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ARE YOU REALLY COMMITTED TO TRANSFORM YOUR BUSINESS?

The journey may be enterprise wide, or function specific, but the ending is often similar.

Research shows that 75% of transformations fail.



At the beginning of the journey, it is exhilarating as the “newness” to the roles, projects, and day-to-day work evokes a spirit of excitement. As the journey continues up that mountain of transformation, the excitement wanes. Progress is increasingly difficult. It’s steep with unexpected twists and turns, surprise obstacles are in the way, the Team tires, and sometimes it feels as if the air is more than thin. Executive Leadership usually begins to wonder, “What is wrong with the progress? Do we have the right Team? Should we have seen that this was going to be a problem? How long until we see results?” The journey of transformation falters, and given the statistical evidence, the norm is that the transformation is more likely to be doomed to fail rather than to succeed.

When analyzing the various studies as to why Transformations fail, the big headline is People. Yes, there are times when the wrong technology was picked, and maybe there are times when the problem attempting to be solved was not right for the business; however, the gross majority of the reasons that transformations fail is overwhelmingly due to the People.

Research tells us that the people issues are vast.

1. Leadership is not aligned.
2. Leadership often does not establish a clear vision.
3. Leadership does not establish a significant sense of urgency.
4. Leadership is not supportive of the Team driving the transformation.
5. Teams are not bought into the transformation

6. The organization gets transformation fatigue, due to a lack of a plan for and creating short-term wins.
7. The transformation-operating plan does not account for the company’s culture and norms.
8. The transformational programs are not resourced adequately, or with the right talent.
9. Leadership is absent, or not visible enough, during the work of the transformation.

In all cases, the consistent theme is around People. So, how do you plan to tackle the real risk of ending up in the 75% club?

With over 100 years of experience leading large business and technology transformations, our Team has learned a few things. We have each been in the trenches, sat in the Executive seat, and lead the business and IT through the actual process of transformation. We want to share a few of our learned insights with you.

No surprise, transformations are actually super hard work, for everyone. They are not for the faint of heart. They should not be entered into lightly.

Leading a transformation is definitely a long game filled with both wins and losses. As the Leader, you, and your peers, must commit fully. All Leaders must practice, over and over again the behaviors that are necessary to successfully join the ranks of the 25% club. There are four recommendations to consider as you consider taking on a transformation program.

Have a clear vision.

Make it really simple, really clear, and really visual. Any person who gets up everyday and goes to work, who then is being asked to participate in a program that is above and beyond the daily grind, one that is going to require commitment to a journey where not every step is obvious and planned, where perceived failure is going to be part of the process, needs to know where they are going and WHY they are going there. Do your part in getting the Vision clear, simple, and visual.

Ensure your entire Executive and Leadership Teams are Ambassadors for the Vision at all times.

There can be zero tolerance for any one Leader not 100% all in on the Vision. Each Leader must be able to passionately articulate the Vision, and the WHY. Each Leader must be emotionally intelligent enough to be able to reinforce the Vision over and over again with their Teams even when they do not necessarily agree with every little step and/or are feeling bad themselves.

Remind your Executives, Leadership, and Individual Contributors that obstacles and challenges are welcomed and expected.

Do the hard work of intentionally re-engaging your Leadership Team, frequently, over the course of the multi-year transformation, so that you ensure they STAY aligned to the Vision and keep their passionate support high. Set aside specific time in your Executive and Leadership Team meetings to openly discuss the obstacles, concerns, fears, and risks about the Transformation program. Take time to address these concerns, frequently. Be intentional, by planning in these types of discussions and working sessions, throughout the life of the Transformation, and do not discard these activities when the day-to-day life of the business presses in on your schedule. It is in these sessions that the real people issues can be resolved. End these sessions by re-focusing on your vision. Use storytelling and inspire the Team to re-commit. We cannot empathize this enough. If you and your Executives and Leaders are not inspired and aligned, you have zero shot of inspiring your workforce. Invest in this group, and do it often.

Dedicate the right resources to Operationalize the Transformation.

This is truly one of the most frustrating aspects we witness when working with potential Clients. Often, there is a great vision that has been, or will be created. In fact, some of our Clients pay millions of dollars to create that Transformation Vision. The rubber meets the road, however, when Vision has to then be Operationalized. It takes dedication to resources, time, money and accepting certain levels of the unknown and risks.

I recently had a conversation with a CEO of an \$8B company who said he “is committed” to their Company’s Digital Transformation. He wanted us to help him build out their Vision of what “Digital” meant to them, where they wanted to go, why they wanted to get there, and then operationalize the plan to make it happen. We were pretty excited about the work. Here was a company who had a desire to radically disrupt their segment. Honestly, some of the ideas they had were pretty great. We worked with the Executive Team and discovered the Vision was amazing, but the Operationalization of that Vision would be a nightmare. This Client was not willing to appropriately invest in the three (3) year program. They refused to pull any of their people out of the business focus on the required effort. They were willing to fund the work, but only using outside resources.

“...Both the CEO and CFO used the word “try” in this discussion, which highlights the likelihood that they were willing to only experiment, not commit. There is nothing wrong with having an innovation budget to leverage for trying new things and seeing what works and what does not. But let us be clear: **innovation programs are not Transformation programs.**”

The second warning sign was when asked the leaders, “How much Capital are you willing to dedicate, per year, to this effort?” The CEO and CFO’s answers were aligned. Each leader told us individually, “We are going to try to do transformation for around a few million dollars a year?”

Now, that may sound like a lot of money, but in terms of Technology investment, this is a drop in the bucket and not nearly enough funding to get the results they were seeking. On an \$8B Company, in this particular industry, their IT Capital budget was roughly \$80-\$85m annually. To accomplish what they needed to, based on their existing infrastructure and the changes needed to get the results they were seeking, they needed to invest approximately \$8-\$10m a year, for three years. The other option was to take longer to do the transformation, maybe \$6m per year, for 5 years. Regardless, the effort was going to cost approximately \$35m – \$30m.

Further, we worked with them to find a way to take some of their KTLO capital, and re-purpose it for the Transformation. There was no need to take a large increase in annual capital funding in order to take this on this transformation. Rather, their Digital Transformation simply required a re-focus of priorities, with a strong commitment and involvement of Leadership, resources, and time.

The fact that both the CEO and CFO used the words “try” in this discussion highlights the likelihood that they were willing to only experiment, not commit. Now, there is nothing wrong with having an innovation budget to leverage for trying new things and seeing what works and what does not. Although, let us be clear. Innovation programs are not Transformation programs.

Upon completion of the plan, we gracefully backed out of the opportunity to help them, and here is why. 1 – Leadership was not willing to fund this within any realm of reason. 2 – Leadership would not commit their own time and/or their internal resources to the work. 3 – Leadership could not grasp the concept that their own internal business people needed to be part of the process of designing, building and learning how to operationalize their new digital processes, platforms and analytics.

These were all major red flags, and warning signs that this Company would end up in the 75% club.

We respectfully declined to participate in the next phase of their work. We lost an easy revenue opportunity for the Firm. Yet, we get up every morning and can look ourselves in the mirror knowing we did not willingly take money from a company who is marching directly into the 75% club.

Conversely, we have a Client working hard to get and stay in the 25% club. They brought us in after spending millions of dollars crafting their Transformational Vision. Their Vision is a beautiful story, well thought out, visual, and with clear objectives, ROI, and outcomes they expect to generate in terms of Customer Experiences.

Their Executive, Leadership and Operating functions do not know where to start to operationalize that Vision. Enter our Firm. We joined them as a team of previously sitting CEOs, CFOs, and CIOs. Having sat in their seats, we understand the complexity of taking a Transformational Vision. We have experience breaking the work down into cross-functional operating plan, easily digestible by the business while simultaneously running the everyday business. Not easy, but it can be done. It requires quite a bit of inter-lock planning, contingency planning, alignment, and acceptable risk taking.

We helped them to do that work. In doing so, that Executive Team understood, embraced, and owned the plan. Their confidence increased as they dedicated the appropriate time, funding, people, the third-party support to get started and make it happen.

Was it easy? No. Did there have to be compromise on a number of fronts within the program plan and the business plan in order to balance the needs of the day to day with the requirements? Yes.

Many moons later, the Executive Team continues to work hard to stay aligned. They are focused and willingly make the hard decisions, everyday. Their people are still engaged. They do not shirk away from setbacks or failures. Challenges are expected along the journey. They deliver visible wins. They are clearly winning as part of the 25% club.

What about you? Where are you in the journey? How are you helping or hurting the progress? Is your Team aligned? Are they inspired to this day? How are you handling the obstacles, setbacks, and problems? Have you carefully curated your Operational plan? Is it working? Is your Transformation designed such that you will be able to sustain it? Will your functions adopt all of the changes, or reject them? Are you going to be part of the 75%, or the 25% club?

**DARE TO DO BETTER.
BE BETTER.**

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Managing Partner, Ashlee Aldridge, has over 20 years of experience as a CIO/COO leading business and technology teams for large-scale transformations. In her experience working with Fortune 500 companies, start-ups and privately held companies, Ashlee has managed to empower revenue growth, increase financial/regulatory process control, and radically improve the customer experience. Named one of the Top 10 Women in Technology in 2017 (Chain Store Age), Ashlee has a proven track record of creating, managing, and delivering more than 6 multi-year, cross-functional digital transformational strategies and programs. Managing teams of over 300 resources, and capital of over \$75M per project, Ashlee has demonstrated her ability to complete each undertaking on budget and on scope. She understands, first hand, the challenges and opportunities a leader faces when choosing, implementing and/or sustaining both technology and transformation initiatives, while driving innovative solutions that drive growth and promote efficiency.

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