EPISODE 19

Envisage, Enable and Orchestrate Transformation

SEE THE SHOW NOTES AT: robllewellyn.com/19

Hi, it's Rob Llewellyn here and welcome to episode nineteen 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.

Digital transformation is in-vogue and a large proportion of professionals want to be part of it. The words digital transformation appear in a considerably higher number of LinkedIn profiles than it did three years ago. But the roles people play on the digital transformation stage vary dramatically.

What's important is that transformation leaders envisage a new future, ensure the organisation is equipped to build that future, and then orchestrate the entire effort.

The larger the organisation, the more daunting this can feel, and managers and leaders need to be suitably experienced to cope with the size of the organisation they're working with.

For example, the CIO of a company with 100 staff will have a lot to learn before they're capable of taking on the challenges of the same role in a company with 100,000 staff - and in the case of the CIO, most of that experience will have little if anything to do with technology.

While start-ups are challenged with building a new business, established firms are challenged with transforming an old business. Both will see many CEOs get it right, but a higher number getting it wrong.

What I want to touch on here are three key macro challenges that executives of established firms face. It's vital that they get all three right, if they're to have any hope of being an executive that successfully steers their enterprise into the new digital economy.

These three macro transformation challenges are to Envisage, Enable and Orchestrate.

Envisage involves the ability to see what the organisation needs to look like in the future, in order to survive and thrive in the new digital economy - and business models will be core to this.

Enable involves the ability to equip the organisation with what it needs to undertake the transformation that will make what was envisaged move from being a dream to becoming a living, breathing reality.

Orchestrate is the ability to make all of this happen. You can put the world's finest actors onto a movie set but if the director is not there to orchestrate them, it's unlikely that an Oscar winning movie will be produced.

So, let's consider the ability to envisage - which is about knowing what the organisation needs to look like in the future, in order to survive and thrive in the new digital economy.

With business models will be core to this, executives need to know how their company will deliver better value and experiences to customers and make money from it.

While this might sound simple, the last thing any company wants to do is make a big bet on a new future, invest heavily in creating that, only to discover that what they built can't compete with what other companies are able to offer the customer.

That's a bad place to be and many companies that get it wrong are unlikely to survive such a poor business decision. So, it's really important that the right people are involved in re-thinking the future, and it's possible that an existing executive team isn't equipped with the right digital economy foresight to do this.

Every leader needs to recognise the fact that business models are far less durable than they used to be. And that the basic rules of the game for creating and capturing economic value have started to change and will continue to change.

We'll see the best digital economy leaders anticipate and build new business models, while their less successful peers will squeeze harder on their old business models and unintentionally lead their organisations into obsolescence.

And others will boldly attempt to build new business models, but they will lack the ability to successfully envisage, enable and orchestrate a new future.

Business models of the future will navigate the complexity of tomorrow's world to help people unlock their potential, satisfy their needs and live well. And the business models that take full advantage of innovation and new technologies will outperform those that don't.

Companies need to avoid being so attached to their trusty old products and services that they inhibit the organisation's ability to reinvent itself.

No matter how wonderful a product or service appears, there comes a time when leaders need to accept the harsh reality that the glory-days are numbered. And just like the once hugely popular ice delivery services, VHS video tapes, and Walkman, the day will come when the best that many of today's popular products and services provide their creators and customers with, are feelings of nostalgia.

Because what once was so useful to customers and profitable to companies was just a temporary solution in a business model with a limited shelf-life.

Innovative companies have people who can envisage the future basic needs of customers and build their businesses around it. They're not held back by old beliefs about how things should be. They have the same contempt for that old-fashioned thinking as start-ups do.

While many use terms like "let's think out of the box", the real innovators see no box. For them, there are no limits, and they couldn't care less about the rules of the past and how things used to be - or even still are.

Tomorrow's digital economy winners are identifying their customer's needs and creating innovative ways satisfy those needs in completely new ways. Meanwhile their competitors are busy doing their best to preserve their old products, services and business model - which is all their operating model is set up for.

While many companies are focused on preservation, the companies of tomorrow are focused on innovation.

Digital economy winners are identifying customer needs, creating the products that satisfy those needs in amazing new ways. They're building the business model around that, then re-engineering their operating model to make it all possible.

Next are the enablers of transformation. This is the organisation's ability to undertake the transformation required to turn an academic business model into a reality.

It's often said that strategy is three times more difficult to deploy than develop, which explains why the best that many strategies will ever be, is a pretty set of PowerPoint slides and an enticing business case.

No matter how well leaders envisage a new future, it can only become a reality if they invest in their transformation enablers.

Five key capabilities that are the enablers of transformation are people, innovation, data and analytics, technology, and an operating model.

People make transformation happen. Innovation creates new ways of working and making money. Data and analytics enable better decision making, technology is used to get things done, and the operating model puts it all together in a way that enables the envisaged business model to work. Which ultimately enables the company to thrive in the new economy.

The challenge most companies face right now is that their people, innovation, operating model, data and analytics, and technology, aren't where they need to be, and unless these enablers are upgraded, the envisaged business model will struggle to become a reality.

In the meantime, the CEO and other executives will become increasingly frustrated.

But often the reality is that while some leaders are prepared to invest well in strategy, they under-estimate the investment and shifts required in their transformation enablers.

Meanwhile, the best companies have a laser-like focus on each of these enablers and they're treating them as an integral part of transformation.

It's not enough to have disengaged people with old skillsets. People need to feel inspired to work with a sense of urgency, learn new skills, and adopt new ways of working, thinking, and behaving.

From business processes and change management through to project and programme management, leaders need to be acutely aware of the broad range of transformation skills they will need in their workforce.

And it's not enough to simply collect and manage data. Leaders need to ensure data is enabling informed decision-making right across the enterprise, with predictive, prescriptive and Cognitive analysis that reveals new opportunities.

It's not enough for technology to be just a back-office function. It now needs to support every aspect of the organisation and enable new ways of working and innovative business models.

It's not enough to consider good ideas. Innovation needs to become a permanent part of the organisation. Without it, any notions of transforming both the organisation and business model are likely to be quite underwhelming and insufficient.

It's not enough to rely an old operating model to enable a new business model. Leaders need to commit to a next-generation operating model. This operating model is a new way of running the organisation that combines digital technologies and operations capabilities in an integrated, well-sequenced way to achieve improvements in revenue, cost, and customer experience.

Then we've got orchestration. This is the ability to make all things required in transformation to happen. While you can fill a music hall with the world's best musicians, it's the conductor who orchestrates who brings them all together to create that incredible performance.

Similarly, for the finest IoT, data and project management experts to contribute effectively to the transformation journey, their efforts need to be orchestrated and integrated, instead of being left to work in silos.

Companies have always had to get things done, but aside from the occasional projects and programmes, most of the workforce and many leaders have simply ticked over in operational mode, which is doing the same thing over and over.

It takes a great leader to be prepared to not only shift their own mindset, but also upgrade their own capabilities, to be suitably equipped to orchestrate transformation.

While the CEO serves as the overall orchestrator of transformation, often they don't have the bandwidth to do this on a day-to-day basis. Which means that other orchestrators of transformation come from their leadership team.

Who does what will be different in every organisation, but the leaders responsible for orchestrating transformation on a day-to-day basis need to ensure that all the enablers of transformation I mentioned earlier are performing sufficiently well.

If innovation isn't anything more than ad-hoc, they need to address it. If technology is letting people down, they need to address it. If people aren't performing, they need to address it.

And they need to work closely with managers and leaders from business units across the enterprise to ensure they have the enablers required to orchestrate a successful transformation.

They'll adopt a set of transformation guiding principles such as THRIVE, that will help them steer transformation in the right direction, while simultaneously embedding flexibility into their plans so they can change direction when necessary.

They will be acutely aware of a transformation management methodology such as BTM². This will enable them to clearly communicate the organisation's approach to transformation, and not leave people confused about how transformation is happening.

The ability to do all of this, as well as exhibit world-class leadership, encourage the right culture and the adoption of shared values, and communicate this across the enterprise are what separates the best transformation leaders from the rest.

So that was a brief introduction to three macro challenges of Envisage, Enable and Orchestrate, that every organisation needs to be mindful of as they create a new future for themselves through digital business transformation.

I appreciate you listening, and here's a quote to finish off the day from Alexander Osterwalder - co-developer of the business model canvas.

"It's amazing how many professional possibilities appear when you use value and purpose - rather than skills - as a starting point for reinventing your career."

What have you done in the last three months to reinvent your career and play an integral role in digital transformation?

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