

EPISODE 7

Transformation Start, Structure, and Scale

SEE THE SHOW NOTES AT: robllewellyn.com/7

Hi it's Rob Llewellyn here and welcome to episode seven of transformation management. Thank you so much for joining me today. As always, I'm going to do my best to help you get better equipped to manage and lead transformation.

Back a number of years ago I helped the low-code software platform company called Mendix, while they were developing their digital transformation practice. When I first met co-founder Roald Kruit in Rotterdam, I told him that his company was perfect to be acquired by SAP one day. They were doing so many things that "just seemed right". The Mendix founders had always known from the start that you need more than technology to bridge the gap between business and IT and to grow a successful company.

But my prediction was wrong, because despite Mendix becoming SAP partners, it was Siemens that seized the opportunity to acquire Mendix in 2018 for a cool \$730 million. Not bad for company that was started in 2005 by three young guys in the Netherlands. A country more traditionally known for producing 80 percent of the world's flower bulbs with a population of less than 18 million.

I want to share one of the great approaches that Mendix developed, which any transformational organisation could adopt and adapt to meet their needs.

Now, most people listening to this podcast already know that one of the biggest challenges established companies face today, is how to transform and thrive in the digital economy.

Technologies like Blockchain, the Internet of things, machine learning and virtual reality are reshaping entire industries and they provide companies of any size with incredible opportunities to transform their business operations, customer experience, workforce and business models.

According to Gartner, the biggest barriers for leading this transformation and change are skills and resources, funding, culture, organisational structure and alignment between IT and the business.

By now, most CIOs have heard the term bimodal. It was coined by Gartner in 2014 to encourage the practice of managing two separate styles of work: one focused on predictability; the other on exploration.

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Transformation is a major undertaking and the larger the organisation, the tougher it is to get right. Organizations can't cope with so much change all at once. So Mendix created the Digital Execution Roadmap to help guide organisations through three distinct phases of digital transformation execution. These phases are Start, Structure and Scale.

To operate with agility and speed, like a digital startup, Mendix also identified four key aspects, which they called the 4 Ps. And these are Portfolio, People, Platform, and Process.

I'm first going to introduce the Digital Execution Roadmap then the four Ps.

The first phase of the roadmap is called Start, and it's all about starting small, and gradually gathering wider support for your transformation by proving the value you're delivering into the business. You want your first project to have that WOW factor, which results in a pain-free, quick win that can be celebrated and used to inspire more interest to grow the transformation - with more people, funding, and executive support. It also helps you get the right prerequisites in place, such as business cases, governance, infrastructure, stakeholders and people capabilities.

The second phase is Structure, which is where you begin to focus on formalising your strategy and team to accelerate transformation. As well as building your team of capabilities, identifying training needs and establishing a sourcing strategy, you need to formalise the methodology used during the first project to optimise the odds of repeatable success. As the transformation portfolio grows, other topics, such as implementing DevOps, designing governance and architecture, also become critically important.

The third phase is Scale, which involves applying greater automation in order to realise the efficiency needed to deliver and manage hundreds of applications to become a digital enterprise. This includes, but isn't limited to, automating deployment and maintenance to support a large portfolio, automating quality assurance to monitor the maintainability of your projects, and enabling greater reusability - perhaps by establishing a private app store. With these capabilities in place, you can maximise value and productivity by creating distributed innovation capabilities throughout the enterprise, with multiple teams developing simultaneously.

So they are the three phases of the digital execution roadmap. Next comes the 4 Ps that Mendix defined.

These suggest best practices to get you started, including the right methods for picking your first project, building your first team, preparing the business for agile, rapid application development, and celebrating success.

The first P is Portfolio. The starting point is all about identifying the right projects, which combine quick-wins and high-value outcomes. These quick-wins enable you to bring about ultra-fast success and create excitement among the wider workforce and executives that are focused more on business value and return on investment. These quick-wins also help justify ongoing transformation investment.

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Start by choosing the right first project and ensuring it's a success you can look forward to celebrating in a very short period of time. To help identify your first project, consider these questions:

- Can it go live in a short period such as 30 days?
- Will it be very visible and deliver business value that really matters to executives?
- Can the right team members be assigned?
- Will it support the achievement of strategic objectives?
- Will it involve an innovation process?
- Is business value understood and measurable?
- Are external dependencies limited?
- Will the business be prepared to take the solution into production?

The next P is People. Because it's the people who make our transformations successful, so selecting the right team is the cornerstone of transformation success, not just for your first project but for your entire transformation.

Senior executive buy-in is absolutely crucial for successful transformation. Equally important is defining the person who will drive the transformation and the capabilities among the teams. This typically involves creating multiple small, cross-functional teams made up of tech-savvy business people and/or business-savvy tech people.

As demand for these teams is often unpredictable, implementing an agile sourcing strategy is essential to coping with fluctuations and finding the right skills based on specific transformation requirements. An internal center of excellence can help ensure continuity of essential talent while providing shared services and best practices to support the overall transformation. Remember you need the right blend of business transformation, innovation and digital technology capabilities.

For your first project, it's important to limit your dependencies and keep your team small. It's easier for a few people to learn a lot in a short period of time, than for a large group to achieve the same results.

Focus on the transformation process and collaboration, not the technology. Your initial project needs to demonstrate results quickly and justify the continued transformation. Often, companies start by focusing on new technology, while the most effective approach is to start by focusing on how your team can collaborate well in an agile manner. Look for people who want to test their limits, have some technical acumen, but who also understand business challenges. Select people who care about solving business problems and who have a "can do" attitude.

And ensure business and technology people work well together - and onsite. By keeping the business and technology team physically close, you can keep the group excited and motivated. They need to be able to collaborate on the fly and not wait for formal meetings to discuss progress, challenges, changes, and ensure everyone's on the same page.

The third P is Process. You need to establish processes for rapid, iterative development and instant deployment in a fail-fast, test and learn approach. While establishing the right

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governance and DevOps practices is ultimately critical to scaling, the initial focus is on the collaboration between business and IT and the agility required to continuously release and iterate based on feedback.

To help facilitate a collaborative culture between business and IT, Mendix suggests focusing on four key project meetings, which are Intake, Kick-off, Sprint Review and Retrospective. Together, these will help you define and maintain a constant focus on business goals, define clear rules of engagement for how you'll work together, show that IT and the business and listening to one another, and work together to continuously improve the often-fragile business and IT relationships that exist in old companies.

The Intake Workshop is where the real collaboration begins. Focus not on what you want to build, but on what you want to achieve. The purpose of the intake workshop is to define the project business goal. You should include the Sponsor, who can articulate the strategic value of the new approach, the Business Owner, who can describe the problem the solution should address, and Power Users to define requirements.

The Kickoff Workshop should cover several topics, including project roles and responsibilities, a high-level delivery plan, agile awareness and a lean governance approach. In terms of business engagement, start by sharing the strategic business goals and application goals, as defined in the intake workshop. Then show how you're going to make the project a success by defining clear rules of engagement.

Once you've defined the new rules of engagement, work out the first 10-20 user stories as a team. Go through the exercise of having one person write a user story and someone else interpret it. This helps to create a shared vocabulary and understanding, including a definition of "ready" that defines when the team collectively feels a user story is ready for development. As a last step, prioritise the user stories for the first development sprint.

In each Sprint Review meeting, particularly the first, it's vital to show a good working demo. Show how business problems are being solved, how business objectives are being met, and how challenges are being overcome. Demo a great looking user interface that excites people and use data that makes the demo feel real to business users.

Finally, the Retrospective meeting helps you look back on the project, including successes and lessons learned. One of the most important questions to ask the business stakeholders in the retrospective is "how would you tell your friends and colleagues about this project to make them enthusiastic?" You can also capture any quotes that can be shared during the celebration. Ask question such as:

Did the project achieve its business goal?
Did we have the right people and capabilities on the team?
How well was the business and IT engaged in the process?

The final P is the Platform, which isn't just about selecting a rapid application development platform or IoT, Big Data and Machine Learning technologies. It's also about defining a cloud strategy to minimise costs and time-to-market, positioning the platform in your enterprise architecture to use it for the right reasons, integrating this with your existing

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landscape, and applying best practices - such as micro-services - to get optimal results, and ensuring security.

You'll find a link to download the Digital Execution Starter Guide direct from Mendix in the show notes at roblewellyn.com/7. This provides a more elaborate description of what I've just talked about. It'll give you a proven, best practices-based approach to getting your digital execution underway, from how to implement a bimodal IT strategy successfully to addressing the Portfolio, People, Process and Platform aspects.

You'll have the basics to start delivering high-value projects in an unprecedented period of time, while laying the foundation to structure and scale your transformation.

I appreciate you listening, and here's a quote to finish off the day from Jeff Bezos.
“Day 2 is stasis (A state of stability). Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1.”

How will you ensure your Day-1 represents originality, enthusiasm, and an eagerness to delight customers? - And that you avoid the Day-2 complacency that is destroying many established organisations?

I hope you enjoyed this episode. Thanks for listening - Take care and I'll catch you in the next episode of transformation management. Bye.