strategic value and maximizing business value.
Lifetime	<ul style="list-style-type: none"> ▶ Permanent – usually exists within larger organizations that require standardized project/program management processes and a function that manages this for the enterprise. 	<ul style="list-style-type: none"> ▶ Temporary and time-bound – usually around realizing the target state. TMOs are often, if not always, disbanded within three to five years after new target state is achieved.
Underpinning methodology	<ul style="list-style-type: none"> ▶ Project/program management – planning, managing, and executing the work within an initiative with a focus on meeting schedule and budget. 	<ul style="list-style-type: none"> ▶ Portfolio management – big picture planning; ensuring that initiatives are always aligned, prioritized, and sequenced in alignment with the transformation strategy.
Performance management	<ul style="list-style-type: none"> ▶ Measured on adherence to schedule and budget, as well as the achievement of milestones. 	<ul style="list-style-type: none"> ▶ Managed by overall results and outcomes delivered.
Stakeholder engagement	<ul style="list-style-type: none"> ▶ Engaging and communicating with stakeholders for project/program execution related objectives. 	<ul style="list-style-type: none"> ▶ Communicate and engage stakeholders for strategic reasons; alignment on the reason for transformation and getting the support to ensure adoption.
Key capabilities	<ul style="list-style-type: none"> ▶ Project and program management ▶ Budgeting ▶ Tracking and monitoring ▶ Issue and risk management 	<ul style="list-style-type: none"> ▶ Strategy articulation ▶ Future back visioning ▶ Portfolio management ▶ Benefits realization
Primary traits	<ul style="list-style-type: none"> ▶ Operational in nature ▶ Structured and administrative ▶ Reactive ▶ Efficiency focused ▶ Anchored on process ▶ Output focused ▶ Risk-managed 	<ul style="list-style-type: none"> ▶ Strategic in nature ▶ Agile and fast ▶ Anticipatory and proactive ▶ Effectiveness focused ▶ Anchored on collaboration ▶ Outcome focused ▶ Risk-intelligent

Scope of the TMO



The TMO exists throughout the lifecycle of change, and in many organizations is established as a permanent operational capability to drive continuous evolution and optimization.

EY's Transformation Office Framework provides an overview of the key disciplines and activities involved in the TMO.

Key to the success is the bringing together of complementary capabilities to manage different aspects of the change. Rather than acting as a detached, administrative function, placing the right skills in the TMO allows for proactive and hands-on direction of change activity to achieve the vision.

Typically, the TMO will address five key discipline areas:

1. **Business solution.** This discipline considers transformation from the perspective of the people, process, technology and information implications, considering what needs to change to deliver the outcome.
2. **Transformation portfolio.** This discipline considers the portfolio of change activities that need to be delivered from a planning perspective. Release schedule, implementation schedule, cost, risk and inter-dependency are key focuses for this discipline.
3. **Business engagement and readiness.** This discipline considers the rational, political and emotional implications of the change on the stakeholder community. Stakeholders are appropriately involved, with their contributions and roles clearly understood. Impacts are understood and addressed, with a key focus on ensuring that the business is ready and able to accommodate new capabilities as they are delivered.
4. **Performance management.** Successful transformation requires a continuing focus on delivering the intended business outcome, adapting as lessons are learned and the context changes. The performance management discipline establishes a traceable hierarchy from the original purpose through to a set of operational performance metrics that relate to the transformation delivery and operational running of the business. Progress is continually monitored against the performance framework, with interventions and adjustments being made to keep the delivery on course.
5. **Transformation operations.** This discipline focuses on effective day-to-day running of the transformation, including execution of the governance model, resourcing, financial administration and reporting activities.



TMO functional layers

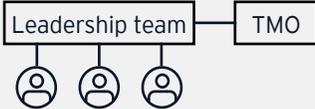
Highly effective TMOs function along three layers of performance:

- ▶ **Strategic layer:** Includes setting direction and guidance to align with the organization's purpose and long-term strategy, as well as leadership on organizational culture and values.
- ▶ **Management layer:** Includes portfolio oversight, identification, selection and prioritization of investments, with a focus on realizing the vision (horizontal). Management also includes the delivery and execution of portfolio planning and stewardship of the overall transformation realization.
- ▶ **Execution layer:** Includes management and delivery of the selected programs and/or projects, with a focus on realizing the initiative value (vertical). It also includes monitoring, controls and reports on program and project delivery and operations – quality, schedule and budget.

Types of TMOs

The types and characteristics of the TMOs lie along a spectrum from highly involved and directly accountable for transformation – the driver – to limited involvement and accountability, acting more in a subject matter advisory capacity – the advisor. These categories are guides – situational needs may dictate a TMO that lies between categories.

A deliberate choice of the right type is critical to setting up the TMO in a way that will drive successful outcomes within the situational context. Typically, pace, organizational culture, degree of change and impact expected, and previous transformation history influence the type of TMO that makes sense for your organization.

	TMO type		
	Advisor	Orchestrator	Driver
Overall description	A hands-off, consultative approach, providing strategic and process guidance to key stakeholders, but removed from the day-to-day. All accountability resides with leadership team (LT) and transformation initiative (TI) leads. TMO has no direct authority.	A hands-on, facilitator/guide role, driving the transformation design and supporting both executives and teams through the day-to-day so that they, not the TMO, own the effort. Primary accountability resides with TI Leads; TMO has targeted accountability (i.e. engagement). TMO has no direct authority over TIs, but has full backing of LT.	The TMO owns and is accountable for designing and managing the strategy and execution of the effort and delivering results. All accountability and authority resides with TMO. TIs report directly to TMO.
Required capabilities	<ul style="list-style-type: none"> Transformation Facilitation and leadership Organization strategy 	<ul style="list-style-type: none"> Transformation Facilitation and leadership Organization and business strategy The business' operations Communications and engagement 	<ul style="list-style-type: none"> Transformation Project/program/portfolio management Leadership Organization and business strategy The business' operations Communications and engagement
Situational application	<ul style="list-style-type: none"> An adaptable and empowered organizational culture that doesn't require much change Strong leadership and alignment at both the executive and line management levels This model often evolves from a maturing transformation that began at Driver or Orchestrator 	<ul style="list-style-type: none"> An organization seeking to develop a leadership/ownership culture Strong executive leadership and project/program management line managers 	<ul style="list-style-type: none"> A turnaround situation requiring immediate change and adoption and/or An execution/efficiency focused organization without strong line management leadership
Governance structure			
Meeting cadence	<ul style="list-style-type: none"> Start with weekly TMO-led meetings to get transformation off the ground Monthly advisory meetings with LT and TI Leads Combined quarterly checkpoints 	<ul style="list-style-type: none"> Start with weekly TMO-led meetings to get transformation off the ground Bi-weekly TI lead meetings Weekly TMO meetings Combined quarterly checkpoints 	<p>Situation dependent:</p> <ul style="list-style-type: none"> If dire business conditions, daily meetings, thinning to weekly after stabilization Otherwise, weekly meetings with TI leads Combined quarterly checkpoints
TMO staffing requirements	<ul style="list-style-type: none"> A small team of experienced transformation consultants with skills in strategy, transformation and organizational change 	<ul style="list-style-type: none"> An experienced transformation leader with the ear of the LT and that understands the operations and organizational challenges, supported by a small core team Communications/engagement experts that are also embeds in the TI teams HR representation 	<ul style="list-style-type: none"> A team drawn from the LT, with a supporting core team. LT representation from (at minimum): <ul style="list-style-type: none"> Finance Operations Project management HR IT

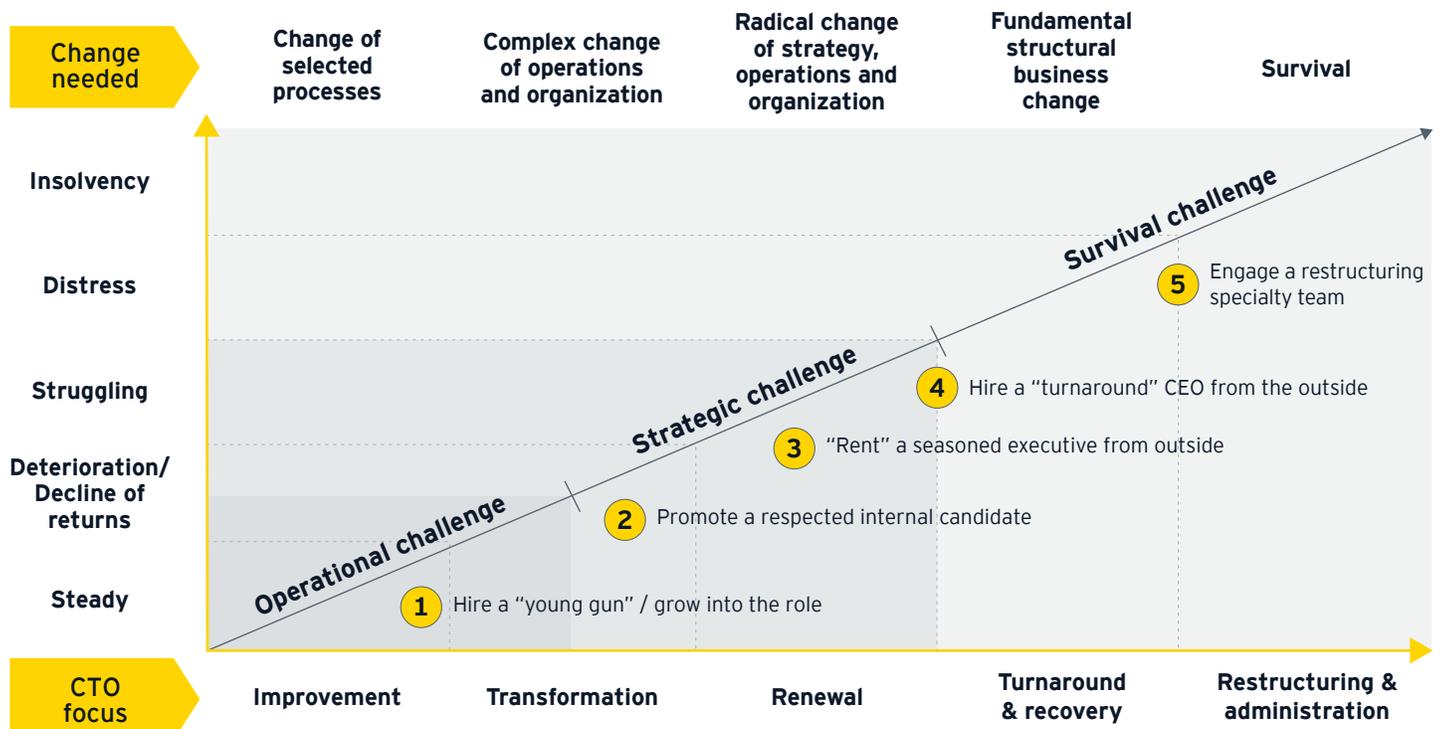
The role of the chief transformation officer (CTO)



Selecting the right kind of leader to fill the CTO role is essential to the success of the TMO and transformation overall. The CTO oversees the transformation, closely liaises with the executive team, and ensures the organization thrives after the transformation is complete.

The CTO often wields substantial organizational influence and can be a formidable ally who helps rally CEO and board support for technology investments, while the CIO acts to implement these investments. As illustrated by the chart to the right, at the outset it's important to consider the degree of change needed in the organization, because that will drive the type of CTO focus required to be successful, from small-scale improvements to fundamental restructuring.

Types and focus of Chief Transformation Officers



Characteristics of the CTO

We believe that an effective CTO has several characteristics specific to their role as well as to their personality and work style:

Role characteristics:

- ▶ Empowered by decision authority from the board and CEO, on par with C-suite/ senior leadership
- ▶ Possess a clear transformation charter – we've seen both program-centric roles and, less often, enduring transformational charters
- ▶ Drives a specific cadence and timeline
- ▶ Operates towards well-defined success measures
- ▶ Commands an "A team" of supporting resources; CTOs sometimes lead the IT, change management, innovation and strategy functions
- ▶ Has budget authority

Personal characteristics:

- ▶ Leads with an informed, fact-based point of view
- ▶ Has command of business issues and challenges/frustrations of business leaders and peers
- ▶ Challenges – willingly and sometimes publicly – peers and entrenched thinking that's resistant to change
- ▶ Understands the organization's culture and the impact of the culture on the pace of change
- ▶ Is unencumbered by prior failed initiatives in the company



Through our benchmarking and research, EY has also found that where the roles are separate, the working relationship, alignment and integration between the CTO and CIO in the organization that is transforming is critical to success. The relationship is often symbiotic—both executives have a common mandate to drive company performance by balancing top-line contributions with bottom-line efficiencies.

1 | Alignment

- ▶ Cultivate significant executive relationships with all key C-suite occupants, board members and functional leaders, regardless of where CIO and CTO report.
- ▶ Use a relationship roadmap that takes into account personality, motivation and expectations, and includes planned, formal and informal interactions between the CIO and CTO organization.
- ▶ Ensure strong charters and well-defined interaction points between the TMO, governing groups and BUs/Functions, including the CIO organization. Bringing together cross-functional groups will generate better approaches.

2 | Coordination

- ▶ Integrate the CTO into the executive team (avoid sideline to a separate transformation unit).
- ▶ Coordinate the innovation activities, regardless of whether it is formally centralized or not.
- ▶ Determine how strategy permeates throughout instead of acting as an independent function that could complicate how digital and business strategies are espoused within the TMO.

3 | Evolution

- ▶ Avoid traditional program-management office setups; problems arise when the CTO is treated like a member of the corporate staff.
- ▶ Decide on the evolution: there is a trend that sees CIOs evolve to chief innovation officers, and there's also a trend that sees CTO activities migrate to a CSO over the longer term.

4 | Clarity

- ▶ Define the CTO's mandate early on so that the full bottom-line target gets delivered.
- ▶ Clarify where one role ends and the other begins to achieve transformation success; the CTO and CIO need to act in lockstep without being duplicative.



As illustrated by the chart below, the interaction and overlapping coordination points between the CTO, CIO and CIOv (chief innovation officer) are critical to define and align at the strategic, management and execution functional layers of activity.

STRATEGIC

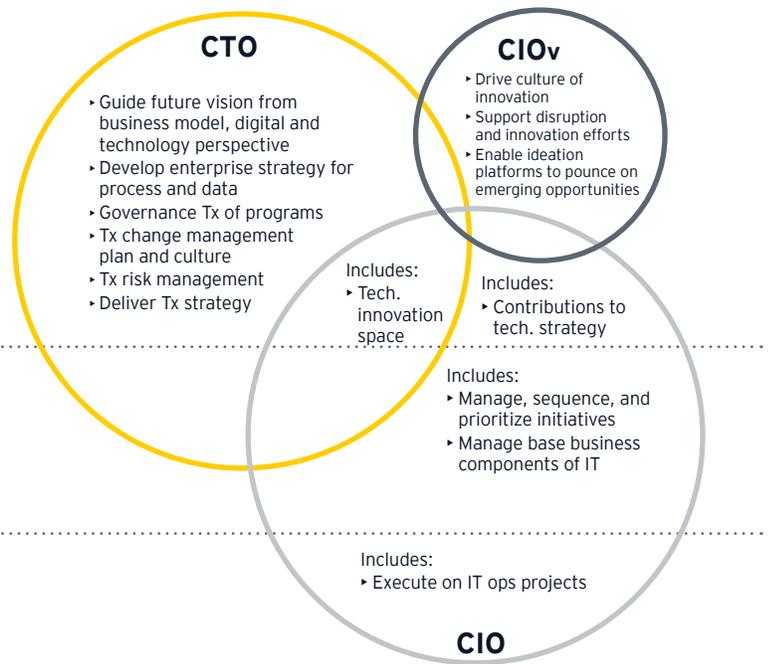
Setting direction and guidance to ensure alignment with strategic direction (purpose) and the organization's long-term strategy, as well as leadership on organizational culture and values. The focus of transformation strategy is to enable and accelerate the business strategy including 'what next' in terms of working and driving business results.

MANAGEMENT

Oversight, identification, selection, and prioritization of investments with a focus on realizing the vision (horizontal).
 Delivery and execution of portfolio planning and stewardship of the overall transformation realization – benefit realization.

EXECUTION

Management and delivery of the selected programs and/or projects with a focus on realizing the initiative value (vertical).
 Monitor, control, and report on program and project delivery and operations – quality, schedule, and budget.



The CTO typically plays a deep role in the transformation strategy and future vision of the company to enable and accelerate business strategy, and is decidedly distanced from portfolio and program execution.

Critical success factors



In our experience, there are seven critical success factors that drive the effectiveness of a TMO in supporting transformation efforts. These are based on EY's extensive involvement with transformation efforts and typical themes that we see emerge to the top.

- 1 | Purpose traceability**

Line of sight from purpose through to the solution that weaves throughout all decision-making. Without this traceability, large projects cease to be a means to an end, and so they end up being an end in itself, resulting in costly implementations that fail to optimize benefit.
- 2 | Clear definition and principles**

A clear definition of what transformation means to your organization and the pivot you'll focus on, as well as principles that act as governing fundamentals that guide decisions, ensure alignment with the vision and help translate strategy to execution through the TMO.
- 3 | Integrated experience design**

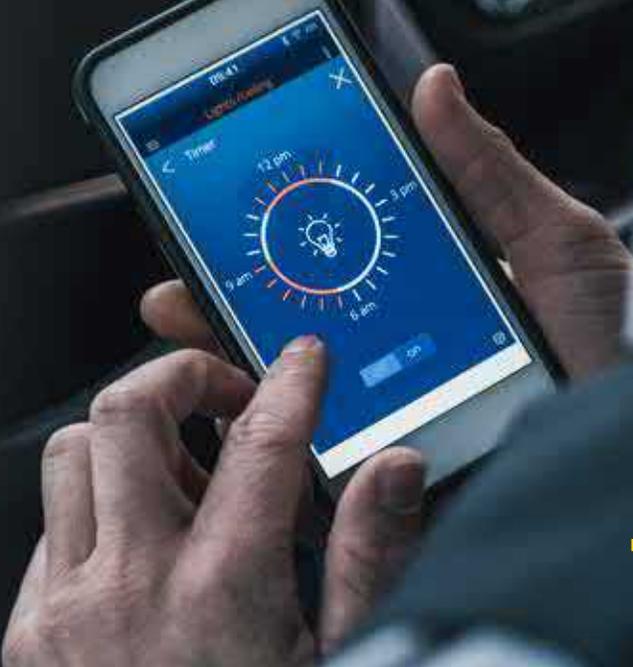
Align outside-in customer, partner and market voices with inside-out organizational processes and the ability to deliver. Focus on productivity and experience in differentiating areas, while striving for simplicity and standardization for enabling capabilities.
- 4 | Integrated operating model and governance**

Establish from the outset a governance model that can accommodate small and large changes, delivered by an ecosystem of internal resources and external suppliers that bring scale and specialism. Understanding your TMO modes (drive, orchestrate, advise) will help you understand how you will deliver on expected outcomes in the most efficient way.
- 5 | CTO and CIO alignment**

Where these leaders are separate, clear roles and responsibilities should be defined, alignment achieved and integration points established between their teams for execution success.
- 6 | Layered delivery**

Optimize the delivery approach for innovative, differentiating and enabling capabilities. Establish an overarching framework and operating model for delivery so that innovations can scale and differentiating solutions are supported by fit-for-purpose enablers. Establish strategic technology platforms that encapsulate enabling capabilities in ways that they can be rapidly consumed and repurposed to drive innovation and differentiation.
- 7 | Outcome based**

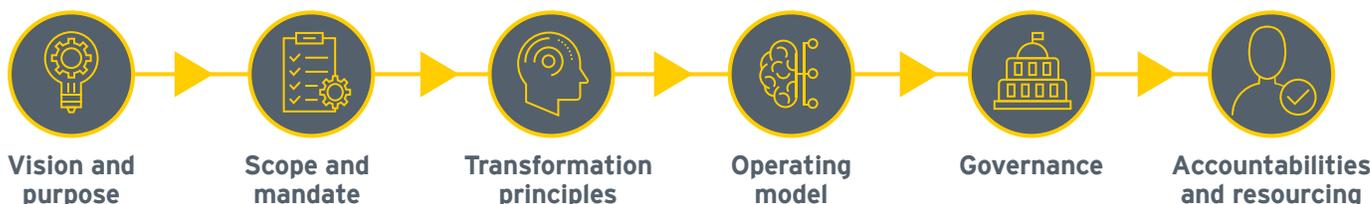
Focus on the business problem and opportunity and then drive the change in people, process, technology and information that is required to deliver the outcome. Allow for incremental test and learn cycles in the delivery so that outcomes can be validated and optimized at small scale prior to full implementation.



Mobilizing for success

There are six key steps to mobilize a TMO with the right approach to support the needs of a particular organization.

Our experience has been that a top-down approach to setting up transformation drives success, starting with understanding your transformational vision, purpose, scope and mandate (the why and what). Once the big picture is agreed, the TMO can shift its attention to the operating model, governance, and roles and responsibilities (the how and who).



- ▶ **Vision and purpose.** What are the outcomes to be delivered by the transformation? What are the indicators of success and how can they be measured?
- ▶ **Scope and mandate.** What areas of responsibility are required by the transformation to be able to deliver on the vision and purpose? Should the TMO have an enterprise-wide scope, or should it be focused on specific initiatives? To what degree should management be centralized vs. federated to different accountable groups?
- ▶ **Transformation principles.** What is working well and not working well today? Where can existing practices and assets be leveraged and where do pain points exist that need to be urgently resolved? How ready is the organization to support the transformation?
- ▶ **Operating model and processes.** Is an operating model clearly articulated, agreed, and documented? How will the TMO fit into the organization, and what integration points are required outside of the TMO? What processes will the TMO need to develop versus what exists already in the enterprise?

- ▶ **Governance criteria and guidelines.** What is the governance lifecycle for each type of transformation project? What are the criteria for managing initiatives within each type of transformation project? What governing bodies are required at various layers for leadership alignment and integration, investment criteria and decision making, stage gating, and transition back to base business?
- ▶ **Accountabilities and resourcing.** What are the key roles and responsibilities involved in the transformation? Do suitable skills exist to operate the TMO, and is there sufficient bandwidth? Are the appropriate incentives in place to attract constructive participation from across the stakeholder community?



Conclusion

In an era of digital disruption, change is inevitable and accelerating. How you choose to respond, adapt and transform will be the difference between long-term success and failure.

Establishing the TMO with the required building blocks for transformation – starting with vision, purpose and strategy and factoring in the internal and external context – is critical. Creating a strong governance foundation in terms of the TMO is key, but success is also predicated on how well you execute and operationalize the TMO. The TMO also needs to figure out how to create a powerful guiding coalition beyond the core group to help achieve an organization that is aligned and supportive of the transformative change.

Keeping the sense of urgency with a continued effort to instill the “why,” importance of transformation, and seeding the reason for change and the major opportunities must be maintained through the journey. Transformation should never feel like it has become part of the business as usual, and it should also have a sense of priority. Often this is established at launch, but diffuses out as the TMO hits its stride.

It’s also important to be clear on scope and how different groups work together to support transformation. Transformation programs carry risk. You need a clear model of how you will work together and how you will provide services to each other. By being clear on how you will support each other, you can avoid confusion, conflicts and misalignment.

Finally, to maintain momentum, systematically planning for and creating short-term wins can help. Real transformation takes time, and if there are no short-term goals to meet and celebrate, most people won’t go the long march. Without short-term wins, too many people give up or join the ranks of those who have been resisting change. Celebrating wins is an opportunity to reinvigorate staff and showcase progression, results and proof that the transformation is happening.

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