TransforMotivation

Leading organizational transformation

Bart Reker

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To my wife Inki, and our children Rosemarijn and Lars.

Thank you for the support, love, humour and

foremost patience to let me do my thing.

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1. Introduction

Transformation is a great word. It promises action, movement, new dynamics. But it never seems quite clear what people mean by it when using such a powerful word. It is indeed a word with various meanings, and even Google seems to be struggling with it. Typing ‘transformation’ gives you a lot of mathematical explanations and formulas. It also gives references to consultants’ services; all the big names are represented. But most of all Google gives you pictures of people who have lost a lot of weight and now look slim and incredibly healthy. All three types of hits occur on the first page of search results, and the key messages of transformation seem to be clear: it’s complex, you need a consultant to help you, it’s pretty radical, and afterwards you’ll be in great shape.

Transformation: a crash diet. By drinking expensive shakes, you will lose the kilos quickly. Just as the advertisements promised you. But if you do not change the way you live, the effect will not be sustainable and the kilos will be back on before you know it… You end up with less money, frustrated, and the outside world will take your ‘I-am-going-to-be-in-shape-again’ speeches less serious. The same story frequently applies to transformation programs of organizations as well. Since in many cases, these transformation programs focus on development of the commercial and the financial side, the business side, these programs are called business transformation programs. In the cases that such a program does not have a specific commercial focus, it is better to speak of organizational transformation.

Companies love to be in good shape, and even more to be perceived like it. It sometimes seems that they all have a ‘Transformation Program’ running which will save them from the darkening presence, and will give them a competitive advantage in the future. This obvious popularity, however, seems all too often concentrated in the announcing of transformation programs. Normally these plans are announced in parallel with lesser-than-expected financial results, and should give the outside world the image that ‘the company has already anticipated on the lesser results’, that a ‘paradigm shift’ is defined to enable a ‘leapfrog’, after which all will be fine. The management has everything under control, don’t worry. The management just needs a bit of time – ‘have faith, the results will come’, and we shall ‘emerge stronger than before’.

After the announcement of such a transformation program, however, the management generally remains somehow a bit silent around the subject. Sometimes companies do communicate on 'milestones achieved', but that message is already a lot less interesting, it seems. Practically no company communicates on the closure of a transformation program, and even if they do so, the delivered results are very difficult to link to the program, and might also have resulted from other actions or changes in the environment. It is more popular to no longer speak of the former plan, but to announce a New Transformation Program, which will 'accelerate' the former one and 'boost' the predicted results. Transformation: one of the silver bullets of communication.

The good news is that it's not that bad. It doesn't have to be: organizational transformation is of course more than a communication message. At least it should be. At the core, it should be some sort of a shock therapy for an organization which has lost contact with itself and its environment. If incremental change is not enough anymore, another method has to be found.

If one looks 'under the hood' of organizational transformation programs, they all are different. In fact, a plethora of different programs can be distinguished. Apparently there is no One-Program-Which-Fits-All, even though the projected benefits and ambitions are largely comparable between the various organizations launching them. One of the aspects of transformation programs is that they are tailor-made, made up of various sets of projects which aim to bring the organization to a higher level. These projects have to fit with the current organizations, and since no organization is alike, the corresponding transformation programs are different.

One might see organizational transformation as a renovation, built upon an existing organization, culture, style, position in the market, etc. One particular aspect is that the shop does not close down during the renovation works: transformation will run next to business-as-usual. The shop has to continue doing business, since the competition does not freeze during the renovation works.

Another key element is that a transformation program has to be flexible, more than in the past. It might have been that in the 1970s one could draft a solid three-year plan, and follow it tenaciously during those three years. The environment was quite static and changes were predictable, so one could indeed stick to the plan. As if it was a technical manual, with clear input, throughput and output. The Art of Transformation was all about drafting a solid plan, and then meticulously executing: discipline and control.

However, those were the days. ‘Ceteris Paribus’ does not exist in real life: various (if not all) parameters are changing all the time, so how would a meticulously detailed transformation plan work out in real life? Times have changed, and the environments in which organizations operate are dynamic by nature. Transformation has become more like crossing a river, jumping from tree trunk to tree trunk: the path has to be adjusted all the time, even though the goal (the other side of the river) remains as it is. It is now about looking ahead (‘are we heading for the other side?’), but in combination with looking right in front and around you for possible new steps to be taken (‘which tree-trunk will I jump to next?’). The Art of Transformation is moving by trying and adjusting.

Since an organizational transformation program covers a wide set of projects, one might see it as various tree trunks to be jumped to at the same time, with different people, varieties of speed, directions and distances. One key success factor for a transformation is to organize and collate the various projects in a logical way. It is not the success of the individual projects that is the goal, but the combination of the output of the projects. It is the contributions of the individual projects together which make the transformation program deliver: it is a team result of all projects running at their own speed. In this perspective one could see a good transformation program as a virtual bridge, which in itself is continuously adapting itself, as flexible as the river it is crossing. One should not try to fix this bridge or make it too solid. It might break. One should strive for a bridge of movement. Transformation is a dynamic bridge to cross the river. And the bridge itself is not the goal; it is the means to get to the other side.

Crossing the bridge, the journey of the crossing — that is transformation. This journey is in itself dynamic and full of continuous change, challenges and obstacles. To succeed on this journey, all actors have to work together, allowing every individual to find his or her contribution in this team effort. Given the constant dynamics, all team members should take their own responsibility to react and adjust to the changes and obstacles in their direct environment. And people should understand why all this change is needed. They should be empowered and motivated to give their best effort. Transformation is about explaining why this transformation is needed, about setting goals and drafting a dynamic path and coordinating all the activities needed to make this journey happen — a path which has to be continuously adjusted to changing environments and actors. This is the mechanics, the tools, organization and processes. Very important and necessary. But the real Art of Transformation is about creating an environment in which the actors are able to enjoy the transformation journey.

Different circumstances and challenges will also probably require different combinations of competencies and people. Teams might have been successful in the past, but that is no guarantee that they will be successful in the future. In fact, the opposite is true, since every team fits a certain situation, so a radical change should lead to a new line-up too. Always change a winning team.

Even though people tend to understand this complexity and impact of a transformation program, it is still too often treated as 'one of the important projects' which are being conducted in an organization. For reasons of simplicity, one just adds the program to the existing structures, not really considering whether this will be a classic example of adding apples to oranges. Even though one perhaps more or less grasps that such a program is something from another dimension, the myth of similarity does tend to prevail. That indeed would be great! But it is not. It is not a magic spell that solves all problems instantly with a healthy dose of fairy dust. No, transformation is of another dimension: it is much bigger. It is a change program in the format of a collective journey. And there is a verb in English for making a journey: to travel. And 'travel' comes from the French word 'travail',[1] which rightfully indicates that transformation is hard work.

Despite the fact that transformation is difficult, people believe it is nevertheless too important to neglect. However, it is still all too often treated as a side table, where the main dish is business-as-usual. People do not naturally like it, since transformation implicates activities outside people's comfort zone. Explanations for this can be found in the nature of transformation: it is often the opposite of business-as-usual. It has uncertain outcomes. And usually, the actors, who should lead the transformation, are the ones who have been successful in the current organization. How can you ask them to make this transformation happen? Is it not a bit like asking the turkey to prepare the dinner for Thanksgiving? Besides this career risk for managers, transformation is often perceived as a black box: people do not know what to expect, what they have to do, and the outcome is uncertain. What are the results for the organization? Or, even more important, for the individual actors? What's in it for us? What's in it for me?

Although the results are important, it is not only about reaching the target. It is a bit like football: one should score to win, but since the audience wants to be amused, one should play beautifully too. It is the combination which makes a winning team popular. Or a popular team a winner. It is the way the matches are won, season after season after season…

Working in organizational transformation for quite a while now, I have been using various sources and books for methodological support. I think everything one needs is already available, but the logical sequence was missing. This made me decide to write this book, which aims not only to compile, but also to structure and enrich the material I have found and have been using. I have seen that people in transformation often lose the red thread. As described above, this has to do with the fact that people underestimate the difficulty of transformation programs, on strategic level as well as in daily life of the employees. Transformation programs therefore are all too often consisting of managing building blocks separately. One rarely acknowledges the scope, complexity and interdependency of the processes which are needed to actually do the transformation. It proves difficult not to lose oneself in the management of programs which only cover a part of the activities to be done. These single initiatives might have been done very well, but since only addressing fragments of the total, the overall effect remains limited and rarely sustainable. Transformation is indeed about managing all these building blocks of a transformation program, but perhaps even more important is leading the change, the transformation. In order to lead transformation, one cannot limit oneself to managing part of the overall picture. Therefore, a comprehensive approach is presented in this book to enable top management to complete managing transformation programs with leading organizational transformation.

A vital part of the comprehensive approach is the individual contribution of the employees and managers themselves. It is good to understand the why of transformation. It is essential to know what to do to transform the organization and how to do it. But it is the people who make it work. The mechanics have to be in place, the route has to be defined, the machine has to be ready, but it is the people who bring the organization to life. People who bring out the best in themselves. They are the soul, the heart of the organisation, and they are the ones who make or break the transformation. They have the potential to make the difference which makes an organization unique, and will please the various stakeholders of the organization. People first, transformation second.

To have people genuinely on board so that the transformation can take off, it is helpful to start at the beginning: why would people support transformation? What motivates people? The first chapter of this book starts with the drivers of motivation of people. These motivation drivers are the backbone of transformation, and are used to structure this book.

Transforming is not possible without people. Motivated people. Transformation is therefore about creating a system in which transformation and motivation are combined: the TransforMotivation System.

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2. TransforMotivation

In the world of transformation programs one can find several reasons why so many transformation programs have proven not to be effective. Normally one is quite good in doing the analysis and making the plan: the strategy is built upon the vision, which is linked to the mission of the organization. One has a plan. But this plan, brilliant as it may be, is only part of the picture. The plan has to be executed in order to deliver the results. This execution, this transformation, is a skill the organization has to master, and will be done by the people. Managers as well as employees. The key success factor of transformation is the people of the organization, giving the best of themselves in order to achieve ambitious results, doing something they are not used to doing.

But how can this be done? What drives people? Give children a ball, and everywhere on the globe, they will start kicking it. Most adults would do the same. Why? Because… Something drives people which is hard to translate into technical requirements. Play. Joy. Passion.

Would it not be great to motivate people to transform an organization, to get them enjoying the journey of transformation? To trigger the enablers to release the fun to transform? To find a way to change from a push-transformation to a pull-transformation? To move from artificial to natural? In order to get a grip on these questions, it seems good to go one step beyond. What is motivating people in the first place? Are there common motivation-drivers which can be stimulated? And if so, how can they be integrated in a transformation program?

The clues for answers on these questions can be found exploring psychological theories, since psychology is the study of the mind and behaviour. Classically the object of psychology is the human being, but this can be taken one step further. This can be done when we follow the powerful metaphor Gareth Morgan has developed for organizations: organizations can be seen as organisms.[2] Organizations seem to develop and react as living beings, always adapting and changing. All too often seemingly having their own way, having their own character. Taking this metaphor further, one can apply psychological models on transformation as well. If one looks at motivation of the individual employees, it seems logical to consider the motivation of a team of people as well. The step from there on is not too far-reaching, to also look at the drivers of a motivated organization. In this chapter the factors which motivate people will be translated into a transformation model. Motivation will be integrated in transformation: TransforMotivation.

2.1. Motivation

Transformation is not a day-to-day evolution, it is not an incremental change. Transformation implies a rupture, sometimes a radical change. This will not only impact processes, tools and the organization, but foremost the people. For employees as well as managers, a transformation program will mean changes for them. Changes which are not only to be observed, but which have to be carried by the employees and managers. They are the actors who make the transformation happen.

Given the fact that the outcome of transformation is not really known at the start, and that the processes of transformation will have to be adapted in time, it is not normally that obvious to onboard people on this journey of uncertainties. It is not easy to motivate people to join in this adventure. In former times when things were more predictable, sharing the company's Northern Star with the employees might have worked to motivate them. A clear, common goal. A red thread which can be consistently communicated, which is recognizable for all employees, and with this collectively motivating the employees to go for it. But… those were the days… Nowadays the future surrounding organizations is not that clear. Not precise. It is just too dynamic. Full of uncertainties.

Because of these uncertainties, in a transformation process it is better to emphasize the journey, and not the end goal. A collective journey, but with diverging and changing roles for every individual. An organizational journey which respects the individual contributions and roles, which should take into account the motivation of the employees. The Collective Carrot will not work anymore to win the hearts and heads of all employees and to guide and train the hand of the organization. In fact this Overall Goal has the power to confuse the head, to stress the hand and to break hearts. No, a transformation program has to fit with and be attractive for the individual actors too: transformation can only work with employees who are motivated to join the journey.

Motivation can be defined as 'a reason for acting or behaving in a particular way'[3] and can be divided into three factors:[4]

1. purpose
2. autonomy
3. mastery

In the following sections these three factors will be explored more, from the perspective of transformation. These factors will be looked at from the three dimensions from which one can assess a transformation program: the results one is aiming for, the actual activities, and the support which is needed to enable the actions to bear fruit. The aim of transformation is to transform. It is only a means to get to the results. In order to ensure a lasting stance, one should at all times bear in mind which results one is trying to achieve with a transformation activity. And since transformation is embedded in an existing organization, it is a prerequisite to obtain the needed support of the organization in order to be successful.

2.2. Purpose – why to do what

The first motivation factor, *purpose*, is about the *why* of transformation. Why do we need to transform? Why am I implicated? How is my project contributing to the overall story? And how do I find my personal value-add back in the overall journey? This is about giving sense to individual contributions to the overall transformation. This factor is about reasoning, about the brain. This is about the head.

In Figure 1 the motivation factor purpose is laid out in three layers.

building blocks	*Giving sense to transformation*	*focus*
goals	• what do we want to be? • what should be achieved?	**results**
strategy	• transformation project pyramid • connection to the existing situation • strategic sanity check • plan-think-build-run	**action**
culture	• cultural fit • identity and brand • stakeholder engagement	**support**

Figure 1 – the Head: transformation and purpose in three layers

The first layer is geared to the results one is aiming for. These goals are to be defined by the stakeholders of the organization. They are the ones who define the purpose of the organization itself which is to be transformed. The first step is to identify the various stakeholders, after which their expectations can be found which will define the results to be achieved.

The second layer is integrated in most running transformation programs: the strategy of the organization. This is where the action of the organization is articulated, defining the steps to be taken to proceed in a way that the vision is respected and the competition is beaten. In this layer the purpose of the organization is translated via strategy into concrete action plans.

The last layer is the one which is needed to support the first two layers. In order to deliver the results, a plan is defined to get there. This plan, this strategy is to be accompanied by an approach which fits the organization. One has to define the way this program will be done. If we take one example, Samsung has a different way of doing things than Apple. Samsung has a different corporate culture than Apple, which consequently means a transformation program will be designed and executed differently. The Samsung way is not the Apple way. On top of this, the Apple way in 2016 is not the Apple way of 2006: Apple has changed over time, and with it the Apple way of doing.

In order to work respecting the way things are done in the organization, and to create understanding of the fact that this transformation is contribution to the whole organization, communication is very important. Transformation is by definition different from business-as-usual. It means working different-as-usual. It aims to change the usual activities and with this the culture of the organization too. To avoid confusion in the organization, it is advisable to create a distinct identity for the transformation program. The program should be clearly recognizable for everyone, so that the activities make clear sense in the right context. It should be branded. The branded transformation program enables consistent and effective internal communication.

People need to know why this transformation program takes place and what the progress is, how it relates to the existing organization and the people themselves. This understanding is key to nourishing the motivation factor purpose of the individual employees, as well as of the organization itself.

2.3. Autonomy – how to organize

The second motivation factor, *autonomy*, is related to the ways transformation can be organized and how it fits into the existing organization. As soon as the vision has been translated into a strategy, and this strategy is laid out along a set of actions, the time has come to enter the phase of the actual transformation. The thinking has been done, the head has given the direction and now it’s up to the hand to make happen the ideas. First the actions have to be converted into a portfolio of projects, after which the execution narrows down to managing the projects and managing the risks. This has to be done at the level of the individual projects, but also at the level of the portfolio. And this has to be done all over the organization. The nature of projects requires a different way of organizing the way people work together, as compared to business-as-usual. The responsibilities of the project members are adapted, since processes in projects differ from the normal processes, and people have to find their new roles, develop new skills.

Autonomy is the motivation factor which has to do with the elements of being able to take the initiative, to have the liberty to do the things you think you should do. It is about creating the space to develop, to test things, to enable creativity to thrive. This autonomy does not need however to lead to a solitary situation: in fact it is all too often the contrary. People tend to flourish working in a team, able to leverage from the experiences and knowledge of others. This has to do with people surrounding you who enable you to stretch even more. To go the extra mile. This is also part of autonomy, be it on the other side of the spectrum. Together being stronger, but at the same time enabling the individuals to excel.

People are different, teams are different, so autonomy has many faces. Generally speaking, organizations which seek transformation are of a very diverse nature. There will be differences between head office and business units, but also between the various operating companies. They have different cultures, since they have different roles and act in different environments. They have different perspectives, but also different histories, have experienced different developments, and are staffed by different people — employees as well as subcontractors. Sometimes they even speak other languages.

Formulated otherwise: there is no One organization. In fact, most organizations are more a federation of culturally differing organizations. This has a critical effect on the way a transformation program is managed, since not all of the entities, not all of the employees are in the same situation, in the same state of mind. That is: some of them are more ready or more open for change then others. Others might need a bit more time to get there. A third category covers the ones who are tired of all the changes they have gone through last years and are now reluctant to change. And of course the ones who just reject change, due to various reasons.

Some of the organizational entities might be acting in fierce competition, a phase of corporate life when one is slaying dragons. Others might already have passed this phase, and have moved on to the more feminine side of doing business: cooperation. This category might also be more ready to adapt the stakeholder management concept; whereas the slaying-dragons type probably has more problems with the targets of other stakeholders, next to primarily making money to please the shareholder.

It is insightful here to make a parallel with the cycle of passages in a person's life, following the metaphor of organization as organism. In order to liberate the passion in a person, there is no one-size-fits-all methodology. This is about connecting to your individual power, thriving on your passion, with an autonomy which fits you well. Which is different for all of us, and making the link to organizations might indeed enable us to find a transformation approach which better respects the passage of life that the various parts of an organization are in.

Transformation will cover a very heterogeneous population, of which the individual members are in various stages of maturity, with different levels of change reception. In fact this is a natural situation, for which a comparison with the rites of passage in a human life can be illustrative. For an adolescent, change is perceived differently than for somebody of 50 years old. They will be in different passages of life.[5]

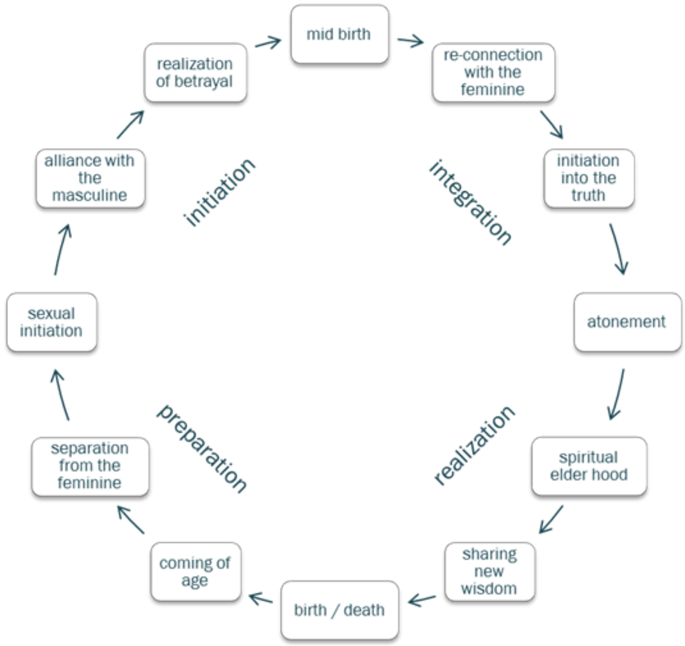

Figure 2 – circle of life passages (Natale, 1995)

That this is a very real issue for most organizations is also clear if one considers the population of the organization. Just look at the age structure of the employee base, and the demographic evolution which is foreseeable. It would be interesting to look five to ten years ahead, and one might see for instance that a lot of employees will retire, whereas the workforce will be balanced by recruiting new graduates. A generation shift. And probably the skills and competence needed by then will be different too. This development will only reinforce the variability of the drivers of motivation. Perhaps the newcomers are more comfortable with working in teams, and being challenged by their peers. Employees at the end of their career might on the other hand be quite okay to take on risky positions, since they don't have to worry about their career any more. It all depends on the individual phase in which an employee is in his or her own circle of life.

There are several aspects of these circles of life, which should be respected:

- people and entities have their individual identity, strengths, maturity and pace;
- they come from different starting points, and therefore need a different route and approach; and
- they are at ease with different projects, different speed of change.

The one-size-fits-all approach will only lead to non-acceptance by the various actors of transformation, and should therefore be avoided. If one on the other hand enables the various actors to adapt the transformation to their natural pace in the cycle of life passages, the energy which will be released will be fantastic. The sky will be the limit.

To leverage from this potential it should be addressed intelligently in an overall transformation program: there is One Transformation Program but it has many faces. The methodology which is to be used to execute the transformation program should on the one hand respect and leverage from the organizational diversity, and on the other hand allow for a harmonized approach. It should allow for creativity but also be manageable. The transformation program should enable individual freedom as well as nourish synergies connected to a shared approach.

Execution of transformation

building blocks		*focus*
change	• integration in day-to-day management • continuous improvement spirit	**results**
transformation	• transformation structure • metrics • roadmap • risk management	**action**
management	• organizational support • transformation governance • change management	**support**

Figure 3 – the Hand: transformation and autonomy in three layers

In Figure 3 this model is illustrated in three layers. The engine is the execution of transformation program. This is where the actual projects, programs and the portfolio are structured, monitored and aligned in a roadmap of projects. Risk management, which in fact is the day-to-day management of the transformation program, is a key part of transformation. This mechanical part of a transformation program is not to be underestimated: it is not only about processes, or an add-on to the existing organization. It also implies radical changes in the way the activities are organized. Other metrics are used. People will have to work in project mode: not only employees, but also the managers. People have to adhere to portfolio governance, which is differently organized than the governance of the normal activities.

The transformation program is in need of various functionalities, which are to be supplied by the existing organization. People should be exempted from regular activities to work on the transformation program. Contributors who are on the one hand functional specialists, and on the other hand well anchored in the existing operations. They should be qualified insiders.[6] The organization should be flexible enough to free up these employees for them to contribute to the projects. In the program itself, they will have clear deliverables in a given time frame which is tightly managed. And after the contribution is done, the employees have to be absorbed by the organization again.

This support by lending out employees is one of the major impacts of the transformation program on the existing organization structure, but there are many more areas which are impacted during the transformation program. Other resources can be requested, management support, assistance in communication, etc. In order to help the existing organization to manage this support as well as other changes which will come during the transformation program, a solid change management program is to be set up.

Another aspect is the transformation governance which should team up with the governance of the existing organization. Since the transformation program is running in parallel to business-as-usual, the decisions taken in transformation have to be respected and confirmed by the existing corporate governance. This can be, for example, a decision to invest in an IT system, a decision to combine teams in a central location, or to remove a project manager from his task. These kinds of decisions have to be backed up by the existing governance to enable the transformation program to work effectively. The first step in any transformation is to create a proper playing field for the projects by preparing the current governance of the organization. For a transformation program to be successful, it has to be crystal clear who decides on what and how the organization will support the decisions taken as well as the changes as provoked by the transformation program.

Both the support and the action should be geared towards the results they are to deliver: well managed projects. But well managed projects in themselves are not enough: the projects should be efficiently delivered, and the results of the projects should be implemented in the day-to-day activities. This process of changing and improving the current state, should trigger a spirit for continuous improvement: there is always potential to improve the processes. To reduce waste. To improve the customer experience. Since many of these improvements in fact are minor adjustments of day-to-day operations, they should be at best initiated and managed by operations itself. These small changes might be insignificant in themselves, but usually have a big multiplier: changing one small thing in a highly repetitive process brings significant results. Sustainably.

The engine of transformation has to produce, and has to be facilitated to do so. The environment has to be created to enable transformation to thrive. Only then will the hand be strong enough to deliver the projects which should transform the organization.

2.4. Mastery – how to develop

The third motivation factor addresses the heart of transformation the people who make it happen. This factor is about *mastery*, about how the organization and the people can develop themselves.

Carl Rogers has done groundbreaking work on the motivation of organisms, formulating his 'actualization theory', which states that all organisms have a natural, built-in motivation to develop their potential to the fullest extent possible. They all strive for mastery.[7] Since we can see an organization as an organism, this principle can be applied to all organizations: they all strive naturally for mastery.

In the context of transformation, this means organizations, as well as the employees, have an intrinsic motivation for improvement. A good transformation program should enable this built-in motivation to flourish. For this, the actualization theory teaches us that this can happen when we use the natural drive which is in us all. As simple as this seems, 'just letting it go' is in reality not that easy. In real life, one has to deal with extrinsic motivation as well.

Any organization has to serve several stakeholders, society, partners, investors, customers and employees. Given the diversity of these stakeholders, there will be a diversity of extrinsic motivation factors as well. For instance the investors (often shareholders) might impose certain expectations on the organization, which are not consistent with the internal drivers. It would for example not be the first time that a company, which is intrinsically driven to serve the community, is being pushed to comply with the wishes of economic profitability after having gone public. There are multiple examples of companies tenaciously trying to please the shareholders by promising and delivering the wished-for cash flow, whilst drifting away from their built-in, intrinsic motivation.

In the utilities industry, an example can be found in incumbents, the historical operators, who used to be responsible for all of the utilities in a country. For years the main purpose was to connect people to the networks, for instance electricity or water. For many employees this is the intrinsic motivation: connecting people. This used to be the case in the history of the incumbent, and is still present in the DNA of the organization. In the case that investments in the rural network are postponed, for instance due to dividend promises, this can be considered as an extrinsic motivation. These organizations try to adhere to a motivation which is imposed, and not 'natural': to gain a positive regard from the shareholders. They compare themselves to other listed companies, and try to play the rules of the stock exchanges. Trying to please the shareholders — existing as well as potential — by furnishing cash flow to the shareholders. This is with the idea that the companies' stock will be valued higher, since more shareholders would be attracted to buy the shares of the company. Logical as this may be, it is not natural for the described organization.

Whereas the intrinsic motivation would be to have connected a lot of customers, the opposite is also applicable: if an entity is naturally aiming for shareholder satisfaction, it would be unnatural to strive for unlocking of customers. This aspect is also to be taken into consideration when one is speaking within a transformation program of finding ways to let operational companies collaborate more closely: respect for their respective intrinsic motivation is key.

The actualization theory teaches us that disrespect for intrinsic motivation is a dangerous situation, which is illustrated in Figure 4.

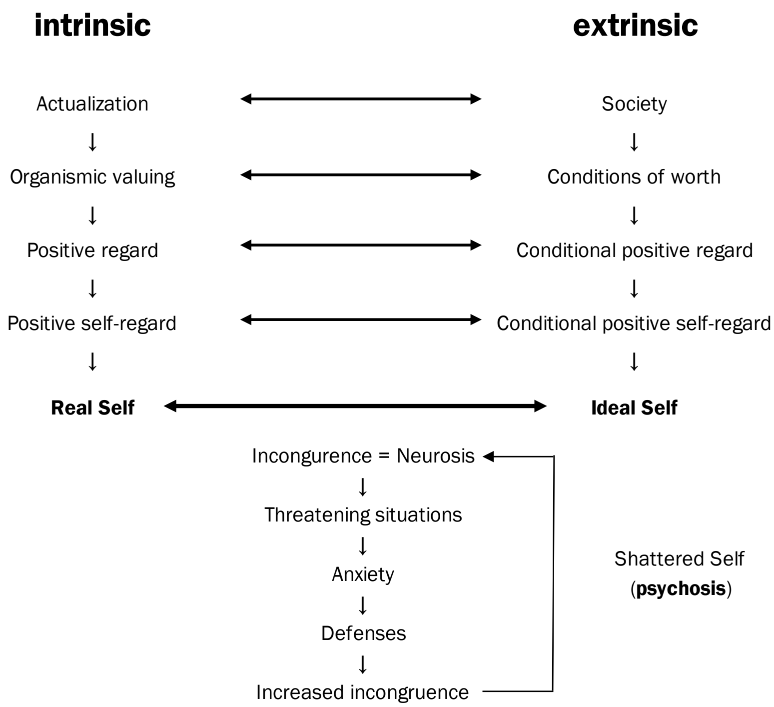

Figure 4 – intrinsic versus extrinsic motivation (Rogers, 1951)

What often is observed is the risk that an organization is forcing itself to ‘play the role’ of a company which is loved by shareholders, where its intrinsic drive is different: one tries to be the Ideal Self, another persona. When taken too far, this will lead to a state of psychosis, which can lead to a vicious cycle of de-motivation. Operating companies, as well as employees, will experience fear for the unknown and the company will be blocked by anxiety,[8] which will lead to sub-optimal action as well as untapped potential.

The above-mentioned risk of getting into a state of psychosis is very present during a transformation program. To avoid this organizational psychosis, it will be the challenge to give the different entities, as well as the employees, as much leverage as possible from their respective natural drives.

Another parallel of the prerequisite of respecting one’s own uniqueness can be found in international politics. Vaclav Havel wrote on cooperation between countries that: “*Peace, unity and cooperation are only thinkable between people and nations who or which know who they are.*”[9] This self-esteem, this knowing who or which one is, is a starting point to move together. This is something which is similarly visible in any organization. Especially an organization in transformation.

In order to liberate the power-from-within, a transformation program has to respect the diversity of the organizational entities, as well as the diversity amongst its employees. This should for instance also be input for the internal mobility strategy of human capital: in case some projects need to be done, we need to match the employee to the project. Personal development and training might mitigate the impact of a mismatch, but it is always better to start off well with proper staffing.

In a transformation program, rigorous adherence to the staffing process is very important: beware of ‘political’ tendencies during this staffing process. Even though it might be tempting to appoint ‘friends and family’ in the project teams, it is not what a professional transformation program will bring as successes. These people might just not be a good match for the work to be done. Besides, there is the risk that it will negatively influence the integrity of the process and the credibility of the transformation. Which perhaps is not a problem at the end of the week, but is a potential game-breaker in the long run, impeaching the overall transformation program and its results.

The right person at the right place at the right time

building blocks		*focus*
rewards	• hygiene factors • motivators • one step beyond	**results**
development	• competencies • management and leadership	**action**
staffing	• individual staffing process • constitution of teams	**support**

Figure 5 – transformation and mastery in three layers

After this matchmaking is done, the time has come to invest in the development of the actors: transformation is different from business-as-usual. Training is a good lever to help develop mastery in the new areas of project management, change management, communication, etc.

Mastery is not only about entities or project managers who should be recruited and developed. It is also about helping managers to play their role in project and program management. These managers are the ones who are crucial in the allocation of resources: projects do need manpower and do trigger spending. This has to do with mastering the role of management and leadership. And this includes top management, since experience shows that successful transformation programs have been endorsed actively by top management. They have to actively illustrate commitment by support, proximity, communication and foremost by actions. One will have to re-prioritize time and energy from business-as-usual to transformation. One has to be firm and focused, to mitigate the fear for the uncertainty which is an inevitable trait of transformation. They have to go one step beyond management: they have to lead transformation, mobilizing energy, inspiring people to go outside their comfort zone. They have to lead by example. They are the ones who should win the hearts of the people for transformation, whereas the transformation program itself should win the minds. As Tony Joe White once put it: *"I do not know of what you speak, but I do believe in the words you say."* This is a challenge for managers: employees have to believe in what the managers say. And for this the managers themselves have to believe in what they say. It has to be authentic. They have to be intrinsically motivated, and managers have equally to be recruited and developed to enable them to master this important lever to contribute to the success of the program.

Finally, the rewards system has to fit with the new dynamics and stimulate people and operating companies to engage into transformation. Rewards can be linked to salary, but also to non-financial benefits like trainings, like travelling, like personal acknowledgement by top management. If one choses to leave an existing job to start working in a project, it would be stimulating if the contribution to a project is considered as an enriching experience which improves the employability of the employee: the probabilities on promotion should increase for this employee. In this way more talents will be triggered to actively invest themselves in transformation, which is also good for the transformation program itself. For more experienced employees, perhaps less interested in a career-boost, there should also be triggers to stimulate them to engage themselves into the program. There is an array of possibilities in this field, and these are key to motivating people to individually engage in the adventure which is called transformation. People will engage themselves, as long as the organization reciprocally engages itself towards the individual too.

2.5. The TransforMotivation System

All three aforementioned motivation factors contribute to the success of a transformation program. And all three of them are important to become successful. All over the organization, transformation is an organizational effort which cannot be delegated to some more or less isolated persons doing the best they can. Furthermore, all activities as presented in earlier paragraphs should be orchestrated properly.

They all are like instruments playing together: it will only work when the timing is perfect. Conducting transformation is a lot about doing the right things, doing them right. But also doing things in the right sequence, and at the right time. Transformation works as a system, in which separate elements mutually interfere with one another.

focus / *dimension*	**Results**	**Action**	**Support**	*motivation category*
Head	goals	strategy	culture	***Purpose***
Hand	change	transformation	management	***Autonomy***
Heart	rewards	development	staffing	***Mastery***

Figure 6 – the TransforMotivation System

The system has transformation at the core of the action: this is where the portfolio, the programs and the projects are managed.

But to be sure that the right action is being conducted, an alignment with the purpose of the organization is a prerequisite. This assessment starts with the stakeholders, who will define the mission, the reason why the organisation exists. They define the prizes the organization should aim for. Furthermore they are the ones to define the vision: what should the organization be to make this happen. What kind of activity should be taken in order to achieve this mission? Furthermore, they should have a strong idea on how one should work in this organisation. As well as on the way things should be done: the culture of the organization.

This purpose is a key input for the mechanical part of transformation: project portfolio management. Here the projects are organized in a roadmap and executed in the right sequence, in the right context and the right speed. These projects initiate the actual needed changes in parts of the organization in accordance to the vision.

In the case of bigger transformations, the transformation program has a significant impact on the organization in order to obtain the needed support. Many organizational entities will be involved in the transformation. Resources have to be allocated and people will have to be found to staff the projects and possible new functionalities in the organizational structure. After this, these people will have to be individually developed and trained to enable them to deliver the needed contribution. Since they all need to know an answer to the question of 'what's in it for me', the rewards part should be quickly completed.

When all this is done, the organization is ready to transform.

The steps described above will be detailed in the following chapters of this book, following the structure of the TransforMotivation System. How is transformation to be done? How to apply all this conceptual logic? The different building blocks will be explained more in depth by supporting methods which can be used to translate the concept into action. This is the way things should be done. This is a textbook based on experience underpinned by proven methods and theories. However, since real life is less rational than the methodologies, real life transformation can be more complex, and sometimes practical workarounds might be needed to proceed. Because in the end it is the result which counts, not the method.

*

3. Transformation & purpose: the Head

The first step in any transformation is covered in the first row of the TransforMotivation System: the purpose. All stakeholders have to understand why an organization is in need of the transformation, and how they will benefit from it. It is the first phase of any transformation program covering the situational analysis and the design of the transformational actions to be taken making happen the strategy of the organization. These actions to be taken should fit the organization too, so that the organization can execute the strategy.

This chapter will zoom into the first row of the TransforMotivation System, which covers the motivation factor Purpose. The index of this chapter is given in the figure below:

paragraph / *chapter*	Results	Action	Support	*motivation category*
Head	**3.1 goals**	**3.2 strategy**	**3.3 culture**	***Purpose***
Hand	change	transformation	management	**Autonomy**
Heart	rewards	development	staffing	**Mastery**

Figure 7 – index of chapter 3 in the context of the TransforMotivation System

The first section will cover the goals which have to be achieved by the organization, as defined by the stakeholders of the organization. The actions to be taken make the strategy of the organization happen in order to deliver these goals as set out, covered by the second section. Since culture eats strategy for breakfast,[10] the chapter is completed with the culture of the organization.

3.1. Goals

The purpose of transformation is closely linked to the purpose of the organization as a whole. Why does this organization exist? What value should the organization bring? These existential questions should be addressed first in order to start off well with a transformation program. It has to fit to the organization it is supposed to transform, if not, transformation does not make too much sense. Purpose is the starting point of transformation.

3.1.1. What do we want to be?

To understand the *why* of a transformation, one has to go to core of the organization: the purpose of the organization. Also known as the '*raison d'être*', or the '*mission*'. This mission is to be accompanied with the vision, defining what the organization does want to be. The mission does not change with time, whereas the vision will change over time, adapting to the changing environment.

Most public organizations work with both of these concepts, but it is not easy to find good examples. Apparently these questions are not so easy to answer. A mission should be unique and inspiring, whereas the vision should reflect the values the organization stands for. So for instance Amazon has quite a broad mission: *to raise the bar across industries, and around the world, for what it means to be customer focused.*[11] This mission is completed by how Amazon sees the way how this should be done, the vision: *by being genuinely customer-centric, genuinely long-term oriented, and genuinely like to invent*. This mission and vision are unique, and fit with Amazon and the stakeholders of Amazon.

Other organizations try to make the vision a bit more tangible, by adding long-term goals to it. For example the mission of Philips ("*improving people's lives through meaningful innovation*") is accompanied with the core vision (*"at Philips, we strive to make the world healthier and more sustainable through innovation")* is made more tangible by adding goals (*"Our goal is to improve the lives of three billion people a year by 2025. We will be the best place to work for people who share our passion. Together we will deliver superior value for our customers and shareholders").*[12] The latter illustrates that various stakeholders have their place in the vision. These different stakeholders have expectations of the organization, which is a key input for the purpose of the organization as such, and transformation as well. So it is important to know who these stakeholders are, as well as their expectations as reflected in the goals the organization should strive for.

3.1.1.1. Identification of stakeholders

The first step of a transformation program is to identify its stakeholders. Typically the stakeholders have to be seen from a wide angle: to better assess the ecosystem in which an organization operates, it is important to take a bit of distance. If not, one might for instance forget the corporate social responsibility an organization has. An organization is part of *society*, and as such contributes to it too. As all organizations and citizens in a country do. Not taking society as a stakeholder into consideration would mean that companies would be standing outside of the society, which would be a peculiar situation. If possible in the first place.

A frequently forgotten stakeholder is the category *partners* with which a company works. Typically the companies where the resources are bought from are in this category. History has shown that treating suppliers as a cost-category does not maximize value on either side. Both buyer and seller are better off with a longlasting relationship which works out as a partnership. In recent years, more and more one sees partnerships with organizations that are complementary, and organizations which work more or less in symbiosis with other organizations. Some processes might better be done by other organizations, so that an organization can focus on its core activities. With these kinds of partnerships, both partners can do what they are best at, and via the partnership value is created on both sides.

The third category of stakeholders consists of the *investors*, the owners of the organization. In the case of many companies, these investors are the shareholders, who financially fund the company. This stakeholder has for a very long time dominated the other ones, driven by an idealized Anglo-Saxon way of acting, and the values supporting this. Business strategies are to be judged by the economic returns they generate for their shareholders (by paying out dividend and increased share price).[13] Maximizing shareholder value has been a motto for years in economic sciences and subsequently in the corporate world, too often to the detriment of other stakeholders.

In recent years the *customer* is making a revival again as a key stakeholder of a company. In the end it is the customer who will furnish the future revenues, which is key for the existence of a company. The best guarantee for this future cash flow is to value the customer experience, anytime and anywhere.

Since in the end the value of a company is driven by the people doing the work, the notion of the *employees* being the fifth stakeholder has gained importance in the last decade. People used to be treated as 'costs' by many organizations speaking of 'Human Resources' (or HR), as if the people are considered as resources, next to other resources you put into the organization (like raw materials…). Recent corporate history however shows that winning companies very frequently differ from their peers by their valuation of employees as a key stakeholder. Which will lead to a better staff, which improves the organization's results.

In corporate history, the importance given to the various stakeholders has evolved, and in recent years, one gets more and more convinced that the stakes of the various stakeholders surrounding a company have to be treated and valued in a balanced way. There is no trade-off. All of them should be treated as equal as possible as compared to the other stakeholders.

The five mentioned categories of stakeholders have been captured in the SPICE model,[14] with the S of society, P of partners, I of investors, C of customers and the E of employees.

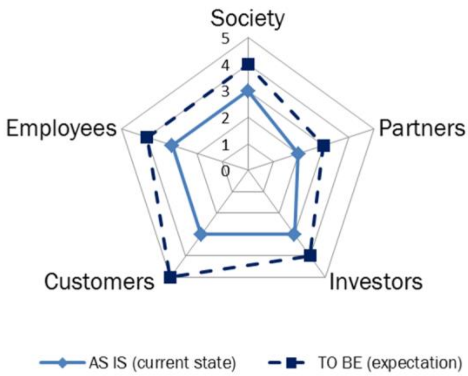

Figure 8 – example of the expectations gap of the five types of stakeholders of an organization

In the figure above, the SPICE model is illustrated with a graph in which the current state and the expectations of the various stakeholders are shown.

It would go too far to elaborate here on the various indicators for the different stakeholders, but the idea is to compare the actual state with the expectations of the stakeholders. The spider web here shows the example of an organization which has to improve for all stakeholders, with a particularly big gap for the customers. A visualization like this can be very insightful for top management to understand where the strategy should focus upon, and where not. It would be advisable to repeat the same measurement periodically, to see whether the transformation program is still on the good direction, and ultimately whether it has delivered up to the initial expectations.

3.1.1.2. Corporate governance

The relationship with the diverse stakeholders can be organized in various ways. There is for example the weekly meeting with the mayor, the monthly meeting with the unions, the annual shareholder meeting, etc. In the perspective of a transformation program, the focus is on the way the organization is governed. Who decides? How are the decision-making processes set-up? How is cooperation organized? In short: 'Who-is (are)-the-boss(es)'. In a business environment one speaks of 'corporate governance'. And what is the role of the unions, another representative of society? Or the clergy? Environmentalists? The universities and the science community?

In the area of process improvement, a well-known method used as part of the Kaizen[15] methodology is the '5-times-*why*' riddle. By asking 'why?' after the previous answer, and repeating this several times, one can quite quickly find the root cause underlying a problem.

Corporate governance is more about the 5-times-*who* riddle. Who is behind the one deciding? Who is accountable? And then who? The answers to these questions are not so obvious, and tend to vary between organizations. Corporate governance is something which exists all over the world, but is not globally harmonized. The OECD is trying to harmonize worldwide amongst its members (and even beyond), but this is for now an ongoing struggle. There is a wealth of definitions, which illustrates the local specificities of this concept.[16]

One of the countries where corporate governance structures have been developed for quite some time is the United Kingdom. There, one defines corporate governance as 'the system by which companies are directed and controlled'. Corporate governance is therefore about what the board of a company does and how it sets the values of the company, and is to be distinguished from the day-to-day operational management of the company by full-time executives. The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company.[17]

Classically, corporate governance is a combination of different decision-making bodies and processes:

- Board of Directors (key role: validation, control of the Executive Committee)
  - representatives of shareholders, society and sometimes employees
  - including some committees
- Executive Committee (key role: decision-making)
  - translated into the organization chart
  - including some committees
- Schedule of Authorizations (key function: decision compliance with company rules)

Although there are many differences between national regulations regarding the responsibilities of the Board of Directors, they are usually supposed to validate the strategy of the company (and one of the committees is usually a Strategy Committee). The importance given to strategy might be extended to transformation too, given the fact that transformation can be seen as part of strategy in the broad sense. In a narrow sense, it is at the least the implementation of the strategy (see also Figure 10 in the next section), which makes transformation an important point to be validated by the Board of Directors.

The Schedule of Authorizations is the most visible part of the corporate governance. In this schedule the authority to sign off is laid down. Who can sign for what, and up to what amount? This is a very important process which has to be put in place in order to operationalize primarily the purchasing function, but also other functions in which external obligations are at stake (for instance job contracts, real estate, etc). This process is key for the management and control of the organization itself, but is also very important for suppliers: they need to know who is authorized to sign regular purchasing orders, but also to negotiate contracts. A key aspect for this important stakeholder of the organization.

The corporate governance system as described above does not however cover the complete governance: it undervalues the power of the stakeholder society. Organizations and companies are impacted significantly by the government: for instance by regulation, law, taxes, services of government agencies, licences, etc. Besides a possible shareholder relationship (by which the government holds [part of] the shares), it seems logical that the government has a specific role when speaking of corporate governance. This influence of the society is key when understanding the purpose of the organization, the goals which have to be achieved, and how the governance actually works out. How does society as a stakeholder play its role? Might it be that the governance of corporations is impacted by the governance of a country? And what is the role of the unions, another representative of society? And how? And if this would be the case, how could this parameter be taken into consideration in a transformation program?

One might argue that this de facto works for all countries where corporate governance rules strive for a balance of power between the various stakeholders. The shareholders should not be preferentially treated as compared to the other stakeholders, neither should another stakeholder be. In the corporate governance practice, this notion is taken into consideration by appointing 'independent' board members in the Board of Directors. These are board members who are not liaised to the management board (for instance being a former executive manager of the company), but representing the government, the religion or personnel.[18] It remains however that the initial role of the Board of Directors in the classical corporate governance is to represent the shareholders, who have the ultimate power. In the end it is the shareholders who can appoint or dispose of a board member, via the shareholder meeting. This is the way the system is set up, in the spirit of Adam Smith. He was one of the first authors to address the problem of management (being non-owners) taking care of a company. In 1776 he stated:

"The directors of (joint stock) companies, however, being the managers rather of other people's money than of their own, it cannot well be expected that they should watch over it with the same anxious vigilance (as owners) ... Negligence and profusion, therefore, must always prevail, more or less, in the management of the affairs of such a company."[19]

However, times have changed, and the mere fact that one nowadays more and more acknowledges other stakeholders next to the shareholders, it might be time to think of alternatives for the classical corporate governance structures.

One of the reflections one now can follow is that the shareholders are in fact the stakeholders who can step out the easiest: they are legally less engaged than other stakeholders. Society is involved by definition, the partners/suppliers are bound to contracts they have, and can perhaps not get out so easily. Employees are in theory free to go, but given the non-transparent labour market, they are most probably not that agile to move. And the customers are with many products and services locked in with service contracts and other barriers which make it difficult to exit the relationship with the company. But for many shareholders, there is a relatively open market for their stock, which makes it relatively easy for them to sell their share and abandon the company. In this sense, it nowadays might seem slightly weird to have the shareholders being a bit more protected then other stakeholders in the corporate governance structures.

Given the differences in regulation between most countries, the differences between companies within a country indicate that the structure of the Board should not be seen too narrowly anyway, and it should allow for pragmatism.

Being a company with a mission to serve all stakeholders (not giving priority to the shareholders), the classical way of organizing corporate governance undervalues the interests of the other stakeholders. An alternative way out is to introduce a second board, supervising the first one: a Stakeholder Board.

This structure does make the different roles of the two boards (and their members) more clear: the Board of Directors is closer to the business, and the Board of Stakeholders watches whether all stakeholders are properly taken care of by the Board of Directors.

The principle of a two-tier board structure is not unique in the corporate world. In China one works with a dual-board system for listed companies.[20] Studies reveal that the usefulness of the Chinese' Supervisory Board depends on the role that the Supervisory Board plays in corporate governance. If the Supervisory Board is an *honoured guest*, a *friendly advisor*, or a *censored watchdog,* it is unlikely that the Supervisory Board will convey much useful information. By contrast, if the Supervisory Board acts as an *independent watchdog*, then this board indeed is perceived useful.[21]

Although improving the corporate governance is rarely a task for a transformation program, it is wise in any transformation to at least take notice of the corporate governance structure and its possible shareholder bias. All stakeholders should be represented while assessing the results to be achieved. They all have influence, formally or informally, which should be taken into consideration to avoid a biased start of the transformation program. Which might sooner or later lead to organizational psychosis due to stakeholder conflicts.

3.1.2. What should be achieved?

After the relationships with stakeholders have been identified, the mission of an organization can be set. Or — in case it is already available — it should be put into the perspective of the various stakeholders impacted. For a transformation program, it is important to make the starting point as tangible as possible, notably by translating the more holistic mission and the already more down-to-earth vision into more practical terms: What are the goals the organization should strive for? What is to be achieved to be successful? Do we need to excel in customer experience or in cost efficiency? Or both? Should the organization deliver rapid growth, or create long term value? So the vision should be detailed out in goals, giving the large achievements to be made. These are qualitative of nature.[22] At a later stage, these goals should be accompanied by Key Performance Indicators (KPIs), and quantitative objectives should be set for these KPIs to make it more manageable. All is still at a high, aggregated level, but these give the directions and the more detailed sub-results the organization should achieve.

For example: if a goal is to deliver *'superior customer experience'*, a KPI can be the *'Mean Recommendation Score*.[23] Depending on the situation of the market and the ambition, the objective could be set as '*70% at the end of the first year of the transformation program, and 75% at the end of the third year'.*

This vision, these goals and objectives define the playing field for the strategy of the organization. The overall directions, high level goals and objectives are known, and the strategy should be the plan to make this happen.

It is however not so obvious to set objectives, as the above example of the mean recommendation score in three years... For this, one has to estimate on the one hand how the environment will develop, and on the other hand what the organization will be capable of delivering. This is a highly variable and judgmental process, which has a significant risk of derailing into endless discussions between different standpoints and convictions. In order to circumvent this situation, organizations generally try to find more objective, external information with which to compare internal estimates.

3.1.2.1. Benchmarking to estimate results to achieve

A popular method top managers like to use in this kind of situations is benchmarking. Just find an organization, if possible the best in class, and compare your organization to it. Then one can focus on the improvement of the areas where the organization performs less than the benchmark. As soon as one has bridged the gaps, one will be the best in class too.

Great logic.

However, as one might notice in the abundance of variety on the market place, the number of cloned companies is not that high. Why is the Great Logic not translated into results? Apparently it is not that simple. Or in fact it is, since all benchmarks obey the *law of garbage in, garbage out*. It is just very difficult, if not impossible, to come to sensible, like-for-like comparisons of operational information. One can come quite a long way, but the more the information gets important and strategic, the lower the reliability is. The reliability is even more contested, when financial information is combined with operational information: on top of the shaky operational information, one opens Pandora's box of Cost Allocation. This is the nirvana for the what-gets-measured-gets-done people, whereas this might very well be the moment to think of a quote from Albert Einstein: *"Not everything that can be counted counts, and not everything that counts can be counted."*[24]

Considering the drawbacks mentioned above, benchmarking can nevertheless be helpful in finding opportunities for improvements. There are various types of sources of external information available, which can be very useful if applied in the correct context.

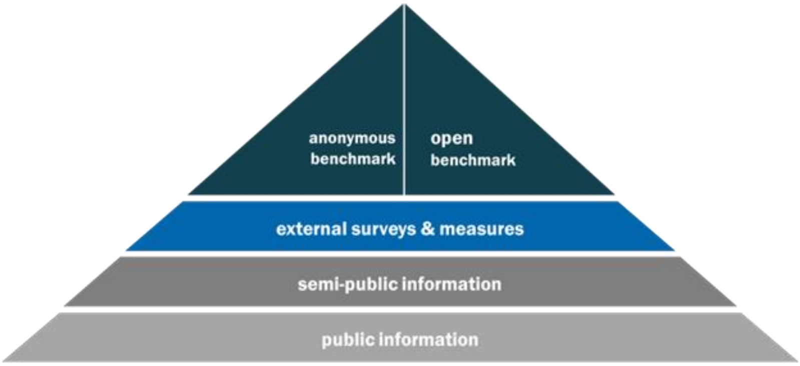

Figure 9 – different sources for external operational information

What source is to be used, depends on what one would like to have, how much one is willing to pay for it, and how transparent one would like to be.

The higher one gets in this pyramid, the more the information is confidential. The two lowest levels are freely available in the market place; one just has to find it. Most public information is simply available using search engines like Google. When one gets to the semi-public level, one should think for instance of reports of consultancy firms and case studies. One can also think of a merger or acquisition process: the moment a company is for sale, there is an opportunity to enter in the bidding process, in which a lot of very detailed information is available. And there is a third category: the suppliers. They tend to have biased information, but very detailed and useful. Ok, for them, but also for the organization. And for free! The next level is the external surveys, of which an example is the voice of the customer. If one properly selects the audience to be interviewed, frequency and the questions, this information can be of great value for the organization.

The upper level consists of the ‘real’ benchmarks, of which two types exist: the anonymous one, and the open one. The anonymous benchmark (or: *blinded* studies) make use of an intermediary, neutral information broker. This broker coordinates the benchmark, collects the information of the participants, does some validation steps, and reports back to the participants. In the end report, typically the own organization is visible, and compared to anonymous peers. The information is very helpful as a picture on where one is as compared to others, but that’s it. It is a comparison of results. If one really wants to understand *why* the differences occur, the open benchmark might be a good alternative. This last type of benchmark is completely open, and ideally one can deep dive with the benchmark partner into the processes which lead to the different results. A benefit of the latter form, is that one can also freely discuss and assess the usage of the used Key Performance Indicators. This to mitigate the risk of the law of garbage in, garbage out.

The operational usability of the gathered information is however limited, since the ‘it depends factor’ plays a major role. Some approaches might have worked very well in a certain situation, but that is no guarantee they will work too in other environments. The benchmark results can however trigger areas to focus upon, where one can launch additional analysis with internal information. This information can serve as input to have an idea on the aspirational targets one can have for the organisation. Should we aim for 20% growth in four years? Would 40% be possible too? Often these aspirational targets are referred to as ambition. They can be a bit vague, but still do give the framework which guides the results the transformation is expected to deliver.

3.2. Strategy

Now that it is clear what achievements the stakeholders are expecting, the time has come to make this happen. What should be done to change things so that the organization will deliver the results as expected? So that the organization will get more then compared to the initial situation. For this, a strategy has to be developed to get more out of the situation than the starting balance of power would suggest. Strategy being the art of creating power.[25]

One of the challenges of running a transformation program is to keep it as simple as possible. But including concepts such as ‘strategy’ and ‘transformation’ happens to be adding complexity for many actors. Many people tend to mix up these concepts, blurring the line between effectiveness (doing right things) and efficiency (doing things right). Since ‘Transformation’ and ‘Strategy’ are frequently seen as ‘a bit of both’, it is helpful to make a clear distinction between strategy setting and strategy execution. Strategy setting is the part where the plans are made, which people refer to when speaking of ‘Strategy’. This strategy then has to be executed in the next phase, which will actually deliver the transformation. This next phase is called ‘Transformation’. It is the combination of these two which makes a transformation program successful; independently they are in fact of limited added value.

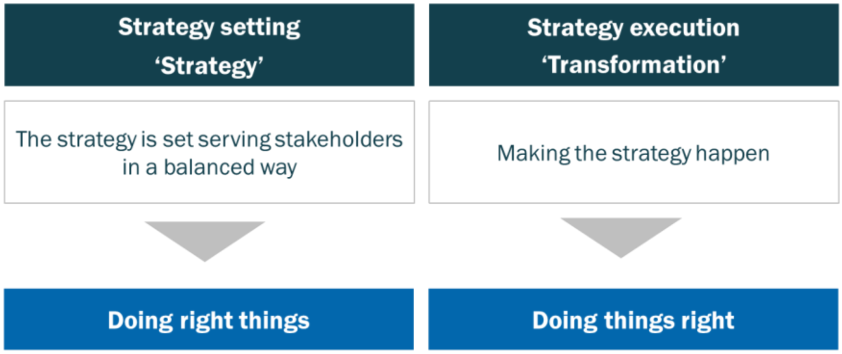

Figure 10 – distinction between Strategy and Transformation

In a transformation program the strategy is normally a given: it has already been defined by top management, driven by the strategy department following a strategy setting process. In a transformation program this strategy usually needs to be translated into more practical terms. This is the 'strategy setting' part of a transformation program.

In this section the focus is on the strategy setting. How do we ensure doing the right things? This phase of a transformation program is to answer the question of *what* we need to. There are many publications and books on the methods to set a proper strategy, but here we only focus on the role of the strategy within the TransforMotivation system and a structure to ensure a good hand-over to the strategy execution phase.

3.2.1. Transformation project pyramid

In order to simplify the things which have to be done, it is helpful to make use of a simple structure. This structure should guarantee that projects do contribute to the overall benefit of the company in a managed way.

There are various methods available, and quite a lot is published on this. A very helpful one is the method as developed by PMI (Project Management Institute).[26] PMI has a proven track record and is the world class standard in project management. It works, and is universally applicable for any transformation. The starting point is the mission of the organization, which explains why the organization exists.

Figure 11 – transformation project pyramid (derived from PMI)

The power of this methodology is that all projects are related to this organizational mission. The sense of the transformation, the Why, is given at the highest level of this pyramid. Starting from this level, the pyramid is increasingly detailed out to ultimately define the What: what are the actions to take, what are the measures to monitor them and what is the desired level of performance?

It is important to rigorously follow this logic all through the process, since many strategies are failing to define the challenge to be addressed, mistaking goals for strategy, stating a desire without a means of achieving it, and setting objectives without considering their practicability.[27] These kinds of strategies are not a good input for a transformation program, and if blindly followed, the transformation program would not deliver the expected successes.

Therefore it is advisable for any transformation program to also invest time in properly absorbing the strategy into the transformation program. It is not about redoing the strategy setting, but more finding a format which is more useful for the execution. This translation is needed to build and maintain the connection between on the one hand strategy at the level of the organization and key functions, and on the other hand the tactics at detailed level. Both have to be there, and have to be connected. As Sun Tzu formulated it: *"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before the defeat."*[28]

In order to translate the mission and vision of the overall organization into a practical strategy and tactics at functional level, it has proven helpful in a transformation program to set up several functional transformation work-streams. These streams focus themselves on their respective functional area to translate the overall mission and vision into goals and objectives per functional area.

One of the streams to be set up is the Strategy Stream, which is responsible for the consolidated strategy. The strategies as proposed by all the individual separate streams have to be compiled, corrected and consolidated into one overall strategy. This bottom-up approach has proven to be laborious, but it is a necessary step to be able to later on in the process translate a corporate strategy back into projects per functional area. This is a practical way to engage the various streams into the overall strategy, which is a very important element in the acceptance of the strategy and the consequently defined actions to be taken.

In a typical transformation program, the number of actions to be taken very easily mount up into the hundreds. Even though completeness is a great thing, there is a possible risk of losing oversight of the things which need to be done. In order to facilitate the management, communication and comprehension of the transformation program, it is helpful for the Strategy Stream to cluster the actions to be taken into a limited number of families: strategic focus areas. These are the big directions the company should strive for say the next four years.

Since these strategic focus areas are still a little bit wide and generic, it is advisable to detail them into more concrete goals. These goals are more practical for the various functional streams to work with.

As mentioned earlier, all transformation programs are different, but to make it a bit more tangible, a typical set of strategic focus areas is given in the figure below. In this example, one of the strategic focus areas is detailed out in three goals. When these three goals are delivered, the strategic focus area will consequently be achieved. The goals on their part can only be achieved by delivering in this case two projects. That is what needs to be done, to achieve the goals, and with it the strategic focus area.

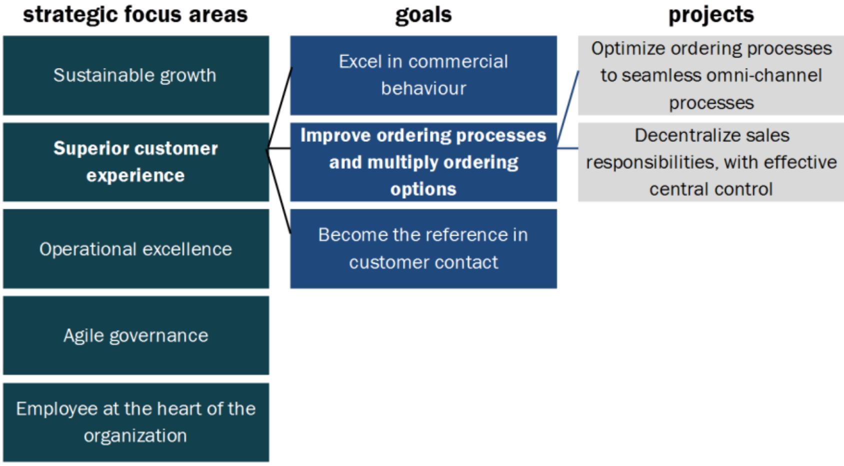

Figure 12 - from strategic focus areas to goals and to projects

In all the streams, the focus areas are detailed out in these kinds of goals, to which the projects as proposed by the individual streams should be attributed. This approach assesses in a very structured way whether a project does serve the overall purpose of the transformation program. The opposite is also true: it also assesses whether all goals are covered in the proposed projects. The result is a 'cleaned up' and enriched list of projects, aligned with the overall organizational strategy.

The last overall check is now to take a step back, and to get back to the strategy from the overall organizational perspective and to ensure all strategic focus areas are sufficiently loaded with concrete goals. Again, this is the task of the Strategy Stream. By taking the overall organizational perspective from top down, there is a double-check possible whether something might be missing from or not fitting in the overall strategy.

3.2.2. Connection to the existing situation

Defining what is needed to be achieved per functional area is important, but this is still only one part of the game. To know what to do, one should also look at the current situation the organization is in. In fact, the current situation of the organization (the AS IS) trumps the projected future state (the TO BE). As Lawrence Freedman has stated: *"Strategy is fluid and flexible, governed by the starting point and not the end point."*[29]

To assess and understand the AS IS situation of the organization, multiple questions can be asked. Where does the organization stand now? What are the internal capabilities? What is the positioning in the market as compared to competitors? What are the weak points which need to be reinforced, and which strengths should be leveraged from? To assess the AS IS situation, one can make use of multiple sources of information, like internal assessments, data analysis and interviews, workshops and field visits. It has proven practical to structure the approach when using all of these sources in order to gather relevant information, and not be left with a lot of nice-to-have data. The idea is to obtain a consolidated version of the situation the organization is in, and it helps already early in the process to define the different relevant themes one would need to have information on. These themes can then be used to structure interviews with managers and employees, but also to structure the information requests. In case this process is not well structured: you might be stuck with too much data which is not really useful for the assessment, whereas people who have furnished the data will be frustrated at not having recognized their input in the outcome of the process.

A commonly used format to represent the AS IS is the SWOT model, developed at Harvard University. It is set up in the spirit of case studies, which means they are applicable to individual cases. Real cases, but specific to an individual organization in a given environment.[30] In the SWOT the internal assessment is aggregated in Strengths and Weaknesses, and the external assessment with Opportunities and Threats. The SWOT is a snapshot of the organization. In this way one can assure that internal as well as external factors are taken into consideration in the analysis.

To illustrate what a SWOT looks like, Figure 13 gives an example of the SWOT of a typical historical telecom operator.

Strengths

- large geographic footprint & coverage ("for everybody, present everywhere, all over the country")
- regional autonomy and local responsibility & ownership allow progressive roll-out
- loyal employee base, good technical skills
- flexibility of workforce via outsourcing
- trusted brand as compared to competition

Weaknesses

- lack of entrepreneurial, human resources, managerial, commercial, service & English skills
- declining profitability
- no standardized customer-oriented processes
- limited project management culture and skills
- outdated operating model

Opportunities

- market potential & growing usages for broad band
- untapped fixed-mobile convergence opportunity
- market potential in enterprise market
- government support with 'Digital for all' programs
- mobile broad band to boost mobile data usage and complement fixed broad band coverage

Threats

- attractive competition for customers and employees as opposed to rather dull image
- developments within the regulatory field / international alliances
- emerging WIFI operators as an alternative network decrease profitability of mobile broadband investments

Figure 13 – an example of a SWOT matrix of a typical telecom company

This SWOT is made on an overall organization level, with elements of various functions in it. This is interesting for an overall view, but not really relevant for the various underlying functions. Making the SWOT matrix for all functional streams separately will be of a more practical use. Furthermore it forces a look at the AS IS for all streams in the same way, and by this improves the common language. A common language which is needed to communicate between the streams, but also between the transformation stream and the existing organization.

Having the SWOT does however not trigger action: it gives a valuable picture, but this picture should be used in the transformation process. In order to ensure that the previously defined strategic focus areas indeed do help to bridge the gap between the AS IS (as represented in the SWOT here above) and the TO BE, a sister model of the SWOT can be utilized: the TOWS model.[31] This model represents the SWOT in a different way, which can help to show whether the strategic focus areas do address the weaknesses and threats and leverage from the strengths and opportunities as well.

In Figure 14 an example of a TOWS is given, which builds upon the earlier examples of strategic focus areas and the example of the SWOT. The model connects the strategic focus areas (the five boxes in blue) with the strengths, weaknesses, opportunities and threats as defined in the SWOT as given in the previous figure (the four white boxes).

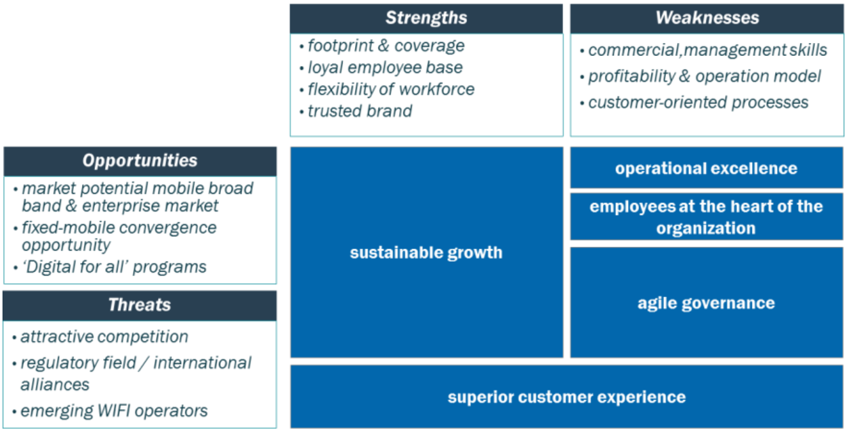

Figure 14 – the TOWS model links the SWOT with the strategic focus areas

The figure above shows that the five strategic focus areas do cover all elements of the four boxes of the SWOT: nothing is forgotten.

The model is illustrated here at the organization level, but in order to make this assessment more concrete and tangible, the TOWS model should be applied at functional stream level too. To be more precise, this exercise is firstly to be done at stream level, to be consolidated to the organizational level in a later stage. In this way the buy-in will be secured of all streams and their respective stream leaders. These stream leaders lead the functional streams, and should also at best be members of the Executive Committee (see also 4.2.2 on transformation governance). They can then recognize themselves completely in the work done in their stream, and also find their contribution back in on the organizational level. Furthermore, the relevance of the strategic focus areas is illustrated in a tangible way and easier appropriated by the organization.

3.2.3. Strategic sanity check

Besides using the AS IS assessment as a starting point for the strategy, the assessment of the current situation is a valuable input for the next phase too. As illustrated in the transformation project pyramid, the goals ('*what do we need to achieve to be successful*') are to be made more tangible with objectives. It is perhaps smart to set the objectives by, for instance, making use of benchmarks, but even more wise to calibrate these objectives with the actual situation an organization is in. In fact, this can also be said for goals as proposed: sometimes they might be just too far away to be considered achievable. The opposite can, by the way, also be true: a goal which does not stretch at all also loses its relevance... In the strategic process therefore there should be a mechanism in place which enables the goals to be enriched by the AS IS assessment.

In Figure 15 the overall process is illustrated in a schematic format. The input comes from internal sources (mission & vision, internal assessment and field visits), enriched with information from external sources (external expertise and benchmarks). Enriching the information is needed since it sometimes depends on where the information comes from, or who is providing it. It is important to double-check the information in order to ensure the input is reliable, relevant, in a usable format and expedient.[32] This input is to be used by all functional work streams of which an example of a typical set is given. The first two streams (commercial and financial) represent in this example the business focus, whereas the other streams can be seen as enablers for the first two. For instance the work stream on legal is not the key activity of the organization (so long as we are not speaking of a legal firm, of course).

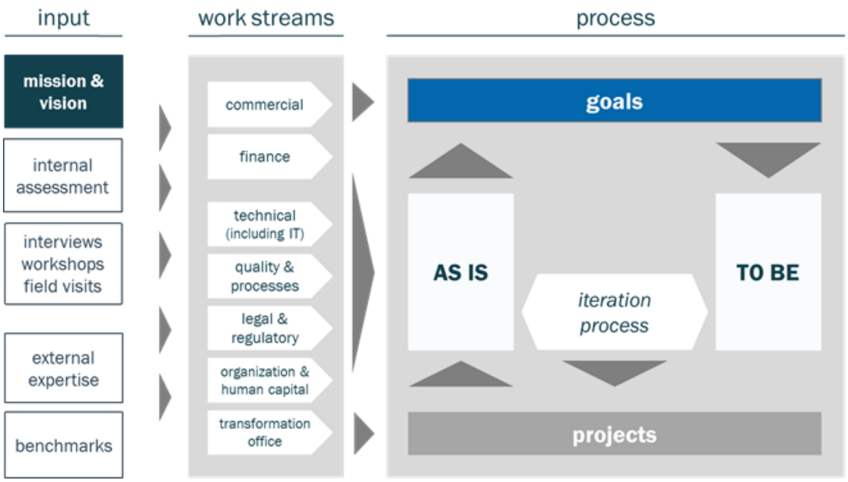

Figure 15 – summary of the process in the first phase of a transformation program

In all the work streams, the functional areas might be different, but the process is similar, as described earlier. All work streams have to assess the AS IS, have to detail out the TO BE, and have to define the projects needed to make happen the TO BE. Initially all work streams can be given the freedom to do this exercise individually, and in the second step, the strategy stream will consolidate all the plans of the separate streams. Some ideas have to be adjusted in order to come to an aligned, coherent strategy. The strategy stream then defines the big themes of the chosen strategy, the strategic focus areas. Besides aligning the strategic focus areas, the strategy stream should also align the various objectives as defined at functional stream level. They also should be internally consistent, to mitigate the risk of contradictory objectives.

In this way the ownership of the separate functional areas is secured, AND the overall consolidated picture makes sense. Both sides of the coin are necessary to help ensure the motivation of all players to contribute to the common goal.

3.2.4. Plan – Think – Build – Run

Now that the strategy is aligned among the various streams and the organizational vision, it is again time to take some distance. The process has to fit within the classical sequence of plan-think-build-run, in order to ensure that the approach is complete. In many cases, organizations now jump to the Build phase, where they have missed an important element of the Think phase: existing master plans. A transformation program is supposed to change an existing organization, which normally already has strategies, programs and projects. They may not be good, but they are there, and most probably influence the current organization too.

So even though all projects now do make sense, within the functional stream as well as in the consolidated picture, there remains one important aspect to be verified: their connection to master plans. A master plan encompasses the vision per functional area, translated into a set of objectives in time. It is in fact a special program, which will give sense to the projects in the functional area, but will also serve as glue between the different functional areas.

The central master plan is the master plan for marketing, which has a key output for the other departments: the estimated volumes of products and services are projected in the years to come (typically about three to five years). These volumes are needed to deliver up to the stakeholders' expectations. For other departments, these volumes are a critical input to assess what has to be done to make happen these volumes. For example, the master plan of marketing will serve as input for the IT master plan. With this plan, IT has the needed estimated volumes of products and services which are foreseen, which are to be supported by IT. These estimates are the fundamentals of the master plan for IT (as well as for the other departments), in which the structuring of the IT environment will be covered. In this way, the various investments and needed costs are estimated, using the same basis for all functional streams. How many people are needed where and when and with which skill? How much shops are needed? CRM investments, buildings, etc?

Besides the master plan marketing, the master plans of all functional streams serve as input for the other streams. The master plan for Human Resources might very well lay out a strategy to maximize outsourcing of activities. This is very important input for, say, the sales department when defining the distribution strategy: perhaps less own shops but more franchising might be an achievable direction.

Making the master plans is part of the Think phase, which is the phase after the Plan phase, in which the overall strategy is defined. The master plan enables to formulate a program of projects within a functional stream. A program which is part of the overall transformation portfolio (see also 4.1.1 on more on the structure of a transformation program). After this Think phase, in the Build phase the projects are detailed out and executed. The last phase is the Run phase, in which the outputs of the projects are handed over from the transformation organization to the existing business and implemented (see 4.3).

The practical output of this exercise is that the transformation program is aligned with other running programs in the organization. Best is to include the other programs or their projects into the transformation program, to prevent confusion in the organization. One transformation program is already difficult, but when it starts competing with other programs, the organization will most probably be highly confused. Since the transformation covers the whole organisation, the transformation program is the overarching program, covering all functionalities. Therefore should the other programs be integrated in the transformation program, and not the other way around. The outcome will be the complete list of all projects. A list of projects per work stream: this list of projects will bridge the gap between the AS IS and the TO BE, serving all stakeholders.

We now know what to do and whom we are doing it for.

3.3. Culture

Having set the strategy, guided by the stakeholders' goals, the part of the purpose of a transformation program is not yet complete. As mentioned earlier, the strategy should be anchored in the AS IS, the current state the organization is in. The state in which the organization is evolves in time too, following the cycle of life passages, which makes it important to not think too lightly of this part of the AS IS assessment. As also mentioned in 2.3, there is no One Organization, and the different entities the organization is made of, can be in a different passage of life. And therefore have a different way of doing things; their cultures differ. So the way the strategy is going to be executed differs sharply per organization and its entities, and has to be aligned with the culture of the organization as well as with the phase in the life cycle the organization is in.

3.3.1. Cultural fit

Since 'culture' is one of these words with many different interpretations (like 'quality' or 'transformation'...), it is good to spend some time on explaining what the meaning of the concept of 'culture' is in the context of the TransforMotivation System. A lot of material has been published on culture, and there are ample definitions available. The definition chosen here is the one which focuses on belonging to a group: *"Culture is the collective programming of the mind that distinguishes the member of one group or category of people from others"* (Hofstede, 2010, p. 6).

Figure 16 gives a schematic overview of the key differences of three levels of collective programming of the mind.[33]

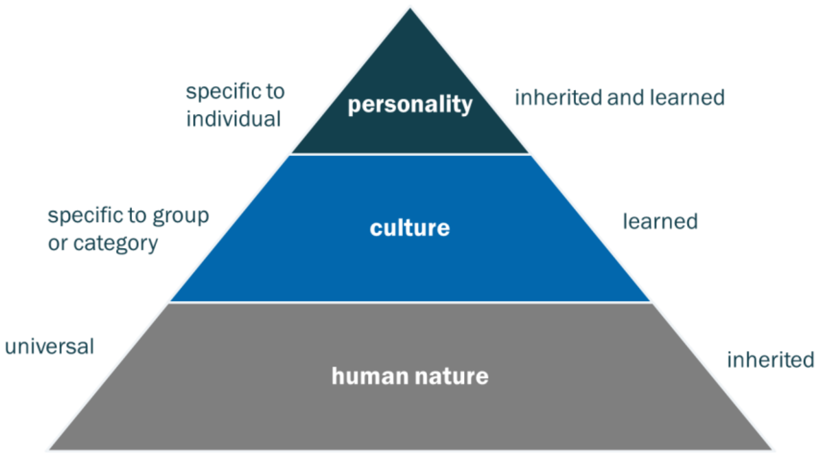

Figure 16 – three levels of uniqueness in mental programming

As shown, important elements defining culture are those which are learned and refer to a group.

Culture manifests itself in various ways, and is visible in values and practices.[34] Practices are made up of rituals, heroes and symbols. All of these elements have a different weight, and have a different timing in which they have been appropriated. Figure 17 illustrates that the main source of people's values originate from their family, whether being male or female, nationality, religion, social class, etc. These values are established in roughly the first 10 years of an individual person (partly inherited, partly learned). Practices grow later on, at school, and at work.

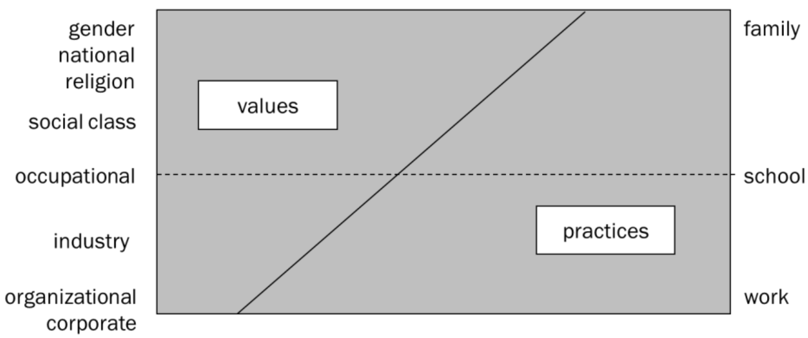

Figure 17 – culture as a combination of values and practices[35]

If one speaks of culture in the context of an organization, it is largely about the practices. The way ‘things are done around here’. Practices are built up out of three elements, the first one being rituals. In an organization this can be for instance the way people act in meetings. Do they show up on time? Is the latest entering the highest in rank? Are people showing up too late still first supposed to shake hands with all attendees of the meeting, or is this something which is seen as an insult for the people who were on time? Can the chairman be contested openly? The second aspect of practices are symbols, like the language used. Like the use of physical letters, which are perceived as more important than emails. Finally there is the existence of heroes, the ones who are seen as the role models in the organization.

Given the fact that an organization acts in a country (and is part of it), we need to take the differences in national cultures into consideration. For this Geert Hofstede has done thorough research, on which this section is based.

But before we go any further, it is important to state that even though the research is done is scientifically very sound, it has to be interpreted very carefully. There is the inherent risk of stereotyping, which should be taken into consideration. There is no such type as a ‘typical German’ or a ‘typical Australian’; the results are statistically and soundly calculated proxies for the dimensions Hofstede has defined to capture a national culture and should be seen in this context.

Keeping the above-mentioned in the back of our mind, it is interesting to look at the differences in national cultures. This is especially important since many organizations prefer to relentlessly benchmark all aspects of the organization and processes with other companies in other parts of the world. It is indeed worthwhile to be inspired by other organizations and to avoid reinventing the wheel. Especially on technical issues this is very helpful. Some solutions work everywhere, since the laws of nature apply everywhere. However, this is less and less useful in the case where one considers the soft side of the organization: people, motivation, organization, cooperation, hierarchy, etc.

One can distinguish six dimensions in a culture, and the studies of Hofstede have been able to give a score to the various countries included in the research.

In Figure 18 a selection of countries is given from different parts of the world, to illustrate some significant differences. It does not harm to take these differences into consideration while searching for and interpreting benchmarks coming out of other countries.

	Power distance *more equal than others*	**Individualism** *I, we, they*	**Masculinity** *he, she*	**Indulgence** *light or dark?*	**Short / Long term** *yesterday, now or later?*	**Uncertainty avoidance** *what is different is dangerous*
Arab countries	80	38	53	4	25	68
Brazil	26	38	49	59	44	76
China	80	20	66	24	87	30
France	68	71	43	48	63	86
Germany	35	67	66	40	83	65
India	-	48	56	26	51	40
Iran	58	41	43	40	14	59
Israel	13	54	47	-	38	81
Netherlands	38	79	14	68	67	53
South Korea	60	18	39	29	100	85
Turkey	66	45	45	49	46	85
United Kingdom	33	89	66	69	51	35
United States	40	91	62	68	26	46

Figure 18– ranking of the six dimensions of national cultures for some countries

The first dimension is *power distance*, which reflects the way how to handle the fact that people are unequal. The higher the ranking, the more people accept that power is distributed unequally. As a consequence, in a country with a high power distance, one prefers centralization above decentralization. Managers rely on their superiors and formal rules, whereas in countries with a small power distance managers tend to rely on their own experience and subordinates. A big difference in score as shown between Brazil on the one hand and the Arab countries and China on the other hand will probably be reflected in a different way that one accepts taking orders from management in an organization. In a transformation program, this difference is very important in order to get people to embrace the transformation program. Top down approaches will not work everywhere, and nor will bottom up approaches.

The second dimension is *individualism,* reflecting the sense of being part of a group (a low score) versus the individual. This will be visible in, for instance, the importance of task versus relationship: in a collectivist society the personal relationship prevails over the task, whereas in the individualist society the task is supposed to prevail over any personal relationship. Especially the US and the UK differ from the majority with their very individualistic cultures. It is probably no coincidence that the first person is written with a capital ‘I’ in the English language.

The third dimension of *masculinity* covers the difference of the desirability of assertive behaviour against modest behaviour. Higher scores reflect, for example, the preference for larger organizations, and management by 'manège': decisive and aggressive. In countries with lower scores one will prefer smaller organizations and management by 'ménage': intuition and consensus.

The fourth dimension is about the tendency to look at the bright side of life. Or the dark side. *Indulgence* stands for a tendency to allow relatively free gratification of basic and natural human desires related to enjoying life and having fun. Lower scores indicate a conviction that such gratification needs to be curbed and regulated by strict social norms.

A striking difference of the US (but also the Arab World), as compared to Europe and even more with the Far East, appears in the dimension of *time*. This difference is so significant that it is indeed visible in daily life and is something to be taken into consideration carefully when working on a transformation program, which is by definition long term. If one wants to benchmark the Arab countries with Germany or South Korea, one should be very aware of the fact that for time in the latter cultures, the long run prevails as compared to the short term. The What works is more important than Why it works. The former chairman of China, Deng Xiaoping, once put it like this: "*What does the colour of the cat matter as long as it catches mice?*" In countries with a low ranking (like the Arab countries), one fosters virtues related to the past and present — in particular respect for tradition, preservation of 'face' and fulfilling social obligation. Whereas strategy setting and execution are about looking ahead, anticipating, investing, the fact is that in lower ranking cultures one has the tendency to look in the rear-view mirror. One might argue that this is the reason traffic in these countries is that challenging.

Besides different views on long or short term output, this cultural difference also shows itself in the way of doing business, the way of thinking. In low ranking countries there are universal guidelines about what is good or evil, whereas in China this depends on the circumstances. In Germany it is normal to state that if A is true, then its opposite B can also be true. In low ranking countries one has the tendency to state that if A is true, its opposite B must be false. One prioritizes abstract rationality, whereas high ranking cultures give priority to common sense.

The combination of the relatively average power distance and the short time preference makes something like corporate governance become something which is not natural in, for instance, the Arab World. One of the effects might be that a decision by the management is OK to be contested, and is anyway quickly forgotten. One could say this is inshallah-management: it is out of my hands, tomorrow another day. Or the day after tomorrow.

The last dimension, *uncertainty avoidance*, is defined as the extent to which the members of a culture feel threatened by ambiguous or unknown situations. It is not a matter of risk avoidance. Risk is frequently expressed as a percentage, whereas uncertainty cannot be quantified: it has no probability attached to it. In higher ranking cultures, one has a need for rules and processes, trying to diminish the uncertainty and stress. One strives for predictability. These traits can also be found back in a transformation program, for instance expressed in the strong wish to define the end goal, and where one is less at ease with the focus on the journey, given the uncertainty of the future. One is very much reassured by benchmarks, again to diminish the level of uncertainty.

3.3.1.1. Organizational culture

The above described dimensions cover cultures at a national level, but can be observed and experienced in daily life in an organization too. As said before, it is important to bear in mind that many organizations are rooted in their respective nation, whereas multiple companies used as benchmarks are rooted in other nations. In using benchmarks in the transformation process, chances are significant that the methods which worked well in other cultures might not work naturally elsewhere.

This section has given a very high level insight in the differences between national cultures. The message for a transformation program is not to neglect these differences, but to take them into consideration and even gain leverage from them, and try to adapt the out-of-the-box solutions of other companies to the organization which is to be transformed.

Research results regarding national cultures and their dimensions prove to be only partly useful for the understanding of organizational cultures. One of the reasons is that people do not grow up in an organization, and it is for instance only during working hours that one is part of it. Furthermore in an organization there are typically several subcultures such as holding, business units, operating companies and municipalities. Sometimes the differences between these subcultures can be bigger than the national cultures, which is a very important dimension of an overall transformation program.

The fact that a national culture is not the same as a corporate culture is not necessarily a bad thing: the culture of a company can more easily be changed. People can choose to join the company, and people can leave the company as well: with a targeted policy, the composition of the workforce can be changed. And with this the culture of the company. Besides changing the composition of the workforce, one can think of people development, introduction of performance-based management, a different corporate governance, grassroots innovation, etc. There is an array of levers which enable management to transform the culture of a company in accordance with the vision. In this sense an organization can develop itself into becoming an organization with certain cultural traits you would normally find outside the country of origin.

The organizational culture is a subject which is widely seen as important to any organization, and in many transformation programs in fact containing an urgent issue too. Most bigger organizations consist of largely independent entities, acting on their own behalf and less for the behalf of the organization as a whole. A transformation program should aim at working better together. Mutual leverage, exploiting synergies, for the benefit of the whole organization.

Besides cultural differences of various entities, there also will be the cultural difference within the entities. One typically speaks of three types of sub-cultures within an organization:[36]

1. professional (managers, higher educational level) — job oriented, tightly controlled, pragmatic
2. administrative (mostly female) — normative, parochial
3. customer interface (sales & service) — results & employee oriented, loosely controlled

On top of these differences of subcultures within the organization, culture is also dynamic: an organization is developing itself in time too. An organization moves to other passages of life whilst changing the way ‘things are done around here’. Who would have imagined in 2006 that Apple would push customers to replace their iPhone with the newest version by upgrading the operating system in a way that the older phones will practically be obsolete? Apple apparently has moved to another phase in its life cycle, and the culture has evolved with it. These dynamics and this dispersion of organizational entities and their internal differing cultures make it difficult when one is speaking of THE brand of the company or organization. (Brand being defined here as *'a particular characteristic that serves to identify a particular company'*.)[37] In many transformation programs, the organization has an overall brand, but the various group-entities have all their own declination of this brand. Plenty of brands.

3.3.2. Identity and brand

Since the organization will be (partially) re-established by the transformation program, the same should go for the identity and with this the brand. In this process the question pops up whether one first should define the brand, to have the brand leading the common journey. Alternatively one can argue that first the company should be transformed and the new company should be established. The cherry on the transformation cake would be a common brand.

Normally both schools of thought are present in an organization, and there is also the commonly observed assumption that there should be a Brand Department which will take care of all of this. This department should take the values as defined by the Board, and work with a creative agency to come up with a brand.

Preferably a pretty one.

In the process of capturing the AS IS, the underlying values have to be made visible too. These values which have been captured all over the organization now have to be confronted with the values as defined by top management. Both sets of values have to be merged into one common set of values: they have to be connected to the existing organization, but also with the values underlying the mission and the vision and consequently the strategy. Since in a transformation process it is not just about tactics and small changes but about strategy and big changes, the transformation program should calibrate the values as observed as well as the top down preached values. Given the initiated transformation, the shift which is to be provoked might very well lead to the need to redefine the organizational values. In other cases, the fact that the organization might be in need of a transformation is often reflected in a discrepancy between organizational values and the values as perceived in the field, or by the customer. But whatever is defined by the (new) management as values and brand promise, it has to tie in with the company heritage.[38] At the core it has to fit the organization, because that is the starting point from which one has to work. If not, the new values will be rejected by the organization, only to be appropriated by screensavers and other nice gadgets.

In Figure 19, some key traits of the revamped customer relations culture of Orange have been connected to the central themes of the culture of Orange. In this way the somewhat abstract values which support the culture are translated into terms which are applicable in day-to-day customer relations. It is made more tangible for the employees, who should be supported to translate the culture of Orange into the way they work in customer service.

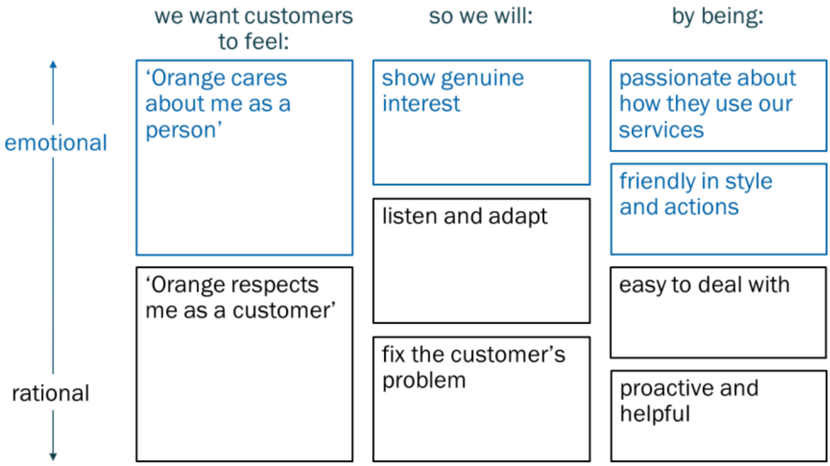

Figure 19 – the culture of Orange translated into customer relations (Orange, 2011)

This exercise might lead to a refining of the culture of an organization: perhaps the actual way people act is a bit different from the 'culture' the organization is preaching at head office. Either the behaviour in the field has to change, or the (written) culture. Once the culture has been calibrated by this confrontation, a solid base is created for the development of the brand of the organization. One knows what the organization used to be, what it is, and what it wants to become. This view on the future state is now completed by the knowledge of the way things are done in the organization. All elements are there to uniquely identify an organization, which is a good basis for a strong brand.

This unique identity, symbolized by the brand, gives the fundamentals of how things are supposed to be done in the organization, but also in the way the transformation program works.

The brand should also symbolize how the organization differentiates itself from other organizations. This differentiation should be for the long term, and should be built in time. The differentiation will not be accomplished with a couple of one-shot actions. It has to do with the identity of the organization. It has to be the organization. It cannot be a 'paint job', hiding the 'real' organization. People will notice if it is a fake. And people do not rally around fake flags.[39] They will not engage themselves.

People tend to engage themselves to an organization where they feel at home. An organization with an inspiring purpose, where one can develop oneself. A company where one works with people who have the same set of values, and share the 'way things are done around here'. That's what creates people engagement. An organization with a culture that fits the employee.

The question now how this long term differentiation can be established. How an organization can engage itself to its stakeholders. And vice versa.

3.3.3. Stakeholder engagement

To create a loyal stakeholder, one should at least deliver up to expectations of the stakeholder. For example if a service does not work, the stakeholder customer will be dissatisfied, and try to go to a competitor. Furthermore, he will speak negatively to friends and family about his experience, which will motivate them to buy services from the competition as well. Moreover, this sharing of a bad experience will be demotivating for the employees of the organization.

To better understand what kind of achievement a company should strive for in order to create truly engaged stakeholders, it merits looking at the work done in the 1980s by the Japanese academic Noriaki Kano. He investigated the drivers of satisfaction, and noted that the result of actions to improve satisfaction depends upon the relative position the organization is in.[40]

In general, stakeholders discuss or bring up issues as related to *more is better* characteristics. For instance, more minutes airtime for a mobile phone subscription for the same price generally does have a positive effect on the satisfaction of the customer.

However, if for instance the network of a telecom operator is out of order and the customer is not able to use the minutes, this linear relationship does not work: getting more useless minutes for the same price does not increase satisfaction. In this example, the customer takes it for granted that the network will enable establishing the wished for connection. This is an example of a *must be* achievement.

Furthermore, if this network is already delivering a connection every time, it does not make the customer more satisfied by, for instance, increasing capacity: this is taken for granted, and will not increase the satisfaction anymore. It is again a *must be*.

On the other side: if there is no coverage (the customer does not get a signal, so he cannot call), it is a dissatisfier. Other actions will be useless to improve satisfaction: first this has to be solved. This category of issues is often labelled as the *fix-the-basics*.

As shown in Figure 20, fixing all the basics will only create ‘merely satisfied’ customers. Of course this can be a differentiator when the competition is not capable of delivering the same quality, but in case they are also able to do so, the differentiation has to be found in other achievements. These are what Mr Kano calls delighters. In the graph it is shown that if these are not there, they do not create dissatisfaction. This is because the customer generally does not expect these, because he does not know them. An example might be colour TV in the 1970s: customers did not know this was possible, which did not make them less satisfied with their black and white TV sets. However, the moment they could see their favourite football matches in colour, it filled them with delight.

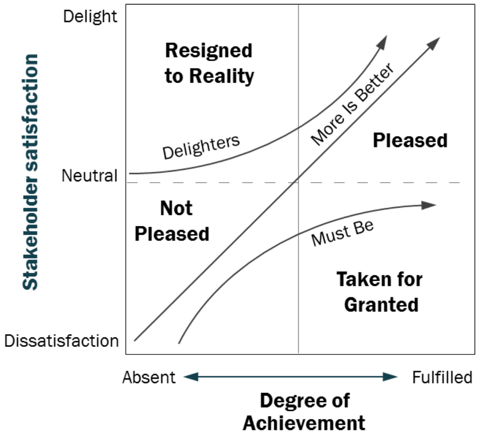

Figure 20 – classification of achievements related to satisfaction (the Kano model)

The colour TV example illustrates also another phenomenon: an achievement will in time change through four phases: At first the customers appreciate it, then they get used to it. After this they expect it, and then they demand it.[41] From a delighter to a must-have. Of course the TV shows colours. If not, the younger generation will think it is broken and should be fixed. Vintage is cool, but not for my TV.

Another angle on the fix-the-basics achievements is that they contribute to the rational satisfaction. It works. If you dial a number, you get a connection. If you go to a restaurant, they serve you food. The fact these achievements occur make you satisfied. But that's logical: you pay for it. It's rational.

However, satisfaction in itself remains a relatively poor indicator of future customer behaviour.[42] The mentioned rational satisfaction is not enough to engage people. All restaurants serve food. A lot of them even serve good food. All restaurants strive for good service. But still: every individual has its favourite set of restaurants. Every supporter has his favourite team in the football league. Every listener has his favourite singer. Is there a rationale for it? Not really. Here, the emotional part comes in.

This 'emotional satisfaction' has less to do with rational facts, but more with a feeling one has with something. In fact, brain research shows us that loyalty is rooted in emotion, not reason.[43] Figure 21 illustrates that this not only applies to football teams but also to companies. Even to credit card companies.

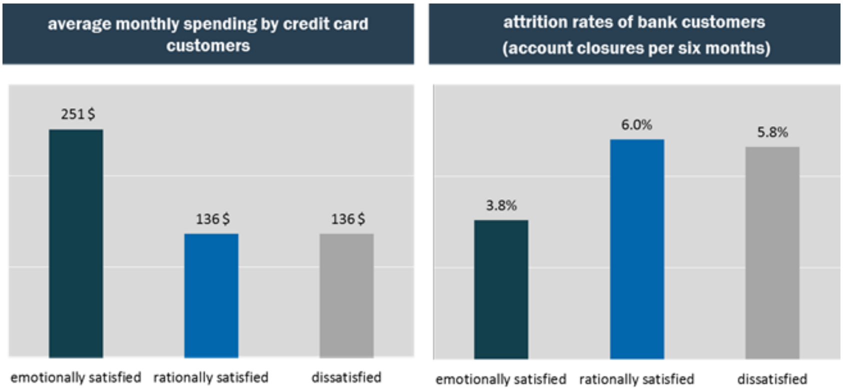

Figure 21 – emotionally satisfied customers make the difference[44]

The graphs illustrate that the key for customer engagement lies in emotional satisfaction. Customers tend to 'like' a company, and thus have a positive attitude to it. This is very well illustrated by the credit card example: customers in the US (where this example comes from) tend to have multiple credit cards in their wallet. They are all rationally equal to use, but still customers tend to use the 'nice' card more than the other ones. In the example of the banks (again in the US), the attrition is the same for satisfied and non-satisfied customers. Apparently the differentiation lies in other areas: emotional satisfaction. But what is emotional satisfying in a credit card? And more: how can an organization differentiate itself on this aspect?

'People make the difference' is common knowledge, which also applies in this case. If one tries to find the reason why people like one company more than another, it generally is about the employees that one encounters. Yes, they're smiling, but this employee really *means* it. Yes, they say 'thank you' on the phone, but this employee really *feels* it. Rationally equal behaviour, but customers rate the 'real' genuine smile or thank you over the 'fake' one. The differentiator lies deeper than the action in itself: it is the emotional connection which makes the difference.

Another common knowledge is that *engaged employees* are more effective. Happy employees make happy customers. The path to engaged customers goes via engaged employees. On this subject publications are numerous and can be summarized with the title of one of the books on this subject: *'Employees first, customers second'* (Vineed, 2010).[45] To test whether engaged customers indeed were the result of engaged people, in Orange Europe, the Net Promoter Score (NPS)[46] has been linked to customers and employees, showing an almost linear positive correlation.[47]

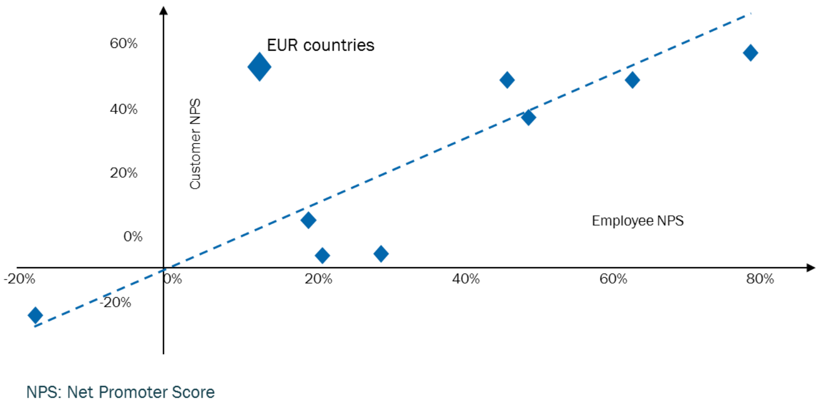

Figure 22 – correlation of net promoter score of employees and customers (Orange, 2011)

Given the positive correlation of engaged people and engaged customers, it is advisable to improve the engagement of employees to the organization. As mentioned above, engagement has to do with emotional factors, so the organization needs to work on these. It is not about merely satisfied employees, but about engagement. It is about people who like to work with the organization. With engaged employees, the organization can differentiate itself from other organizations.

And with this customer engagement will follow. And engagement of investors, society and partners.

Stakeholder engagement. Not just a pretty logo.

*

4. Transformation & autonomy: the Hand

In order to start well with the strategy execution, it is important to put the program into perspective. This perspective is important, to ensure coherency between the execution and the strategy as set. All too often, the strategy is set in a very thorough way, after which organizations tend to get into a state of rush 'to get things going'. People speak of 'speeding up', 'boosting' and 'accelerating'. Management urges for 'quick wins', and in fact, as from the start of the strategy execution, one is already compromising the strategy as set. It is a bit like passing the theoretical exam for your driver's license, and directly jumping into the car to drive to the places you always dreamt of driving to. Doing this generally is not a very good idea, and a kind of waste of earlier work done. Dangerous too.

Because transformation differs from business-as-usual, a plan is needed. Or, to be more precise, a planning process is to be set up, resulting in a plan. A plan which continuously has to be adapted to changing circumstances, but still: a plan. Which is needed. As Mike Tyson formulates it: *"Everyone has a plan till they get punched in the mouth."*[48]

Tyson is of course right (who would argue with him anyway): real life is too dynamic to enable you to stick to a plan. Formulating a plan is important, but then the match only starts. Every time a different match. Some things however remained the same, whatever the fight plan: Tyson had to be in shape. The body had to be trained and nourished in order to enable him to indeed be the best of the world. He had to manage his environment, to enable him to do his training hours, pay his managers, arrange for proper fights, manage communication etc. Boxing is a serious sport, and being a professional boxer is even more demanding. You have to be prepared. You do not enter the ring, with only good intentions and a great plan. You need to prepare the body and manage the surroundings.

That is what this chapter is about: working together effectively to build and train the body of the organization to enable the organization to make the transformation happen. The engine of transformation has to be designed and built, and a structure has to be set up to enable this engine to get into the running mode. Since the transformation engine will influence and provoke change in parts of the organization, it should be supported by the existing organization as well as the existing governance system. If this support is not organized, the transformation efforts will not be followed by effective implementation, and this support is therefore crucial for the success of the program. When the transformation engine initiates the changes, with the proper support from the organization, the organization can start to implement the needed changes. The organization can transform.

This chapter will cover the second row of the TransforMotivation System, which is about the motivation factor Autonomy. The index of this chapter is given in the figure below.

paragraph / *chapter*	Results	Action	Support	*motivation category*
Head	goals	strategy	culture	Purpose
Hand	4.3 change	4.1 transformation	4.2 management	*Autonomy*
Heart	rewards	development	staffing	Mastery

Figure 23 – index of chapter 4 in the context of the TransforMotivation System

It is the combination of both the preparation and the execution which makes the needed transformation happen. In the end a strategy is not about drawing a map, and transformation is not about isolated execution. It is about the journey. It is about the journey to get to the results one had in mind when drawing the map in the first place. And this journey is to be made by the whole organization, with all its diversity of organizational entities, managers and employees.

4.1. Transformation

Transformation has been put in the middle of the TransforMotivation System, being the centre of gravity of a transformation program. It is the place where the core transformation work takes place, but also serves as the control tower of the overall transformation program. Here, the actual roadmap of projects is managed, which are going to bring required change to the organization. It is this point where the program risk management takes place, which guides the program itself, but also addresses the part of the organization which is involved in the transformation program. To enable a transformation program to be well managed and executed, it has proven to be effective to make use of universal project management standards as set by PMI, as well as MSP. This chapter has been nourished by both these standards. These standards are seen as the world class standard, and provide a very clear structure to help us with the management of the projects, of the programs, as well as the overall transformation. They also allow for a common nomenclature all over the transformation program, which is a prerequisite for a program of this size, impact and strategic importance.

4.1.1. Transformation structure

As mentioned in earlier sections, the transformation program is now detailed in various projects, which have been sorted by functional transformation stream. With this approach, a portfolio of programs and projects has actually been created, with different traits. The first step in structuring the transformation program is to clarify these traits and the various differences that exist between a project, a program and a portfolio.

A typical project has various attributes, which are listed below.

Projects:

- deliver change and have defined and measurable outcomes (products, services or capabilities)
- are unique (as opposed to business operations which are repetitive)
- are temporary; with a finite and defined life cycle
- are usually transversal, covering a number of organizational entities
- use a defined amount of resources

In real life, the listed set of characteristics is sometimes hard to identify, especially upfront. Sometimes one starts with an activity without realizing the scope, only later on to realize that one in fact should have approached the activity as a project. To manage an activity as a project however can have great benefits: project management provides a very structured approach to handing this kind of activities. To many people it might seem ‘heavy’ and ‘complex’, but experience shows project management to be very effective, and sometimes being the only way to deliver good results. Even though the choice to go for a project or not might be a subjective decision, the good thing is that an activity can always be turned into a project later on. And vice versa.

When there are multiple projects running in parallel, the question of coordination comes up. Sometimes projects are independent, and this coordination has no value-add. But sometimes one project influences another project, which calls for a more collective approach: a program. A program being a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. Programs may include elements of related work outside of the scope of the discrete projects in the program. In a typical transformation program, the projects have been defined within the functional transformation streams (i.e. Finance, Technical, Commercial etc.), and the set of projects in such a functional stream can be considered as programs on their own.

The combination of the different programs at company level requires yet another approach: given the strategic level and the scope of a transformation program, this can be seen as a portfolio. A portfolio is defined as a collection of projects or programs and other works that are grouped together to facilitate effective management of that work to meet strategic business objectives. The projects or programs of the portfolio may not necessarily be interdependent or directly related.

See Figure 24 for a schematic overview of the differences between project, program and portfolio, taking in various attributes.

attributes	PROJECT	PROGRAM	PORTFOLIO
Scope	Narrow scope with specific deliverables.	Wide scope that may have to change to meet the benefit expectations of the organization.	Business scope that changes with the strategic goals of the organization.
Change	The project manager tries to keep change to a minimum.	Program managers have to expect change and even embrace it.	Portfolio managers continually monitor changes in the broad environment.
Success	Measured in terms of budget, on time, and products delivered to specification.	Measured in terms of Return On Investment (ROI), new capabilities, and benefit delivery.	Measured in terms of aggregate performance of portfolio components.
Leadership	Focus on task delivery and directive in order to meet the success criteria.	Focus on managing relationships, and conflict resolution. Program managers need to facilitate and manage the political aspects of the stakeholder management.	Focus on adding value to portfolio decision-making.
Management	Project managers manage technicians, specialists, etc.	Program managers manage project managers.	Portfolio managers may manage or coordinate portfolio management staff.
Managers	Project managers are team players who motivate using their knowledge and skills.	Program managers are leaders providing vision and leadership.	Portfolio managers are leaders providing insight and synthesis.
Planning	Project managers conduct detailed planning to manage the delivery of products of the project.	Program managers create high-level plans providing guidance to projects where detailed plans are created.	Portfolio managers create and maintain the necessary process and communication relative to the aggregate portfolio.
Monitoring	Project managers monitor and control tasks and the production of project deliverables.	Program managers monitor projects and ongoing work through governance structures.	Portfolio managers monitor aggregated performance and value indicators.

Figure 24 – an overview of different characteristics of project, program and portfolio[49]

As shown in the figure above, the borders between the three different levels is sometimes not very precise, and the differences between a certain project and a program can be quite subjective.

This can also be illustrated with Figure 25, in which all three types can be at the same (hierarchical) level. In certain cases one would argue that a certain program is in fact a portfolio, and vice versa. Some projects may be of higher importance than some programs too: it is not a matter of hierarchy of importance. It all depends on the situation, how projects, programs and portfolios are related.

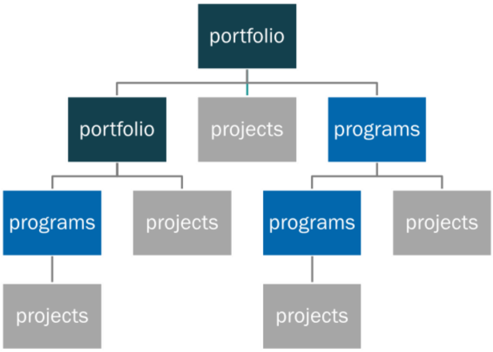

Figure 25 – example of the various relationships between project, program and portfolio

In a typical transformation program (technically it should be called a transformation portfolio, but this is more for the purists amongst us: in this book we use transformation program, since that is usually the term used), the relationships have to be made as simple as possible, with one portfolio, a program per functional stream, and all projects within a program-stream.

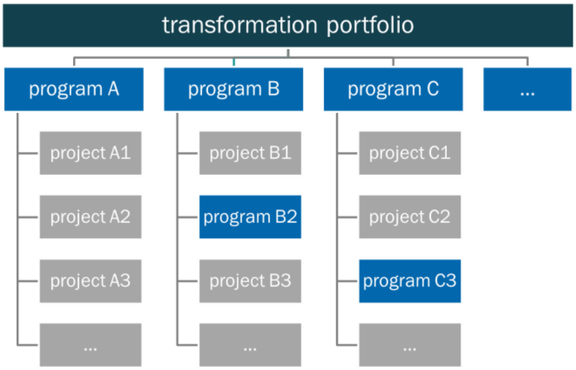

Figure 26 – example of relationships of project, program and portfolio
in a transformation program

Incidentally however, as included in the illustration above, the previously identified projects are in fact programs, containing several projects in itself.

Even though the classification might be sometimes seem a bit ambiguous, and the labelling might be a source of debate amongst all the different types of project management people, it is worth the effort to distinguish them properly since this does have an important impact on the management of the transformation as a total. All three levels require a specific type of management:

- *Project* management is the discipline of planning organizing, motivating and controlling resources to achieve specific goals which are defined within a project. In this sense it is by definition a temporary endeavour with a defined beginning and end.

- *Program* management is a bit wider, being the centralized coordinated management of a program to achieve the strategic objectives and benefits of the program. So it is the overall result of the set of projects, and not the results of the individual projects which are the primary scope.

- If we go one lever higher, *portfolio* management is the centralized management of one or more programs, which includes identifying, prioritizing, authorizing, managing and controlling projects, programs, and other related work, to achieve specific strategic business objectives. Portfolio management safeguards the coherency of the various programs, taking the overall corporate perspective. The programs have to contribute to the success of the overall strategy.

The three different types are compared in Figure 27.

PROJECT	PROGRAM	PORTFOLIO
Project work	Includes non-project work	More an ongoing business process
Bounded context	Bounded context	Broad strategic focus
Audience defined by project goal(s)	Audience defined by program goal(s)	Audience is Senior: Executive Level
Major themes • time • costs • quality	Major themes • benefits management • stakeholder management • governance	Major themes • alignment • stakeholder management • decision making
Doing things right	Doing things right	Doing right things

Figure 27 – major distinctions between project, program and portfolio management

In a transformation program, the part of portfolio management is usually the most difficult to make happen, since that is the new type. In most organizations one normally already has experience with projects and with programs. And these two are usually easier to isolate from ongoing business processes, which makes them relatively easy to manage. Portfolio management, however, actually also interferes in business processes. It is a new role entering the executive management suite to allow for effective management of the transformation.

Given the complexity of programs and portfolios, it might be helpful to consider making use of a portfolio management tool. An IT tool like this basically administrates all projects and programs, with information entered from all over the organization. This supports a common nomenclature and conventions, and consolidation of the whole portfolio is relatively easy. Especially in a transformation program with hundreds of projects being run all over the footprint of the organization in multiple geographical locations, a tool like this can be very helpful. The Transformation Management Office, responsible for the daily management of the transformation program, can easier follow the progress of the program, and information can be shared amongst the users too. Also see 4.2.2.2.1.

4.1.2. Metrics

An important part of transformation management is the communication of the progress, the issues and the results. If we take the prism of the change model (which will be described more in depth in 4.2.3), it is important to share the results of the transformation efforts in order to allow for sustainable change. It is part of the last stage of the change model: Make It Stick. Part of this stage is about '*articulating the connections between new behaviours and corporate success*', as John P. Kotter describes it. In a transformation program it is wise to run this step in parallel to the earlier phase, the Make it Happen stage, since the organization needs to be accompanied during the transformation journey with clear measurements. Progress needs to be shared and communicated in a comprehensible way. A dashboard needs to be set up, on which the relevant indicators are visualized in a way that the reader quickly understands the status and progress of the transformation program. Besides the communication function, metrics should also serve to manage the progress of the transformation program.

The initial focus of most transformation programs is on internal processes and cost optimization, and in time shift to quality improvement, increased revenues and other stakeholders' value-add.

Figure 28 – typical evolution of key themes of strategy execution

This evolution has obviously to be taken into account when defining the metrics as well as the performance measurement system which are going to be used in this transformation program. In both phases, the emphasis is different, but it would not be effective to change metrics as well as the performance measurement tools over time as well: consistency is an important aspect of dashboards.

On top of the changes of emphasis during the lifetime of a transformation program, there is another dimension to be taken in consideration when choosing the metrics and the performance management system. There are multiple stakeholders, who are expecting certain results. Usually an increase of the output for them. As mentioned earlier, the five categories of stakeholders are Society, Partners, Investors, Customers and Employees. Consequently, the output of the organization has to be split into the same five categories. The same split consequently applies for the performance management system and the metrics.

4.1.2.1. A minimal set of Key Performance Indicators

So the useful metrics evolve in time, and have to cover all stakeholders. But what should be measured? Measuring the progress of a project is something else than measuring the satisfaction of the stakeholders. And certainly, other indicators are to be used. An example out of our day-to-day life can illustrate the discrepancy: a cake as dessert in a restaurant. The cook needs to measure the progress of the making of the cake, but the host will only be interested in the compliments of the guests eating the cake. He will most probably not be interested in the temperature of the oven used, or the number of shops used to gather the ingredients.

The key message here is: for different situations, you need different indicators.

For the management of a transformation program, one also has to be very careful to define and select the performance indicators. One likes to speak about Key Performance Indicators (KPIs), but all too often one more or less forgets the Key part... The art is to choose a minimal but relevant set of KPIs, in order to have good dashboard to follow the key dimensions of success of the execution of the transformation program. All actors in the program have to understand their respective KPIs, but for the overall communication and understanding of the program, it is common best practice to have a limited set of very well understood indicators of success.

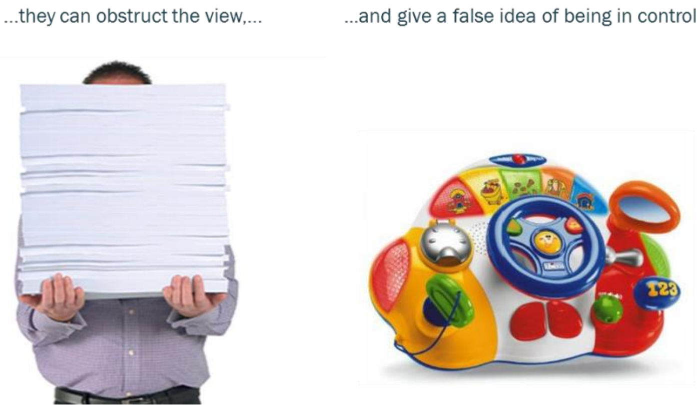

Figure 29 – KPIs have to be limited and action oriented

So the transformation program is in need of a few, action-oriented KPIs.

Besides the variety of wishes and overload of data, there is the issue that the KPI of a project is rarely similar to the KPI of the business.

To understand the principal difference between these two types of KPIs, it is helpful to take one step back and frame this issue. A transformation program is typically launched to improve a certain existing organization. Not to set up a new organization. So the shop remains open during the works, and transformation has to run in parallel with business-as-usual.

This situation on the one hand is very natural, but on the other hand not very well embedded in mainstream management techniques.

The main difference between business-as-usual and transformation is pretty straightforward: transformation is solely about projects, and business-as-usual is not. Which not only has an impact on governance (see 4.2.2) but also on KPIs to be used.

Measuring business-as-usual is to be done with business KPIs, operational and financial. For transformation it is helpful to split the measurement into three axes: progress, efficiency and effectiveness.

- The *progress* of transformation is about whether the program is on schedule. Is it progressing at the speed as it was planned for? Since the progress is the sum of the progress of the projects, this is measured by KPIs per project. Milestones, deliverables, etc….

- The *efficiency* of transformation starts with the sum of the efficiency of the individual projects. Are the resources smartly used, and are the things being executed right? At the level of program management the efficient combination of projects is managed, taking into consideration the interdependency of the projects. Program management ensures that the different projects fit in the puzzle, so that we do not deliver not-relevant projects. To formulate this differently: you might be delivering a project very efficiently, but if it does not contribute to the program, it is a waste anyway: the transformation program will not be efficient.

- The *effectiveness* however, is not visible in the outcome of the projects. The effectiveness of the program is visible in the business outcomes. Transformation is only effective if it does change the business-as-usual. The KPIs and measurements for the effectiveness are therefore business KPIs. As an example: say a project would be to develop a new commercial offer in four months, to address a certain segment in the market. Even if the offer is perfect, the project is delivered on time and few resources have been spent, the effectiveness of the project should be visible in a take-up in sales.

Figure 30 gives an example of the different type of objectives as set for a project as compared to a business objective. The starting point being one of the strategic goals, in this example: '*Become the reference in customer contact.*' In order to achieve this goal, several projects are defined, one of them being: '*Mobilize the voice of the customer: customer survey project.*'

This project is included in the transformation program, and as one of its objectives it has to timely launch a system to measure customer experience on a quarterly basis.

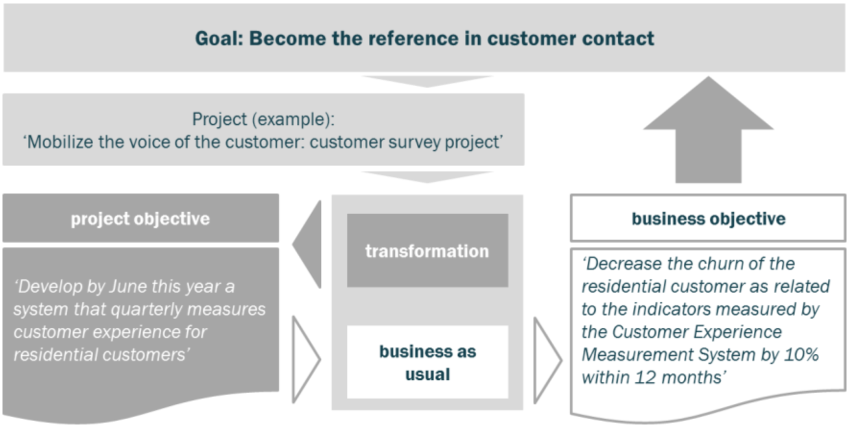

Figure 30 – transformation and business have different objectives and respective KPIs

When delivered, this project will be part of normal business, and will contribute to the business objective to improve certain indicators as related to the commercial process. This objective will positively influence the achievement of the results which are related to the strategic goal. The KPIs used in the project objective are different than the ones used in the business objective.

This example shows that a project contributes to business-as-usual indirectly: only when implemented and integrated in the normal business, can the business output be changed. The project on its own does normally not have a business impact.

In order to avoid an overload of performance indicators, and a disconnection of various dashboards with the overall transformation, it is helpful to work with one generic dashboard model which can serve as a grid to classify all project KPIs. In the management of transformation, it is helpful to work with the same model in the individual projects too. This can be done by adding this model to the template to be used to describe the projects in the transformation program. In this way, the same language is used throughout the whole chain of transformation: from portfolio, via program to project and vice versa. Utilizing this common nomenclature is a crucial lever to avoid confusion and ambiguity in the execution of the transformation program.

4.1.2.2. Balanced Score Card and more stakeholders

It is however not easy to find a good model for a dashboard to follow the progress of a transformation program, i.e. how can that progress be presented in a concise and attractive way, without leaving out key information. Without drowning management in a pile of different reports and metrics, which are all followed independently as if there is little or no correlation. Since transformation is something different from the normal way of working, and bridges the gap between strategy and reality, it is advisable to use a tool to make the link between the strategy and tangible results. A frequently used method is the Balanced Score Card, in which multiple dimensions are shown in a concise way. This tool has proven to work in numerous companies as a support for strategy execution.[50]

In order to measure, follow and report on the results for the different stakeholders, the Balanced Score Card tries to capture the different stakeholders by using one format to combine four different categories of indicators: financial, customers, internal processes and learning & growth.

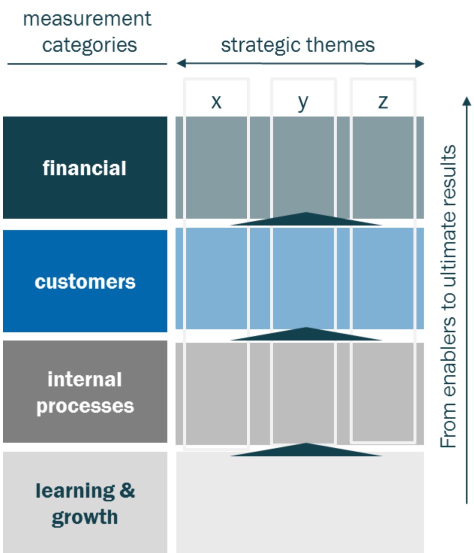

Figure 31 – the Balanced Score Card in relation to the Strategic Map

At first, the Balanced Score Card was used to report KPIs on the actual results: it was a dashboard to follow the performance. At a later stage, the strategic dimension was added, by grouping the various KPIs into the different strategic themes. In this way, the progress of the strategy can be followed: it became the Strategic Map.

The Balanced Score Card was published in the era of the Shareholder Value, the early 1990s, which is easy to find back in the set-up. There is an upward flow in the model, with the idea that the ultimate results are the financial results. For example an improved internal process will lead to lower costs and happier customers. Happier customers will lead to more revenue. More revenue and lower cost will improve shareholder value, which is the ultimate goal for a company.

The notion of balanced stakeholder management was introduced later in time, which one has tried to embed in the Balanced Score Card, adding KPIs which were important for other stakeholders. However, the upward flow, the principal dynamics of the Balanced Score Card have remained, which makes the Investors implicitly more important than the other stakeholders. Taking the SPICE model which has been used in the strategy setting, this is an asymmetric situation: the Employees are only covered in the bottom part of the Balanced Score Card, whereas the Investors are more generously treated, having their KPIs covered in the upper part of the model.

Even putting another ultimate stakeholder in the top row of the Balanced Score Card does not solve this issue: one of the principles of good stakeholder management is that you cannot privilege one stakeholder above another. There is no trade-off possible. For the Balanced Score Card this means that all stakeholders should be in the top row, which in fact is yet another dimension. Another dimension which will very easily destroy the beauty of the simplicity of the Balanced Score Card. However, since many transformation programs have a significant financial drive and somehow the financial stakeholder is more intrusively present than others, the described bias does not need to be too harmful. For simplicity reasons the Balanced Score Card can be used as a format to present the key metrics to follow the progress of transformation programs. Knowing the bias that exists should be taken into consideration in selecting the KPIs to come up with a more Balanced Score Card.

4.1.2.3. Strategic Map links strategy with metrics

Although it is not the perfect tool, the Balanced Score Card does take more dimensions than only the financial one into consideration, which is already a huge step forward as compared to classical reporting (operational KPIs isolated from financial KPIs). The fact that the Balanced Score Card has been developed into the Strategic Map has even improved this concept, by introducing the strategic themes and also by adding the relationships between the various goals. By this, the Strategic Map visualizes the various goals as related to the strategy as set for an organization.[51] This can be very helpful in following the progress of the execution of the strategy as a total, which is difficult to be represented in one KPI, given the various dimensions of a strategy. For the various supporting goals, however, this is possible as they are individually connected to objectives and KPIs. Representing the strategy as a combination of the various goals does enable bridging between the more abstract strategy and the tangible measurements of the results of the various elements in the execution.

To illustrate the concept of the Strategic Map, an example is given in Figure 32. It is a Strategic Map of a fictive telecom operator, showing various features of a Strategic Map. The previously used (see 3.2) strategic focus areas and goals are the basis of this Strategic Map. All goals are represented in two dimensions; horizontally on three strategic themes (the results of the journey) and vertically on the four measurement categories as defined in the Balanced Score Card.

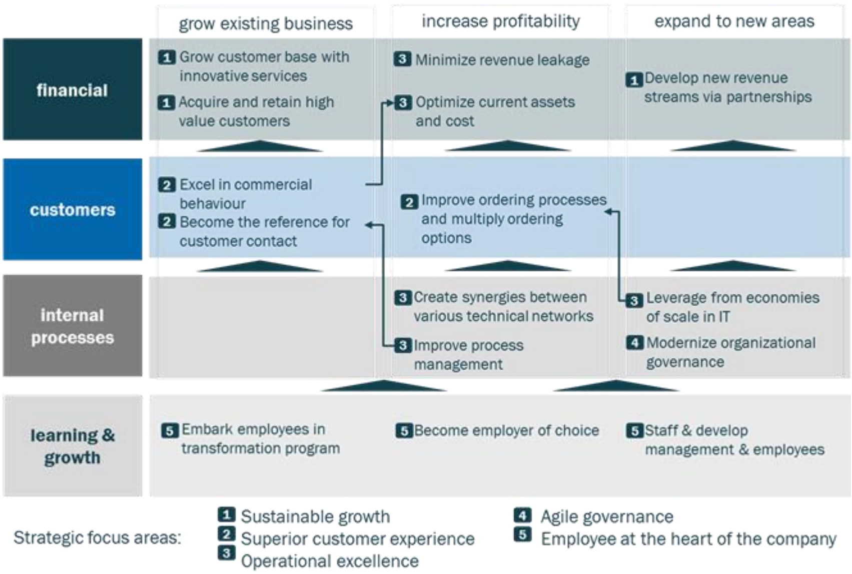

Figure 32 – example of the Strategic Map of a typical telecom operator

To make the connection with the strategic focus areas the various goals are labelled with their respective strategic focus area. By this, the Strategic Map also illustrates the completeness of the strategy as set, since all strategic themes are covered.

As described, in the Balanced Score Card the flow is upwards. That is: the strategic goals in the lower rows enable the goals in the higher rows to be achieved, all the way up in their respective column. In the case that a goal does also contribute to a higher goal in another column, an arrow is added. For instance the goal 'improve process management' is good for the strategic theme 'increase profitability' (second column), but also has an important impact on the 'grow existing business' theme, by supporting the goal 'become the reference for customer contact'.

As will be described in 4.1.3, the projects in the roadmap have been methodologically prioritized. Since all projects are directly related to the strategic goals, it is possible to visualize this prioritization in the Strategic Map. For some strategic goals, there are for instance no projects planned to be launched in the first year. But for others this will be different.

In the figure below, the Strategic Map of year 1 of the transformation program is presented, which shows that the focus is more on internal processes.

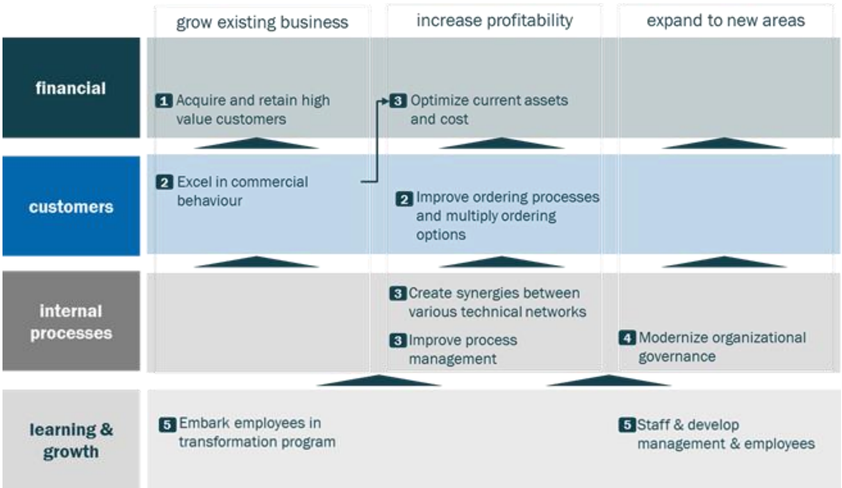

Figure 33 – an example of a Strategic Map of the first year of a transformation program

Furthermore, the Strategic Map shows that especially in the 'financial' row, there are not many strategic goals to be achieved. In subsequent years of the transformation program, however, this will change since many projects are enablers to make a financial effect happen at a later stage. This is also illustrated in paragraph 4.1.3.1: prioritization of projects.

In Figure 33, the goals are presented in the format of the Strategic Map to illustrate their individual contribution to the higher organizational strategy. The same format can be used to make a dashboard to follow the progress of the transformation program: in the place of the goals, the objectives and their respective KPIs can be listed. In some cases, this can even be taken one step further: when the individual strategic goals can be attributed to individual managers. By doing this, the progress of the transformation program can be followed not only at organizational level but at manager level as well.

By representing the various elements of the strategy in these kinds of penetrable ways, the Strategic Map can evolve into a practical transformation execution tool for top management.

4.1.3. Roadmap

As described in the previous chapter, the strategy setting has resulted in a list of projects. These projects have been organized in a limited number of programs, which are closely aligned to the organizational responsibilities. During the strategy setting period, an estimation has been made of the timing of these projects, resulting in a preliminary roadmap per program. After this phase, the portfolio has to be constructed, in which the various cross-dependencies between projects in different programs have to be taken into consideration. Only then can the portfolio serve as a roadmap for the transformation program. Furthermore a mechanism has to be introduced to cope with the dynamics of the transformation and the environment: projects might be delayed due to resources issues, projects might be redundant in time and be removed, new ones might be added, etc, etc…

4.1.3.1. Prioritization of projects in the portfolio

Besides this dynamism, there is also the issue of prioritization of the various projects in the portfolio. Some of them are more urgent than others, and not all of them can be done at the same time: first things first.

And not too many 'priorities' at the same time. As Jim Collins taught us: *"If you have more than three priorities then you don't have any."*[52]

Since it is already difficult to compare apples to oranges, one can imagine that prioritizing them is an even more tricky task. Similarly, in a transformation portfolio, not all projects are comparable. That is: how to compare a project of training in the People-program with a quality improvement initiative in the Operations-program? Both are important in their own environment, but not comparable. What is the trade-off? How can there be a trade-off if things are incomparable? Perhaps we should draw some lessons from the past. Developing trade in the Middle Ages one could finally compare the brownness of a brown horse with the brownness of a brown cow thanks to the introduction of equations and math.[53] In order to properly prioritize the projects, here too a common denominator has to be found.

For this, the projects can be denominated in two dimensions: impact and complexity, see Figure 34. Using these dimensions allows for prioritization of the whole set of projects.

the dimension of impact,	**... and the dimension of complexity**
The 4 measurement categories of the Balanced Score Card are used to define the impact: ▪ Financial ▪ Customers ▪ Internal processes ▪ Learning & growth	With the following aspects to be taken into account: • Urgency • Number of stakeholders involved • Experience • Size of the project • Duration • Level of change

Figure 34 – two dimensions to prioritize the projects in the portfolio

To detail both dimensions, multiple reflections can be interesting but a practical approach is preferable. The dimension of impact can be divided into four categories, which are taken from the Balanced Score Card (see also 4.1.2.2). Besides the fact that it is good to rely on proven methods, in this way consistency in the transformation program is also served, which largely improves the effectiveness of the communication in general and reporting specifically. For the dimension of complexity, the aspects listed above are typical examples of levers which have a significant influence on the success rate of a project.

Given the variety, it seems worthwhile to zoom in a bit more on the different aspects in the *complexity* dimension. The most important aspect is the *urgency*, in which elements of timing are included. Which project is a prerequisite for another project? Which projects are in the 'fix-the-basics' category, and should first be done? One should for example first organize the marketing department to later on launch a project on market segmentation. In this case, setting up the organization is more urgent. The *number of stakeholders involved* has a significant impact on the complexity of the project, since the governance is more complex. With other stakeholders one can think of internal as well as external stakeholders (like suppliers, but also the regulator). The *experience* can significantly simplify the project, since one can leverage from earlier lessons learned. Some projects can more or less be seen as a copy/paste of what has been done before. Another aspect influencing the complexity is experience available on specific subject matters within the transformation teams, all project members included. Besides constituting a great team, the pilot where a project will be running is also of high importance: some entities will be more experienced in change than others, which is an important success factor for a project. The bigger the *size of the project* and the longer the *duration* are very classical aspects which increase the complexity of a project. The final aspect is the *level of change* a project will bring. It is, for instance, easier to build a price strategy in an existing marketing department than in a newly set-up organization with less experienced people.

In order to prioritize, a note is given to all different arguments. The higher the note, the better it is: a high impact, and a high simplicity. For simplicity reasons, the scale can be limited from 1 to 5.

To facilitate the ranking, a table can be made in which the different criteria are translated into notes. See the figure below for an example of such a table – the figures are illustrative and will differ per transformation program.

impact	**1**	**2**	**3**	**4**	**5**
1 financial	negative		neutral		positive
2 customers	negative		neutral		positive
3 internal processes	negative		neutral		positive
4 learning & growth	low		medium		high
simplicity	**1**	**2**	**3**	**4**	**5**
1 urgency	24	12	9	6	0
2 interdependency	external		organization		department
3 experience	minimal		medium		used case
4 size (in man months)	>80	40-80	20-39	10-19	<10
5 duration (in months)	>12	9-12	6-9	3-6	<3
6 level of change	high		medium		low

Figure 35 – prioritization aspects and their respective ranking criteria

Important to note here is the fact that the chosen ranking up to five is indeed simple, which sometimes is detrimental to real life complexity. As an example: launching a new product might have a good impact on revenues, and therefore gets a five. However, the same note is given, for instance, to the revenue assurance project, where the absolute impact in money probably will be much higher. The same five is granted anyway. However true for the priority setting, which is the reason for this giving of notes, both of these projects have a relatively different significance when speaking of impact. If one later would like to differentiate better between these two projects, one can consider changing the five for the project with the lower impact for a four. This is part of the consolidation process, which takes place after all figures have been given and one can assess the outcome of the ranking model.

Since the different arguments have different impacts on the overall dimensions, a weighting has been applied to the individual arguments. For instance, the factor urgency has been given a relative high weight in order to prioritize the projects that are needed first. See Figure 36 for an example of the ranking of some projects.

project	Impact	Simplicity	financial	customers	internal processes	learning & growth	urgency	dependency	experience	size	duration	level of change
		weighting	2.0	1.2	1.2	1.0	3.0	1.3	1.0	1.0	1.1	1.2
Revive and accelerate loyalty programs	4.0	3.3	4	5	4	3	4	2	3	4	4	2
Improve real estate management	3.4	3.4	4	3	5	1	3	4	2	4	3	5
Implement DMAIC model to manage continuous improvement cycle	4.4	3.1	4	5	5	4	4	3	4	3	1	2
Improvement of operational department	3.6	3.0	3	3	5	4	4	4	2	2	3	1
Re-establish the process management process and department	3.1	4.1	2	3	5	3	5	4	4	3	4	3

Figure 36 – an example of the ranking of some projects

In the ‘weighting’ row, the weighting factors are listed. The given notes on all of the aspects are weighted relatively with these weights, and compounded into the two dimensions of impact and simplicity. This approach enables a quantitative comparison of the various projects. To present this comparison, a graphic presentation is normally the most audience-friendly: it relatively easily enables the audience to spot the projects to be prioritized. As illustrated in Figure 37, the projects with the highest simplicity and highest impact are the most attractive ones, and are visible in the first quadrant, right-upper corner.

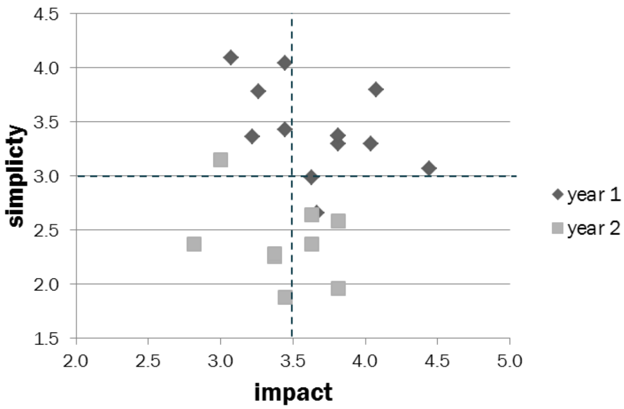

Figure 37 – a graphical overview of a project portfolio, plotted against the two prioritization dimensions

In the figure above, the projects have been ranked and divided into two years. The most attractive projects mostly occur in the first year of the transformation program. Giving the urgency-aspect a relative high weighting, the priority is overall given to the projects with a high simplicity ranking. This is needed to get the transformation machine running and delivering results fast. As will be argued later on (see 4.2.3.5), the delivery of results at an early stage is the indispensable nourishment to keep the momentum of the transformation program. Furthermore, the company will build up the experience to execute projects in a transformation program, which is needed to succeed in the more complex projects which are also part of the program.

The prioritization so far has been done largely out of the perspective of the individual projects. Indeed, the *interdependency with other entities or departments* is part of the simplicity-dimension, but this refers to any individual project. It is the starting point, after which the *dependencies between* the *different projects* have to be assessed at a detailed level: per project. Some projects can, for instance, only start after another project has been delivered. In the roadmap, these dependencies have to be taken into consideration too, and reflected in the detailed planning of the projects to be launched. This process will transform a set of projects into programs, and ultimately into a portfolio in which the projects are structurally prioritized as well as put in a practical sequence.

In the process of strategy setting, a direct relationship with the strategic focus area, the goal and the individual project is maintained. Now, the Balanced Scorecard categories have to be added too: the goals have been plotted into the Strategic Map (see 4.1.2.3). Since the projects are related directly to these goals, the projects are automatically distributed over the four measurement categories of the Balanced Score Card, adding one attribute to every individual project.

One important attribute has to be added at this stage too: the executive under which authority the project will be running. Sometimes people may refer to this as the 'sponsor', but in terms of project management this is the accountable person in the Executive Committee for this particular project. For more elaboration on transformation governance and the relationship with the existing organization, see 4.2.2.

BSC category	strategic focus area	goal	project	executive
financial	sustainable growth	Acquire and retain high value customers	Revive and accelerate loyalty programs	CCO
financial	operational excellence	Optimize current assets and cost	Improve real estate management	CFO
financial	operational excellence	Optimize current assets and cost	Implement DMAIC model to manage continuous improvement cycle	CSO
internal processes	agile governance	Create synergies between various technical networks	Improvement of operational department	CTO
internal processes	operational excellence	Improve process management	Re-establish the process management process and department	CSO
internal processes	agile governance	Modernize organizational governance	Implement strategic process and strategic plan model	CSO
customers	superior customer experience	Excel in commercial behaviour	Mobilize the voice of the customer: customer survey project	CSO
learning & growth	employee at the heart	Become employer of choice	Performance management: develop career path at group level	CHRO

Figure 38 – various attributes of projects in a transformation roadmap

In the figure above, an example is given of a set of projects, with the various attributes as mentioned. The colour coding is consistent with the Balanced Score Card, see Figure 31, to improve readability of the material.

This categorization, in combination with the individual weighting per project, enables us to assess the impact on these four Balanced Score

Card categories by the projects as launched in a specific year in the transformation program. We know which project has an emphasis on which category of the Balanced Score Card, and since we now have a weighting per project, we can calculate the overall impact on the four Balanced Score Card categories of the overall portfolio. When this information is combined with the roadmap, in which the projects are plotted in time, the impact on the four Balanced Score Card categories can be made visible per year. In this way management can be visualized in terms of what the emphasis is of the portfolio in which year.

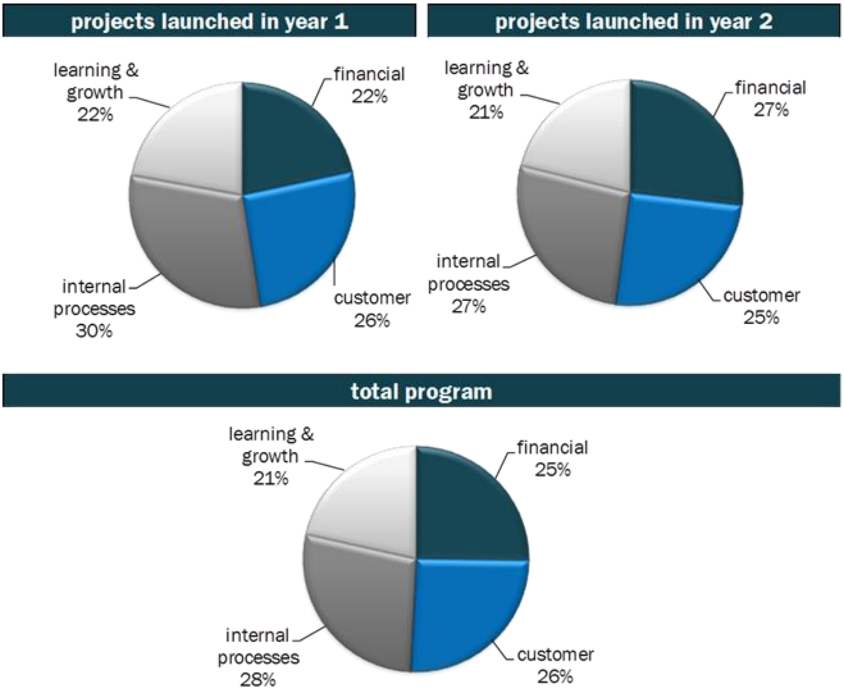

Figure 39 – impact of the projects launched in the first year or later

The figure above illustrates that the emphasis of the transformation program in the first year is on improving the internal processes, whereas later on the emphasis shifts to the improvement of the financials. In case the management wishes to change the emphasis of the portfolio, because the timing of the results does not meet their expectations, the roadmap can be adjusted by changing the parameters of the ranking of the various projects. Due to interdependencies between the projects, however, the adaption to the wishes of the management has its logical limits: the portfolio will need to stick to its internal logic.

The prioritization of the projects has enabled us to construct the roadmap. All the individual projects have been translated into pieces of a jigsaw puzzle, and putting them together has given a well-balanced roadmap.

We now know what we have to do in which sequence.

4.1.3.2. An agile roadmap

Now that the projects have been translated into a roadmap, largely using more mechanical arguments, the next dimension is to be added: projects have to be matched to eligible entities. Some projects fit better to one entity then another, which is an important aspect to be taken into consideration in the timing of the roll-out of transformation projects. Some entities will be okay to run pilot projects, which are less clear defined, and require more flexibility of an entity. For other entities, this might be too early, and it would be preferable for them to start off with some easier projects. That way they can learn by doing, preparing them for more complex projects or programs of projects.

Besides the learning-by-doing effect, the process of working with pilots also has the advantage that projects can be improved. In time, the experiences with these pilot projects should result into improvements of the project. Building on the experiences, the project will be better manageable, and easier to run. These solidified projects can then be shared with the other entities, since the diminished uncertainty of the project allows for a different type of management which might better fit another entity.

This diversity is dynamic too, and the roadmap of projects should at all times strive to leverage from this moving diversity to maximize the success of the projects. It is key to match the respective projects to the respective operating companies to create ‘natural’ pairs. In that case, the intrinsic motivation of *autonomy* can be released: this will largely contribute to the success of both the project and the entity.

The roadmap also acts within the dynamics of the internal organization. It will be influenced by the business outcomes, but also by the progress of the transformation program itself. Changes within the organization might also influence the transformation program (for instance a change of staffing in the Executive Committee). Sometimes a project is launched in a pilot mode in an entity since it was thought to be a good fit, but in time circumstances change, and the project should be stopped, and relaunched in another entity. However, since these dynamics are not predictable beforehand, the roadmap very quickly has the risk of becoming disconnected from the organization.

To manage these dynamics, the roadmap of a transformation program has to be agile and updated periodically, preferably every three months. Every trimester the roadmap is calibrated, looking twelve months ahead, taking the actual environment into consideration.

At the start of the program, the main focus is on the projects of the upcoming trimester. This has a very practical reason: solid planning is needed. What is to be done tomorrow? Next week? For this the project descriptions have to be detailed out, including detailed estimates of the resources needed to make happen the projects. This is key in order to enable the supporting logistics to arrange for these resources. In the figure below, an example of a roadmap is given, with this first three-month period represented as the dark part of the bars.

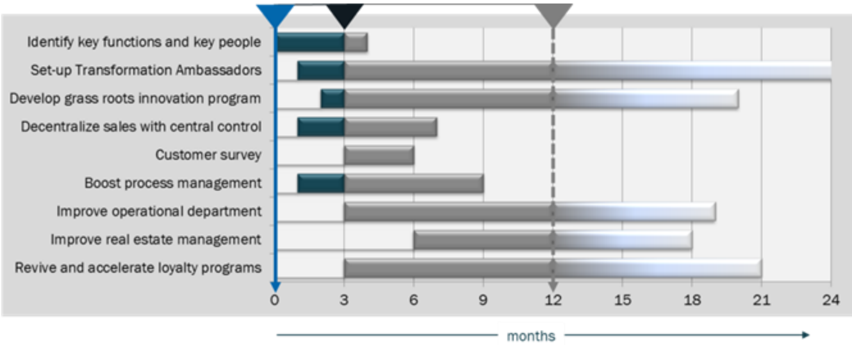

Figure 40 – a transformation roadmap with focus on the first three months, less in the remainder of the year or later

After this focus, the remainder of the upcoming twelve months lies ahead. Some projects as launched in the first trimester will continue, some new projects will be launched. This time-window provides a mid-term view on the transformation program, which gives time to anticipate.

On top of the detailed view of the three months to come and the mid-term view of the nine months after, there is also an idea on what is planned after one year. Of course, in this timeframe it is too early to already start worrying on projects to be launched by then, but it is useful to see which projects do continue after twelve months. Especially in the sense that resources have to be secured for the whole plan period of the project. Furthermore, it does help to manage expectations of the various stakeholders.

This approach allows for the introduction of the agility of the changing environment of the transformation program into the roadmap. After running the portfolio for three months, the environment has changed: one can look back on three months of work, and the perspective on the future is to be updated. To be updated with the input of the first three months, but also taking into account possible changes of the internal and external environment. This can also be the moment to assess the possible delay of individual projects, and the reassessment of the (timing of) the transformation portfolio. Since projects are mutually dependent, a delay of one project will influence other projects as well as programs. If these delays are known on time, corrective actions can be taken to minimize the negative impact on the other parts of the portfolio.

In the figure below, the past period is represented as the light blue part of the bars, and the red part is the foreseeable delay.

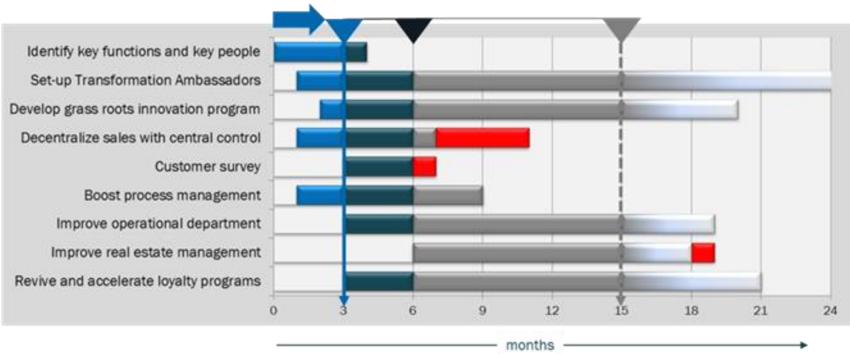

Figure 41 – a transformation roadmap after three months of execution with rolling focus on future

After these three months, the changes of the environment as well as the experiences within the projects and the program will be reflected in the detailed planning of the upcoming trimester. Equally there might be a need for changes of the planning after three and after twelve months. Changes can be needed in various areas, for instance in changes of resources needed, changes in priorities, changes in planning, changes in program management, etc.

This quarterly evaluation is also the time to assess the Key Performance Indicators (KPIs) and the outcomes of the KPIs which have been chosen beforehand. It is not only about looking at the progress of the projects, but also at the results these projects were envisaged to have. This is an important element since the transformation program is not there for the sake of the transformation program, but to deliver results that will bring the organization to a higher level. Per project, but also for the program and the portfolio, it is important to periodically assess the outcomes of the Key Performance Indicators which have been chosen to measure the effectiveness and efficiency of the transformation program as well as the impact on the business-as-usual. The Transformation Steering Committee is the appropriate platform to formally assess the outcomes of the KPIs and possibly request to change or add KPIs for the upcoming period.

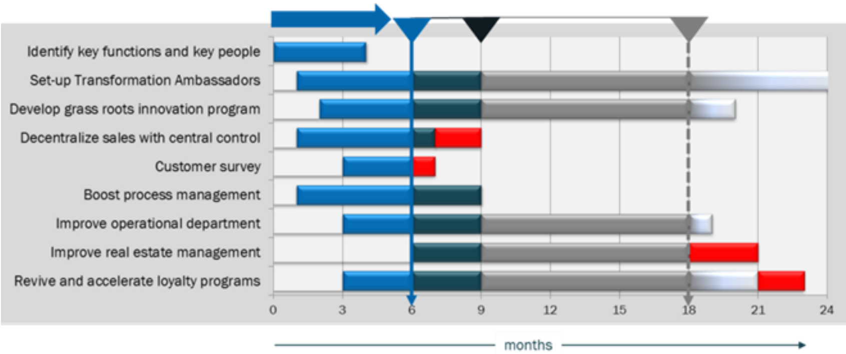

Figure 42 – a transformation roadmap after six months of execution with rolling focus on future

This process of calibration of the portfolio takes place every three months, in order that the insights of time can regularly be taken into consideration. These changes on the roadmap have to be validated by the Transformation Steering Committee, and to be formalized. This is an important step since it redefines the responsibilities of the actors in play: every quarter the scope of the program will change, and with it the responsibilities of the various actors. It is the role of the Transformation Steering Committee to validate these changes: the committee is the accountable actor in this process. See also 4.2.2 for more about program governance.

To secure the structural application of this process, the trimestral update of the roadmap has be communicated formally to management (since not everyone will be member of the Transformation Steering Committee). It is important that the various decision-makers of the company are informed on the results and the new insights and the changes in the portfolio. Furthermore this official rite of passage is needed to re-secure support and resources needed to fuel the transformation in the period lying ahead. This formal decision is also valuable input for internal communication around the transformation program.

We now know when and where what has to be done.

4.1.4. Risk management

A transformation program contains various risks due multiple factors which are linked to the projects themselves, but also factors surrounding the program. There are the aspects of time, interdependencies within the program, but also with the outside world. There is the continuous struggle for the allocation of resources, the support of the organization, etc. All these factors can be seen as risk factors, which have to be managed in the best possible way. Even though a project is well defined, properly launched and supported by the correct governance, there will always be disruptions and changes in the surrounding factors which put the project at risk.

A risk here is defined as *any event which is likely to adversely affect the ability of the project to achieve the defined objectives* (PMI, 2006).

To mitigate these risks, a risk management process has to be set up. This process gives guidelines, identifies risks and quantifies them, and thereafter manages the mitigation of these risks until project closure. The content of the following sections is largely based upon the work done by the Project Management Institute (PMI),[54] which has developed a universal method for *project* risk management. For a transformation *portfolio*, consisting of several *programs*, which are made up of several *projects*, the risks are, however, of another magnitude of these project risks.

The difference of magnitude can be illustrated if one makes a comparison with a football team. The projects can be seen as the individual players, who have their own talents, traits and skills, and who will all strive for their personal maximum performance. Their personal success. That’s what they are supposed to do, all of them individually.

When it comes to playing a match, program management steps in: even though all the individual successes do help the program, you can only win a match when all individuals and their behaviour and performances fit together. And sometimes this fit-together is adapted to the environment too: tactics can be adapted to different adversaries and circumstances.

If we go one step further: it's not about winning a single match, it's about winning the championship. Individual matches can be won gloriously, but to win a competition, it is about the combination of successes over the whole period. Existing and known risks will interfere with one another, and will result in new risks which will have to be mitigated as well. Matches will influence each other: sometimes the team is 'in the flow', and sometimes the team is going through a 'bad patch'. Some games (programs) might have been lost, but it is the overall combined score which will give the ultimate glory. In this sense, winning a championship is not just adding all the individual players together, nor compounding all matches: there is more to it.

The same goes for a transformation portfolio and the risk management that goes with it: the higher one gets up the hierarchy, the bigger the risks are. Perhaps the chances of occurrence will be less, but the impact will be bigger. It will not be the end of a tournament if one match is lost in the pool: the result can be netted out with a next match. Or an opponent can deliver bad results too, so it does not always have to be fatal at once. The impact of the risks at a higher level is, however, much higher than on the lowest level, and not just adding up all the individual risks. Since the various risks influence each other, the impact is propelled at a higher level. One player can demotivate more players, and make them play worse than they should in normal circumstances. In other words: one risk can trigger and amplify other risks. This amplification of risks, and the mutual interdependency, makes the risk increasing at an exponential pace if one moves from individual projects to programs and even portfolios.

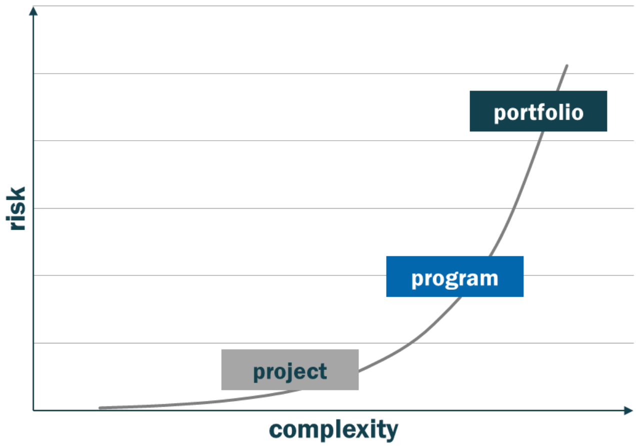

Figure 43 – moving from project via program to portfolio, the risk will increase exponentially

The figure above illustrates the exponential risks of a portfolio as compared to a project. Since a transformation portfolio is usually made up out of hundreds of projects (which are also partly correlated), the risks of a transformation portfolio are very high. Portfolios might indeed be less vulnerable than a project, but the impact of a risk can be disastrous for an organization. Delay, budget overrun, lesser results, and mediocre quality are just around the corner, which will not help delivering up to the vision as defined.

The above-mentioned risks should be managed at the level of projects, programs and the portfolio. Key players in this process are the Project Managers (PM), the Program Management Officers (PMO), and the Transformation Director heading the Transformation Management Office (TMO). On the one hand some risks should specifically be managed by the TMO, whereas on a project level the focus should be on the risks directly surrounding the project. This has to be orchestrated carefully, since one frequently sees that a risk is attributed to the wrong level. This attribution of risks should lead to the most effective place where the risks should be managed. Not too detailed on a portfolio level (that is not the role of portfolio management!), and not too general on the project level (with a big chance of creating less focus on the real project risks, as well as a platform of excuses which can be used to avoid accountability if a project might fail).

It is therefore key to distribute the responsibilities of the various risks between the three levels, as well as between the different projects or programs. As a rule of thumb only, in case a risk is solely attributable to one project, it should be managed at that level. In case there is an overlap between certain projects in the same program, it should be managed at program level. The same principle applies for risks appearing in more programs at the same time: in those situations there is a case to manage them at portfolio level. In this way the synergies in the portfolio are maximized and the right people are empowered to manage the risks at the right level.

Attributing the risks to the correct level is done in the early phase of the risk management process, after which the actual management of the risks can start.

4.1.4.1. Risk management process

The risk management process is well described by the PMI. The definition according to them is: *"The Risk Management Process is undertaken to ensure that each risk identified within the project environment is documented, escalated and mitigated as appropriate"* (PMI, 2006).

Risk management will be undertaken through the implementation of five key processes:

1. The identification of project risks
2. The logging and prioritizing of project risks
3. The identification of risk mitigating actions
4. The assignment and monitoring of risk mitigating actions
5. The closure of project risks.

In the following sections a high level overview of these risk management processes will be given.

4.1.4.2. Identification of project risks

It is of key importance to have early in the transformation program a complete and well-structured overview of the likely risks impacting the portfolio, the programs and the projects. In order to structure the process of risk identification, one can make use of risk categories. Each risk category covers a particular aspect of the project which is likely to experience a risk during the life cycle of the project. Typical risk categories are requirements, benefits, schedule, budget, deliverable, scope, supplier, acceptance, communication, resource and governance.

All these risk categories can be detailed out in various risks. For example, the risk category ‘schedule’ contains risks like:

- the schedule doesn’t provide enough time to complete the project,
- the schedule doesn’t list all of the activities and tasks required
- the schedule doesn’t provide accurate dependencies.

These risks can be applied to various different aspects of the (environment of) the program, which can be grouped into risk families, and one can distinguish five risk families in a transformation program. The first family not only covers the risks that are related to external factors like governmental rules and interference, but also whether a supplier is able to deliver or not. The second family of risks is related to the capability of the organization to support the transformation program. This can be seen a prerequisite, which needs to be mitigated before the actual transformation can lift off. For instance, in case the Human Resources department is not capable of supporting the other departments to transform - for instance by not helping in the staffing of the project teams, the training of employees on project management or rewarding the transformation actors; see also Chapter 5). Another example can be Finance, which should be able to support the transformation projects to liberate resources to invest in the projects, for instance by adjusting the budgeting process. It will also help a great deal when Finance does not demand a business case of all the (details of) the projects: Finance has to accept that you cannot translate everything properly in a business case, and relentlessly demanding one (and debating afterwards) frequently diminishes the momentum of change.

The third and the fourth risk families relate to the activities and departments which are the subject of the projects, with the fourth family specifically focusing on the risks related to the key activity which is to be transformed. It does depend on the organization, which group of risks should be distinguished like this. Figure 44 gives an example of a risk breakdown structure of an organization where technique plays a major role. The fourth risk family therefore relates to the technical delivery. The final risk family covers the factors related to the program management itself.

External	Organizational	Business Delivery	Technical Delivery	Program Management
subcontractor/consultants	dependencies	enterprise management	specifications	company - availability
vendors	human resources	commercial strategy	technology	company - stability
regulation/government	internal communication	network & IT strategy	equipment interfaces	deliverables constraints
market	financial management	marketing	equipment resources	PMO framework
customers	strategy	organization & HR	equipment performance	scope / assumptions
competitors	management	business planning	equipment quality	project planning
political environment	legal	business processes	tools provisioning	project execution
security	process management		vendors selection	project control
			vendors management	quality management
				project budget
				project schedule
				communication
				project constraints
				project resources
				subcontractors

Figure 44 – transformation risk breakdown structure

All the above listed sub-categories of sources of risk cover groups of risks. For example the ‘human resources’ sub-category in the *Organizational* risk family contains risk factors like ‘resistance to change’ and ‘availability of training’, but also the risk of employees being located at remote sites.

Although the figure is taken from the project perspective, the classification of the risks is also applicable for programs or portfolios. As mentioned earlier, the risks will be different, but that does not change the identification process.

The risk factors as listed in the risk breakdown structure depend according to the organization, and should be assessed according to the organization too. To ensure the completeness of the risks covered, references could be made to industry process standards or benchmarks. But for every organization it remains unique. Furthermore, it is important to realize that the risks will have to be reassessed during the lifetime of a project: they tend to change with time. Sometimes the external environment changes, and a risk is to be added. Sometimes it will be the opposite, which might lead to removing a risk.

Identification of the risks is important, but only a prerequisite to come to the actual mitigation of the risks. For this, the risks first have to be logged and prioritized, after which the risk mitigation process starts.

4.1.4.3. Risk prioritization, mitigation and closure

Risks appear in all kinds of forms and sizes, as illustrated in the previous section. They come from different sources, have different characteristics, differ in their impact, and should be treated differently.

Furthermore, there are many of them.

To enable effective risk management, the risks should be put on the same nominator and quantified. This will enable a fair comparison of the various risks and allow for a prioritization of the mitigation actions. PMI uses two dimensions to quantify the myriad of risks: likelihood of the risk eventuating on the one hand, and impact of the risk on the other. For both dimensions, a ranking can be made: from very high to very low. In the figure below an overview is given of the characteristics which go with what ranking. The score per dimension is added, which will help to calculate the priority. Normally both likelihood and impact have the same weighting in this calculation.

category	score	likelihood	impact
Very Low	20	Highly unlikely to occur; however, still needs to be monitored as certain circumstances could result in this risk becoming more likely to occur during the project	Insignificant impact on the project. It is not possible to measure the impact on the project as it is minimal
Low	40	Unlikely to occur, based on current information, as the circumstances likely to trigger the risk are also unlikely to occur	Minor impact on the project, e.g. < 5% deviation in scope, scheduled end-date or project budget
Medium	60	Likely to occur as it is clear that the risk will probably eventuate	Measurable impact on the project, e.g. 5-10% deviation in scope, scheduled end-date or project budget
High	80	Very likely to occur, based on the circumstances of the project	Significant impact on the project, e.g. 10-25% deviation in scope, scheduled end-date or project budget
Very High	100	Highly likely to occur as the circumstances which will cause this risk to eventuate are also very likely to be created	Major impact on the project, e.g. >25% deviation in scope, scheduled end-date or project budget

Figure 45 – risk quantification table

Now that the risks have been identified and prioritized, the next step is to find ways to mitigate and manage them. Given the diversity of risks and the evolution in time with differentiating ranking and actors, a tool is needed to keep the overview and to enable structured management. This tool is the risk register. In this register all risks are logged, with their respective attributes, description, priority ranking, the actions to reduce the likelihood, and the actions to reduce the impact.

To illustrate what a risk register looks like, in the following figures an example is given of four risks which can be included in a risk register. Given the multitude of risks, this illustration only gives a partial view of a complete risk register: every row covers one risk, which can easily lead to register of more than 200 risks covered. This might seem a lot, and in fact it is (especially at first sight), but is needed to ensure completeness of the risk management. A transformation program covers many areas, and works in parallel to business-as-usual with an adapted governance, changing the organization which the actors are part of. All these factors have a great deal of inherent risks, which is why the list of risks to be managed is impressive, and should be structured properly.

The first part of the risk register covers the attributes of the risk. Here the risk is identified, and the relation to the risk breakdown structure (see Figure 44) is made using the risk factors.

Attributes						
ID	date raised	raised by	received by	risk family	risk category	risk factor
1.1	May 1	PMO expert	shadow transformation director	External	Market	Country size
2.5	Jun 1	shadow transformation director	transformation director	Organizational	Management	Organization Executive Management - quality, quantity, availability, continuity of subject matter experts
3.2	Jun 4	HR PMO	CHRO	Business Delivery	Organisation & HR delivery	Expertise - quality, quantity, availability, continuity of subject matter experts
5.16	Jul 2	transformation contributor	transformation director	Program Management	Project Constraint	Failing to remove powerful individuals who resist the change effort

Figure 46 – example of a risk register, part 1: attributes

The risk factor itself is quite at high level, so a more detailed description of the risk is to be added, as well as the description of the impact. For many people, describing the impact seems redundant, but it is key for the management of the risks since it covers the 'so what?' What is the impact on the transformation program of a certain risk? Combined with the likelihood, this impact results in a ranking, which allows for a prioritization amongst all other risks present in the risk register.

description			priority ranking				
ID	**description of risk**	**description of impact**	**likelyhood**	**impact**	**likelyhood rating**	**impact rating**	**priority**
1.1	The country covered is very big in size, and with many remote areas, which has the risk that not the whole organzation will embark into the transformation program.	Parts of the organization are disconnected to the transformation program, which leads to an imcomplete analyses & design phase, leading to incomplete and less effective transformation.	h	m	80	60	70
2.5	Not yet all executives appointed, and yet to be trained on transformation and their roles.	Delay of decisions, appointments of project managers, and thus delay of projects.	h	vh	80	100	90
3.2	Poor quality of HR support and deliverables.	Delay of HR development and deliverables. Insufficient support for other departments.	h	h	80	80	80
5.16	Slow down the journey or block the starting of it.	Projects will be slowed down.	m	vh	60	100	80

Figure 47 – example of a risk register, part 2: description and ranking

To mitigate the risks, one can focus on actions which will prevent the risk to occur. These actions usually focus on structural solutions, which however might need significant investments in time and probably more involvement of top management in the decision-making.

to reduce the likelihood					
ID	**preventive action**	**action owner (stream)**	**action responsible**	**action undertaken date**	**decision level**
1.1	Extend the analysis phase, to better ensure proper coverage of the whole footprint of the organization. This does not mean that all areas have to be visited, but all types of areas should be covered, be them remote or not. Ensure participation in the transformation program of representatives of the remote areas.	PMO	to be decided	Jun 15	transformation director
2.5	Finalize organization charts (all entities), complete job-descriptions and start the recruitment process for executives (assessment etc).	HR	to be decided	Jun 10	CEO
3.2	Training of HR project managers and counterparts within other streams on the job by consultant.	HR	to be decided	Jun 8	CHRO
5.16	Assign shadow consultants to closely support the C-levels.	CEO	to be decided	Aug 15	CEO

Figure 48 – example of a risk register, part 3: actions to reduce the likelihood

In certain cases the preventive actions are not preferred (for instance because they take too much time to be decided upon or to be effective), one can focus on the Scotch tape-like measures to avoid the impact from becoming too great. Even though it might be theoretically better to avoid this kind of patchwork, and recommendable to work on preventive actions, these kinds of actions are usually much easier and quicker to implement, which makes them quite popular in many transformation programs.

to reduce the impact					
ID	contingent action	stream	action responsible 2	action undertaken date2	decision maker
1.1	Build additional time into project plans to allow for the possibility that affected projects may delay initiation/continuation of the whole project. Invest more in communication on the transformation program to the non-covered areas, so that even if they are not involved, they are informed during the transformation program.	PMO	to be decided	May 7	transformation director
2.5	Start already with appointed and available directors in temporary mode.	all	to be decided	Jun 6	transformation director
3.2	Crash job description writing program by consultant, accepting errors, no buy-in (=waste) and needed corrective actions later on.	HR	to be decided	Jun 9	transformation director
5.16	Reassign antagonists to less critical areas.	CEO	to be decided	Jun 6	CEO

Figure 49 – example of a risk register, part 4: actions to reduce the impact

The risk register is owned and maintained by the Risk Management Committee as one of the governance bodies of a transformation program (see also 4.2.2.2.1). For this committee it is important to distinguish firmly between the preventive and the restrictive actions to be taken, and to communicate very clearly to the Transformation Steering Committee on the differences between the patchwork and the structural solutions to be decided upon. Furthermore the Risk Management Committee proposes the key actors involved in the actions to be taken.

On a weekly basis, the Risk Management Committee completes a formal review of each risk listed in the risk register and decides (based upon the risk ‘impact’ and ‘likelihood’) whether or not to:

- raise a change request if a change to the project is required to mitigate the risk,
- assign risk actions to mitigate the risk, or
- close the risk in the risk register if there are no outstanding risk actions and the risk is no longer likely to impact the project.

Risk mitigation actions may include scheduling each action for implementation, reviewing the success of each action implemented as well as communicating the success of each action implemented.

4.1.4.4. Risk management reporting

The risk management process is in fact the management of the overall transformation program, in the format of management by exceptions. Following the process allows for the management to prioritize and manage the corrective actions of the transformation program. Additionally, risk management can also serve as a tool to inform top management on the progress and risks of the transformation program. For this, a synthetic view of the prioritized risks should be translated into a concise risk management reporting. The risk breakdown structure is a convenient format to present the issues in a complete but readable way. An example is given below.

Figure 50 – example of a risk management report

In order to maintain visibility of the transformation program, this reporting preferably should be shared with top management during the weekly Executive Management Committee. This information enables the top managers who are a bit less involved in the daily transformation program to be connected to the key risks of the program and the key decisions to be taken. These decisions can be either within the transformation program, or within the existing organization. From this perspective, this management reporting can serve as one of the bridges between the transformation program and the existing organization.

4.2. Management

A transformation program does not work in isolation, but with the organization which it is part of. Both are to be managed in coherency with the other, which is not that obvious. And since sometimes it seems that *most of what we call 'management' consists of making it difficult for people to get their work done,*[55] properly organizing management for a transformation program is of the utmost importance.

The program is in need of resources, people and budget in order to function. A program also calls for decisions to be taken and implemented which impact not only the transformation program itself, but also the organization which the program is supposed to transform. And for many changes to be implemented, the transformation program relies on the organization to make them happen. Several projects need to be run by the organization itself, to enable the organization to prepare itself to support other projects of the program.

Given the differences in nature of business-as-usual (going concern) and a transformation program (temporary), this interference of decision-making proves to be complex material for management. And with it too for the employees.

These kind of aspects have been brought forward in the risk management process, as mentioned in the previous section (4.1.4). It is the risk family *Organisation* which covers the risks which are related to the support the organization should give to the transformation program. The risk family of *Program Management* covers the risks within the transformation program. If these risk families are compared, it shows that the character of the underlying risks differ in multiple aspects: dynamics, object, actors and, foremost, the aspect of speed. Therefore they call for a different kind of management. But they do not work in isolation, and do mutually influence each other.

Of course these differences and interdependencies add to complexity, but the good thing is that both transformation and business-as-usual have the same goal. They both contribute to achieving the strategy of the organization. PMI uses a pyramid to schematize this. Figure 51 is based upon this pyramid.

Figure 51 – business-as-usual and portfolio management in an organizational context (adapted from PMI)

Transformation management always has to take into account the fact that it is only part of the bigger picture: the transformation as such is not the goal but one of the means to realize the strategy. The same goes for business-as-usual too. For business-as-usual and transformation to flourish the responsibilities have to be defined within and between both these activities. The same goes for accountability. Who is the boss for which decision? Who has the decisive power?

The structure of the organization and its governance support the overall organization: it is clear who does what, and who signs off for what. All too often, however, neither of them support either the agility of the organization or the autonomy of departments or individuals. This is typically one of the root causes for a transformation program anyway: in case the organization is well established, and governance is working fine, a complete makeover (which is what a transformation really is) would probably not have been necessary in the first place.

So, in most transformations, the existing organization and governance are not clearly structured, which leads to management not having the capacity to make the needed changes. Decisions are simply diluted in the internal structures and processes. There might be too many responsible persons, which in fact means that nobody is responsible.

The existing organization and governance has however to allow for the transformation program to work, but also to implement the changes which are invoked by the transformation program. Yes, the organization will probably change anyway, but it will be more autonomous and, to a lesser extent, driven by decisions related to the transformation program. Also, within the transformation program itself, the organization has to be clear, supported by an unambiguous governance.

Different mechanisms are possible to improve cooperation within an organization.[56] One might directly think of (sub)departments in an organization chart as a means to organize working together. This is the most solid format of coordination within an organization. This works particularly well in case of repetitive activities, within functional areas, product lines, markets or geographical areas. In case coordination between these various departments is needed, additional coordination can be added in the format of a coordinator. This person is independent from the existing departments, and helps the organization to better achieve its goals by improving collaboration and coordination. Depending on the situation, this person can be more or less empowered (for instance with budget, accountability or veto on certain decisions, or by positioning close to the top management allowing for close contact with top management to influence decision-making). A lighter version of this coordinator can be a committee. The most liberal format is informal coordination, in which the cooperation is not formalized. All of these coordination mechanisms can be supported by additional coordination provisions like direct contact, liaison roles, task forces (temporary) and teams (permanent).[57]

Even though the categorization of the major coordination principle of business-as-usual (an Organization chart) and a transformation program (more a set of Committees) already improves the transparency of management, it is the combination of both which will be the key for success. They are interrelated, and are not independent from each other. They do not exist in parallel, but they are part of the same overall organization. They must be seamless and organically work together.[58] They are like two wheels on the same bike.

To put it differently: any transformation program is in need of the support of the organization and vice versa. Obvious as it seems, it is not that simple, since a transformation program enters into an organization which already exists, and executing transformation has the risk of 'competing' with the business-as-usual.

This can be confusing for many people in the organization. It's already difficult to understand the differences in structure and governance, let alone how these two models should interfere. This confusion becomes more apparent in cases when it is not really clear whether a certain activity is covered by either the transformation program, or by the existing organization. Or by both... Furthermore both systems usually have a different time horizon (cash is king versus value is victory; transformation rarely has short term gains, but focuses on long term value creation).

In order to avoid these various types of confusion, the transformation should be supported by a clearly structured organization as well as a well-structured transformation governance.

4.2.1. Organizational support

The risk management process has brought forward the risks related to the supporting organization, grouped in the *Organizational* risk family (see also Figure 44). This category covers various risk factors, including the risks related, for instance, to management, human resources and process management of the existing organization. Since these risks can be seen as prerequisites for the support of the organization for the transformation program, they are especially important at the dawn of the execution of the transformation program. This is a critical part of change management (see also 4.2.3), and, if not managed well, the transformation program will simply not fly.

The projects which cover these actions should be part of the transformation roadmap, as defined in the strategy setting phase, before the phase of the strategy execution. Of course it depends on the analyses done, but in most transformation programs there will be projects to mobilize employees and managers to join the front line of the transformation program, projects to improve process management and projects that adapt certain parts of the organization. Depending on the outcome of risk management, the most urgent projects will have been identified in order to prepare the organization to support the transformation program.

4.2.1.1. Organization charts

With regards to projects aiming to adapt the organization to the new environment, a frequently seen pitfall here is that management decides on organizational changes in a too early state. Experience shows that this all too often leads to an organization chart which might look great on paper, but is in fact not related to the (future) organization which it is supposed to be supporting. In a transformation program it is key to consider the strategic context whilst drafting the organization charts, since these charts should enable the wished-for development of the organization.

Having put the organizational changes into the context of the AS IS, the strategy, and the perspective of time, the phase has now come to redefine roles and activities ('Who does What'). To avoid too quick conclusions or practical adjustments at a too early stage, it is important to follow a very strict methodological path. In this phase of transformation, it is critical to be as objective and methodological as possible — there are too many (personal) elements at stake to risk ambiguity and to allow for subjectivity.

There are many views on how the process of organizational design is to be done, but for the sake of explaining its role in a transformation program, a practical approach is used here. The starting point is the key issue which the current organization has. The AS IS. Typical for many transformations, this key issue is the loss of contact with the customer. After periods of rapid growth, revenues grow less fast, or are even declining. This decline in growth frequently leads to optimization of operation resources, whereas head offices somehow seem to continue growing. The result is often that the head office has grown somewhat out of proportion to operations (in size as well as power), which is quite expensive and restricts much needed agility. In these cases there is a practical approach which may help to tackle this issue of rebalancing power within an organization and empowering the operational units again. Since many organizations have historically been designed from a top-down perspective (starting with top management and then cascading down), a bottom-up assessment of the organization can give a refreshing view on the organization charts. Or start with the customer, one of the ultimate stakeholders of the organization — and, by the way, the one who pays the revenues.

If the issue is loss of contact with the customer, and the vision is that the organization should be 'customer-centric', it might be wise to start organizing from that point on. What roles are indispensable at the lowest level to improve the contact with the customer? These roles are to be accompanied with responsibilities and accountabilities to enable the employees and managers to deliver their job in front of the customer. Sometimes one sees that in organizations top management is very willing to delegate responsibility, but forgets to accompany this with the needed accountability. This is what often is called 'empowerment' of the front line: the combination of more delegated responsibility and accountability which enables the employee to act according to his responsibility. In the example of customer-centricity one can think of granting a budget to a customer service employee which can be spent on compensations for particular complaints, but also in abandoning scripts, not measuring call times, viewing every call as an investment in the customer relationship and not in expenses, etc.[59]

After the customer facing units are defined, the next phase will be to define the support that these operational units need. How can the organization facilitate the front line people to do their job well? Here one should think of management and coaching, but also of training, IT support, security, marketing, etc. Should these support functions be close to the operational unit, which would perhaps lead to regional structures, or would it be okay to centralize certain functions? Perhaps proximity is for certain functions less important than consistency and synergy.

At the level of head office, besides supporting the front line, one also has distinct functionalities which can only be done by a head office. It depends on the overall strategy of the organization as to which functions should be central or not, but there is a minimum of functions which are imperatively centralized. For instance, setting the strategy for the organisation, or the control function of finance. In the risk breakdown structure, these functions are more related to the *External* and the *Organizational* risk family. They are mostly not in the business delivery part of the activities, which would make proximity less needed.

It is important to state at this point that the reflections above are on functionalities, not on departments or jobs. The organization charts one can draft after this analysis, are *functional* organization charts. They give an overview of which functionality is positioned where in the organization. If later on one might decide to combine some functionalities, since one person could be covering more than one function, that is another story.

Some functions indeed can be combined in practice, whereas other ones cannot (for instance because segregation of duties can and will be a blocking argument).

In order to ensure internal consistency in this phase of the construction of the new organization, it is helpful to draft functional organization charts for all levels of the organization and complete the picture with responsibilities and accountabilities at all levels too. This is needed to avoid overlapping functionalities, or functionalities which have been forgotten. This phase of drawing the complete picture is of key importance to enable effective organizational support for a transformation program: responsibilities and accountabilities have to be crystal clear, especially in the uncertain phase of transformation in which another type of governance runs in parallel (as mentioned: the governance of the transformation program itself).

Another classical pitfall is to start appointing managers without having conducted a proper assessment process. Very quickly this process runs the risk of being seen as a friend-and-family exercise, which is completely contradictory to the lead-by-example role management holds during a transformation program. At once the credibility of the transformation program is at stake, which is extremely difficult to make up for. In fact there is a very high risk that the whole program has to be stopped. Besides this credibility risk, not appointing the best persons for the job is detrimental to the functioning of the organization as well. And it is bad for the motivation of capable-but-not-appointed managers too, the ones who should be the advocates of the transformation. The next chapter shall elaborate more on this process.

4.2.2. Transformation governance

Since the transformation program is not part of the business-as-usual, cooperation is not reflected in the formal organization chart. It should not be, since transformation is temporary, and the normal business is a going concern. The ‘positions’ in a transformation program are temporary by nature, and will disappear after the program is delivered. They should do so, since otherwise the transformation program would become business-as-usual too, which would make it an incremental-change-department. As mentioned earlier: transformation is radical. It is a revolution, not an evolution. And after the revolution is done, after the dust has settled, what remains is a transformed organization, with a transformed bureaucracy[60] which should run the business-as-usual.

The organization of a transformation program is of a virtual nature, but it needs to have formal connection points to the existing organization since they simply have to work in symbiosis. Within the transformation program itself, virtual as it is, some structures are needed too in order to manage the whole set of activities in a transparent and coherent way to deliver the targets (which are typically not virtual) as set for the whole transformation program. Given the different types of building blocks of a transformation program (project, program and portfolio, see also 4.1.1) and the multitude of stakes and stakeholders, the management within a transformation program will have to be quite diverse too to address this complexity.

The complexity does not stop there. Given the transversal and temporary character of projects, programs and a portfolio, the governance has to fit to this character. This leads to differences in governance of a program as compared the usual activities. This complexity is amplified by an overlap: the fact that business-as-usual has something the transformation program has not: resources. And the transformation program needs them, but business-as-usual too.

Transformation governance covers four domains which are: alignment within the governance framework, risk management, performance management and communication. The core governance functions to be done within these four domains are the processes and activities to create oversight, provide control, ensure strategic integration and structure decision making.[61] The following paragraphs will zoom into the who and the how of transformation governance.

4.2.2.1. Roles and responsibilities: the RACI matrix

In order to minimize the ambiguity of who in fact is the boss, and who is not, it is important to be extremely clear on the labelling of the responsibility of the different actors. One of the key elements to be clarified is the difference between being accountable (the person who signs off, normally the boss), and being responsible (the one who does the work, normally the portfolio/program or project manager). An example from the world of football is given in Figure 52.

Accountable – Mr Abramovich:

- He manages the **club** Chelsea
- He signs off contracts

Responsible – Mr Conte

- Manages the **team** of Chelsea
- (players needed, tactics, press, etc.)

Mr Conte can only do his job when he is coaching the whole team: all 11 players

Responsibility *cannot* be split: there can only be 1 team manager

Figure 52 – accountable and responsible, an example in football

In the example above, it all seems pretty clear and straightforward. The roles of Mr Abramovich and Mr Conte are complementary: there is no overlap, and everybody around them understands how this works. In this case football can be very simple.

In many organizations however the situation is not that straightforward. There are many actors, there is history and informal relationships, etc, which can make the situation more complex. This in itself is not an issue, but actual problems usually start when one starts delegating responsibilities. Roles change, depending on the situation and place in the hierarchy, and this all too often creates confusion. If we start at the top of the organization, the CEO is accountable and responsible for everything. He delegates a large part of his responsibility to his C-levels (members of the Executive Committee: the Chief X-Officers) to run different departments. A C-level in his turn is accountable as related to his subordinates: he signs off (within his authority) and he delegates the responsibility to his team members. This means that someone can have a different role in differing configurations. There is no absolute truth: it depends on the situation.

The same logic applies to the roles and responsibilities in a transformation program. Ideally, the people who are accountable in the business-as-usual organization are also accountable in the transformation organization. So the various 'stream leaders'[62] in the transformation program are existing C-levels: they are accountable for their current business-as-usual, but now also for their part of the transformation program. In this way, the conflict between transformation program and the business is isolated per C-level, which makes it much easier to manage. So, for instance, if the Chief People Officer is accountable for the People stream in the transformation program, it is he who can arbitrate where to put the resources: in the program or in the business. This will work in the budget process, but equally in real life, where changes of environment might call for reallocation of funds within the overall budget.

In a transformation program, it is useful to detail and communicate the accountabilities and responsibilities in a RACI-matrix. In such a matrix the Responsible, Accountable, Contributor and the one to be Informed are revealed in specific situations. The RACI matrix for a transformation program is to be set up taking into account the relationship between portfolio, program and project. See the figure below.

	portfolio	program	project
CEO	Accountable	x	x
Transformation Director	Responsible	Contribute	x
C-level	Contribute	Accountable	Accountable
Stream manager	Informed	Responsible	Contribute
Project manager	x	Informed	Responsible

R	**R**esponsible	Who is responsible for making the task happen
A	**A**ccountable	Who has the authority to approve or disapprove the task
C	**C**ontribute	Who has needed input about the task and should be contributor
I	**I**nformed	Who needs to be kept informed about the task

Figure 53 – the basic RACI matrix of a transformation program

In the RACI matrix above, the function of 'Transformation Director' is introduced. This function should report directly to the CEO, to enable this function to take the responsibility needed to make the transformation program happen. The CEO has delegated his responsibility for the transformation program directly to this person. This is needed, since a typical transformation program is transversal, and covers multiple directories, as the CEO does. The moment the function is positioned lower in the organization, the transformation program has the risk that the transformation manager is not taken too seriously by the organization, beginning with the C-levels. It proves to be difficult for C-levels, who are also stream leader, to be reporting to the Transformation Director for part of their job (the transformation part), even more when this person is lower in 'rank' than they are in the business-as-usual organization. The risk is then that the C-levels will turn directly to the CEO for transformation program matters, which is not recommendable. And the reason why the

CEO delegated his responsibility to the Transformation Director in the first place: in the daily running of the transformation program, the Transformation Director acts as CEO.

4.2.2.2. Committees

In addition to the RACI matrix, which explains the individual roles and responsibilities, the transformation program makes use of various committees to ensure the effectiveness of governance of business-as-usual in cohesion with transformation. This governance mechanism is needed to enable effective decision-making in transversal situations. That is, in situations where decisions are to be made which involve multiple governance structures which are not (or only partly) covered by the normal hierarchy.

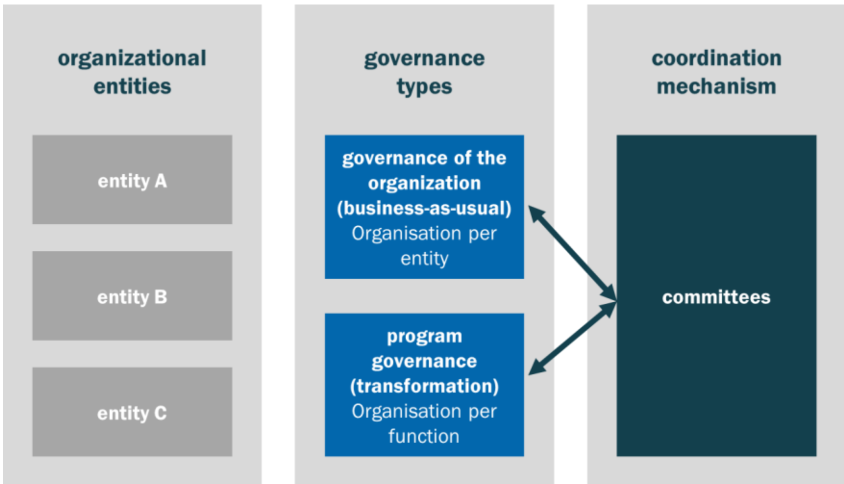

Figure 54 – committees bridging governance of business-as-usual and the transformation program

A committee is a 'light' governance mechanism, which is frequently used to govern transversal situations, and therefore typical for a transformation program (see also page 102). As described earlier, the programs are to be set up in a functional way, so a program for commercial, one for finance, one for operations, etc. Since many organizations are not functionally organized (for instance in business areas), and the Stream leaders are not by definition always the hierarchical superior, the transformation governance should be reinforced by committees. As an example, one can imagine a Finance stream committee: the C-level of this stream is the CFO of the organization. In the work stream there are, besides representatives reporting to the CFO, also the other employees of the organization present. These team members do not necessarily report to the CFO in the normal hierarchy. In the organization of the transformation program, however, these team members are governed by the committee, which is chaired by the CFO. In this way, they do report to the CFO, *for transformation matters*.

Depending on the complexity of a program and an organization, in a transformation program various types of committees can be set up, which are categorized in Figure 55.

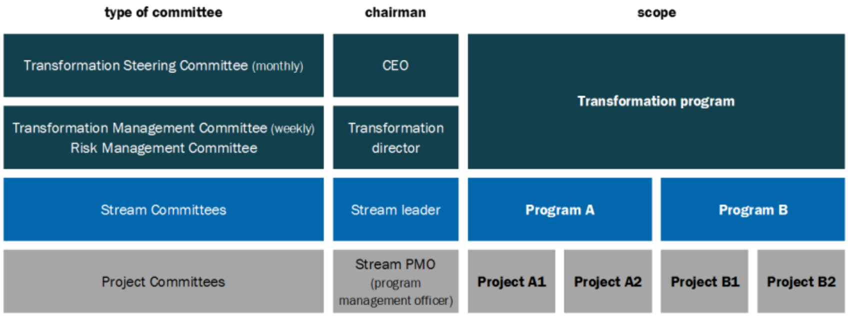

Figure 55 – overview of different types of committees

At portfolio level, there are typically three different types of committees. The *Transformation Steering Committee* safeguards the implication of top-management in the transformation program. The *Transformation Management Committee* manages the operational issues related to the transformation program. The *Risk Management Committee* mitigates program risks by improving the alignment between streams and between program and company governance. At the level of the programs, the governance is organized via *Stream Committees*. Within the stream, there are several *Project Committees*, in which the individual projects are governed.

Given the diversity of the committees, the following sections will zoom into three of the committees mentioned which are more specific for a transformation program. An additional committee is also covered which is not part of the operational management of the transformation program, but concentrates itself on program quality and compliance.

4.2.2.2.1. Transformation Management Committee

The transformation portfolio management is the responsibility of the *Transformation Management Office*. As described earlier, this covers internal alignment, stakeholder management and decision making (also see 4.1.1). Daily operations like coordination, logistics, security, purchasing, planning, reporting etc, of the transformation program are managed by this team. It is also where the consolidation of the total transformation program takes place, and it serves as the centre of competence for transformation process management providing training, coaching, templates, tools etc for the transformation population. This team is set up to last for the duration of the transformation program and is headed by the Transformation Director.

The Transformation Director, technically speaking, heads the portfolio management office, but since not many people understand the difference between program and portfolio it is more practical to speak of the Transformation Management Office — with TMO as the acronym. The acronym of PMO, by the way, is also frequently used for the team of people who do the coordination job: the Office. So PMO stands for the Program Management Office (the team), but also for the Program Management Officer (the leader of the PMO team), as well as for the Program Managers. To avoid all of this, it is better here to speak of TMO. It is never wise to speak in acronyms and not spend too much time on discussing this ambiguity: people will mix up the terms anyway. It is better to focus on the responsibilities: the office runs the day-to-day coordination of the portfolio or program, and the officer leads the pack.

To improve the communication and coordination between the various programs and to manage them, the Transformation Management Committee is organized on a weekly basis, in which the various program managers and some members of the Transformation Management Office are seated. This committee is chaired by the Transformation Director. This committee also prepares the Transformation Steering Committee and assures the follow up of the decisions taken there.

4.2.2.2.2. Risk Management Committee

The *Risk Management Committee* is a transversal committee, of which the Program Management Officers (PMOs) of the different transformation streams are members. The committee is chaired by the Transformation Director, as head of the Transformation Management Office (TMO).

The figure below schematizes the representation in a typical Risk Management Committee, and the positioning of this committee in the transformation program governance. Beware: even though it looks like it, this is not an organization chart but a chart in which the relationships between various governance bodies are represented.

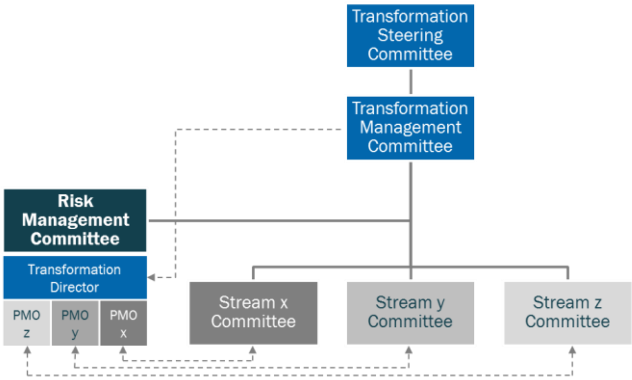

Figure 56 – representation in and positioning of the Risk Management Committee

This Risk Management Committee is a weekly operational committee, covering the complete portfolio. In this committee, the project, program and portfolio risks are managed on a weekly basis. It is a platform in which the interests of the various streams are taken care of in a balanced way using the overall portfolio perspective. An example of a typical subject treated in this committee might be the case that a particular stream is lagging behind due to insufficient resources. The risk will be that the different programs are not well aligned anymore, and the Risk Management Committee can reallocate the resources in order to synchronize the portfolio again. It proposes the reallocation to the Transformation Steering Committee, where the decision is being taken. See also 4.1.4 for the risk management process.

4.2.2.2.3. Functional Stream Committees

At the program level, there are several Stream Committees, which are chaired by the stream leaders (preferably C-levels, to avoid accountability conflicts; see also 4.2.2.1). The committee is run by the stream PMO (being the responsible person). In order to facilitate communication with the

Transformation Management Office (TMO), there should be an open seat for a representative of the TMO. In this way alignment with the overall transformation program can be quickly achieved, without having to use the Risk Management Committee. It is, by the way, ‘open’ seat, since the TMO representative does not imperatively have to be there: it is only an informative role which can be done in a committee, but of course also outside the committee. It is however not advisable for the TMO representative to act as a policeman, controlling the process or the meeting. If this was the case, the RACI matrix is not adhered to, and the C-level cannot do his job as stream leader. In order to assure the control on the activities within the stream, a separate body is needed: the Risk Assurance Office, as treated further on in this section.

The role of the stream PMO is complementary to the role of the C-level, since the PMO acts as his stand-in in the transformation program. The C-level remains accountable for the transformation stream, but the responsibility is delegated to his PMO. Besides being responsible for the transformation stream, it has proven effective when the PMO is also informed on the business-as-usual. It is not his responsibility, but since business-as-usual does impact transformation, this role is needed to run the transformation stream effectively. Given the fact that the transformation projects will be delivered in time, and the results will become part of business-as-usual, the scope of responsibility diminishes in time, whereas the informed-role increases. For the C-level the accountability remains, but will shift from transformation delivery by delivery to business-as-usual.

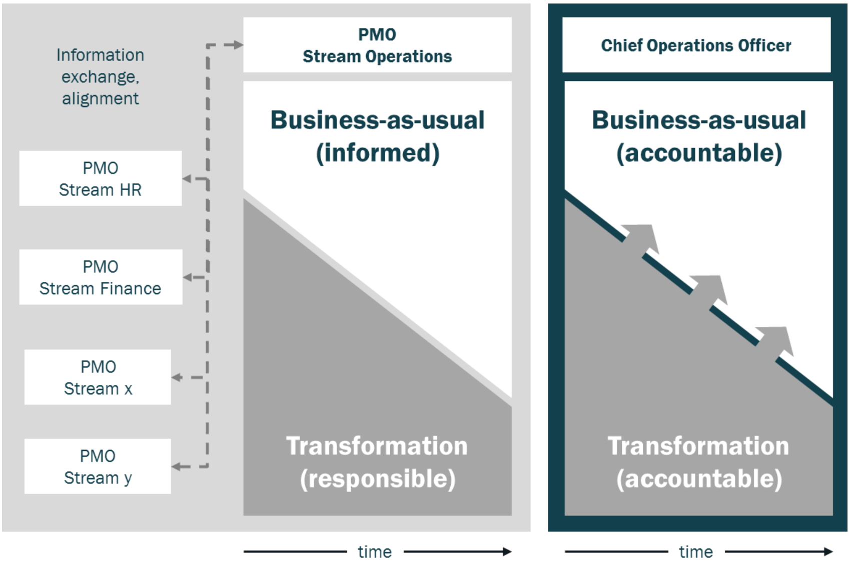

Figure 57 – the role of a PMO evolves over time and is complementary to the C-level

Besides the evolution in time of the role of the PMO, it is important to note that he plays a key role aligning with other streams (via the other PMOs). The human interface between the PMOs is a very important mechanism to align streams with each other.

4.2.2.2.4. Portfolio Assurance Office

On top of a solid governance that secures program leadership, there still is the open question of control. What if the Transformation Management Office is not doing its job well? How can top management be assured that all is going as it should be? Given the importance of a transformation, it is worthwhile to strengthen the assurance of the transformation program. MSP gives us a method to do so, assuring the quality of a program: *"Program assurance is the systematic set of actions necessary to provide confidence to the stakeholders that the program remains under control and on track to deliver and that it is aligned with the organization's strategic objectives"* (MSP, 2011).[63]

In order to organize this role, MSP recommends setting up a Portfolio Assurance Office which will be responsible for this task. The Portfolio Assurance Office has typically management techniques to hand, such as audit, control of the effectiveness of measurements, assurance reviews, gated reviews and maturity assessments. These techniques are quite like the activities of an internal audit department, but are now tailored specifically to the transformation program.

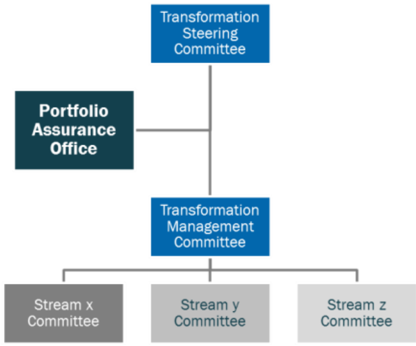

Figure 58 – the positioning of a Portfolio Assurance Office

In order for the Portfolio Assurance Office to do a good job, it should be independent from the Transformation Management Office. Only in this case can a clear segregation of duties be established: execution is separated from control.

In this way, the Transformation Management Office has the responsibility to manage the transformation program completely, which is needed to enable a successful transformation. Clarity of responsibility is always key, but even more in a change program like a transformation program. The Portfolio Assurance Office should therefore not intervene in the management of the transformation program, but keep its neutral distance. Only then there is an added value. An important added value, since the stakes of any transformation are high.

4.2.3. Change leadership

The glue between the existing organization and the transformation program is not only the governance or the way they are organized. It is the people all over the organization who are the ones who make the transformation happen. Their transformation. Since this transformation is new for the majority of the people — and most probably unique — they have to be supported in this process. A change management program has to guide the employees through the change, in a way so that they do not see the change as a threat but as a challenge. Not as something bad but as something good. Exciting in a good way.

A practical fundamental for change management is the change model as defined by Kotter.[64] This model has already served for years, has been used in many change management trainings,[65] and has proved to be resistant to time.[66]

Kotter has identified eight stages which occur in a process of change. These eight stages all have a distinct character, and populate very different activities. Using this change model has proven to be very effective in various transformation programs, since it serves as some sort of an invisible backbone of the transformation programs. Even though transformation programs are normally very much linked to a certain industry, a certain culture and a certain point in time, they all have the commonality of this change model. The good thing of this common ground is that we can leverage from the experiences of other transformation programs without denying the unique nature of every transformation program.

You can see in Figures 59 and 60 the eight steps of change following the change model of Kotter. To clarify the different stages further, typical activities as well as pitfalls for every step of change have been added. These pitfalls help to see where the risks are. Risks which should be mitigated and embedded in the risk management process, as described in 4.1.4.

	Steps of change	Activities	Pitfalls
1	Create a sense of urgency	• Analyse environmental realities for potential crises and untapped big opportunities. • Convince a large part of the organization (not just execu-tives!) that the status quo is more dangerous than the unknown and that the un-known can bring great things.	• Underestimating the difficulty of driving people from their comfort zones • Becoming paralyzed by risks
2	Build a guiding coalition	• Assemble a group with shared commitment and enough power to lead the change effort. • Encourage them to work as a team outside the normal hierarchy, without losing connections.	• No prior experience in teamwork at the top • Relegating team-leadership to a People, quality, or stra-tegic-planning executive ra-ther than across the organi-zation and hierarchical levels
3	Create a vision and a strategy	• Create a vision to direct the change effort. • Develop strategies for realizing that vision.	• Presenting a vision that's too complicated or vague to be communicated in five minutes • Forget to change existing strategies in coherency with the new vision.
4	Enlist a volunteer army	• Use every vehicle and person possible to communicate the new vision and strategies for achieving it. • Permeate new behaviours by the example of the guiding coalition and the people wishing to contribute.	• Under-communicating the vision • Behaving in ways antithet-ical to the vision

Figure 59 – steps of change 1 to 4 (adapted from Kotter)

	Steps of change	Activities	Pitfalls
5	Enable action	• Remove as many barriers as possible so that those who want to make the vision a reality can do so • Encourage risk taking and non-traditional ideas, activities, and actions, Inside and outside the existing hierarchy	• Failing to remove powerful individuals who resist the change effort • Non-alignment of initiatives or double work
6	Plan for, create and celebrate short term wins	• Define and engineer visible performance improvements. • Celebrate the wins with maximum visibility across the organization • Recognize and reward employees contributing to those improvements.	• Leaving short term successes up to chance • Failing to score successes early enough (12-24 months into the change effort)
7	Consolidate improvements and produce more change	• Use increased credibility from early wins to change systems, structures, and policies undermining the vision. • Reinvigorate the change process with new projects and change agents.	• Declaring victory too soon—with the first performance improvement. • Focus of top management shifts focus on other priorities, leaving the momentum of change up to chance
8	Institutionalize the new way of working	• Articulate connections between new behaviours and corporate success. • Create leadership development and succession plans consistent with the new approach.	• Not creating new social norms and shared values consistent with changes • Promoting people into leadership positions who don't personify the new approach

Figure 60 – steps of change 5 to 8 (adapted from Kotter)

A model is by definition a simplified version of reality which should take into consideration when using it. The activities as listed above are generic, typical examples of activities in the various stages. It seems quite simple and straightforward like this: just take the action as described and that's that. But… why would so many organizations be struggling with change management, and why do so many transformation programs not deliver up to expectations? Apparently it is a bit more difficult in real life. In the following sections the practical application of the change model in a transformation program is explained.

4.2.3.1. Agility of strategy and transformation

Taking the transformation process as introduced in previous chapters, and assessing it from the perspective of the change model shows us that the paths followed are quite consistent. A comparison with the transformation process is easier, taking the four phases of the change model: steps 1 & 2 are the phase ‘Set the Stage’, steps 3 & 4 cover the ‘Decide what to Do’, steps 5, 6 & 7 are about the ‘Make it Happen’ and step 8 handles the ‘Make it Stick’. The change model and the transformation process are compared in the figure below.

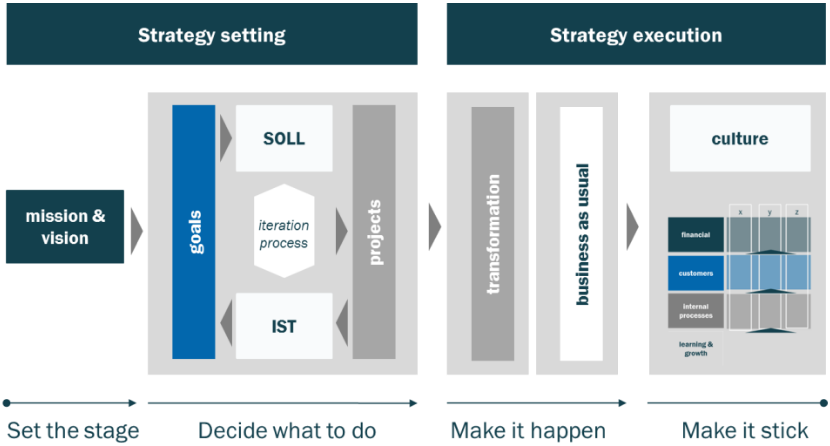

Figure 61 – the transformation process related to the change model

Putting the transformation process into the TransforMotivation System, most of the phases are similarly organized. The first two phases address the motivation factor purpose (the Head), as described in Chapter 3. This is about the strategy setting. Chapter 4 is about the phase of ‘Make it Happen’. The phase of ‘Make it Stick’ is, however, treated in various parts of the TransforMotivation System, since it covers over three motivation factors: it is partly covered in the Head (‘culture’, see 3.3), partly in the Hand (‘metrics’, see 4.1.2), and in the Heart (chapter 5). The good thing about the compatibility between these systems and models is that they can all be applied at the same time in the same transformation program, reinforcing each other. There is no methodological contradiction that solidifies the approaches.

The presentation of the model like this is, however, a little too simplified. It is a little too linear. In real life things change. Things change in an unpredictable way. It is hardly possible to reliably predict what is going to happen over the next three years. It is like the Danish proverb: *"To predict is difficult. Especially the future."* So how do we 'decide what do', given this difficulty?

One practical view on this is that the more the change is fast and complex, the more the strategy should be agile. Strategy is no longer written in stone.

Figure 62 – strategic focus as a vector of speed and nature of change[67]

In the context of a transformation program, this would mean that whatever the strategy chosen, it should be one of an agile nature, since the characteristics and speed of change are complex and fast. An agile strategy means that the path has to be adjusted continuously to fit with the changing internal and external environment. Consequently the targets as set also have to be adjusted, especially the intermediate targets.

Although management is, of course, aware of these dynamics and uncertainties surrounding the (future of the) organization, they generally anyway prefer to have at least a three year strategy, with concrete goals and quantified objectives. This might be considered as contradictory, but should be viewed within the context of time. We have all been brought up and learned our principles, methods and theories in the past at schools and universities. This is the way things have been taught to us, the way we have been raised. These are our practices, as part of our culture (see also 3.3). And these concepts do not change particularly fast, even though the past was a lot more predictable than our current times. In times of uncertainty, management tends to seek comfort in these past concepts as well as its own experiences. This has its reflection in the way people believe transformation is to be structured.

As shown in the illustration below, different contexts ask for different characteristics of a change program.

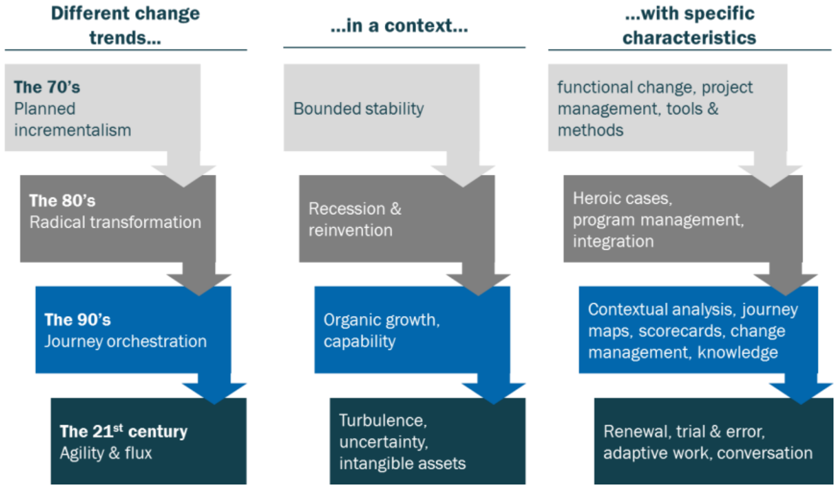

Figure 63 – change trends in changing contexts (Source: multiple authors, compiled by Karl Icelli)

This contextual interdependency is an important element to take into consideration while crafting a transformation program, since it has significant impact on the attributes and spirit of the program. In the illustration above, the context is time, but in reality it should also be seen within the historical and geographical context. Such as the fact that 80% of management literature is based upon the Anglo-Saxon practices, and so these concepts have to be seen in this context. The perspective of the environmental context has proven to be a very important determinant of the chosen transformation path.

Here only a very brief contextual view has been given, but it already illustrates that in the early days, a planning was a proper characteristic of a change program, whereas with a higher agility of the environment, the power of adaptability has become perhaps more important. Or a journey, which implies dynamics, which can and has to be orchestrated.

Given these external and internal dynamics, it is therefore better to see transformation as a cycle which needs to be updated and improved continuously.

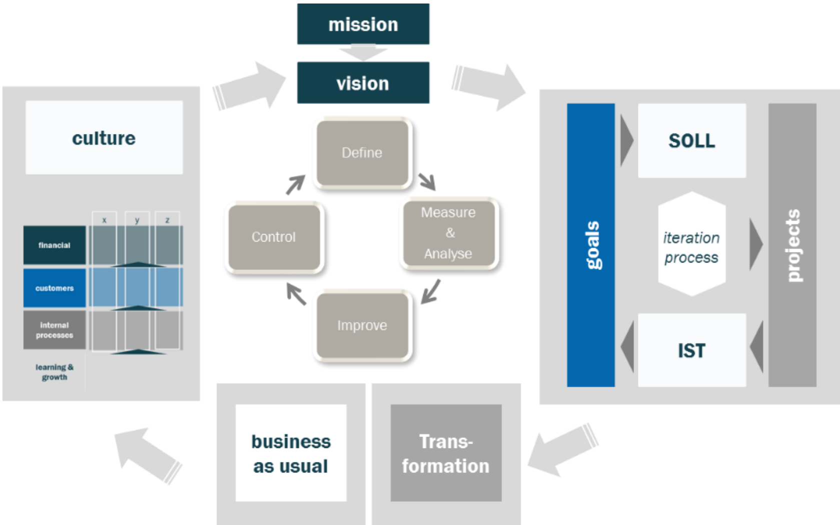

Figure 64 – the transformation process as a continuous improvement process

In the modernized version of the change model, Kotter has also introduced the notion of continuity in the change model, since by the moment the change is institutionalized, the DNA of the organization has effectively been changed, and change will be part of the daily life of an organization.

In the centre of the figure above, four rectangles have been added to make an analogy with the DMAIC methodology. DMAIC stands for Define, Measure, Analyse, Improve and Control, and is one of the standards used to achieve continuous improvement. In order to obtain continuity, this means that the Control phase also triggers a new improvement cycle on top of the realized improvement. In the TransforMotivation System the continuous improvement spirit is part of the key results that a transformation program should deliver (see also 4.3.2).

4.2.3.2. Transformation maturity assessment

The change model is also effective in assessing the way transformation is organized. As mentioned earlier, many transformation programs fail in the this execution phase, and tapping into experiences of successful transformations can only improve the effectiveness of a transformation program. Of course, every organization and every transformation program is unique, but the change model does provide some lessons learned which can only be helpful.

To model the transformation program, the transformation project pyramid was introduced in section 3.2.1. The change model is coherent with this transformation project pyramid and completes the approach with subsequent steps. Figure 65 illustrates these steps, which are added to the initial transformation pyramid as an inverse pyramid: the execution and the phase in which the change is secured (with the Balanced Score Card as a dashboard and the embedding of the changes into the organizational culture).

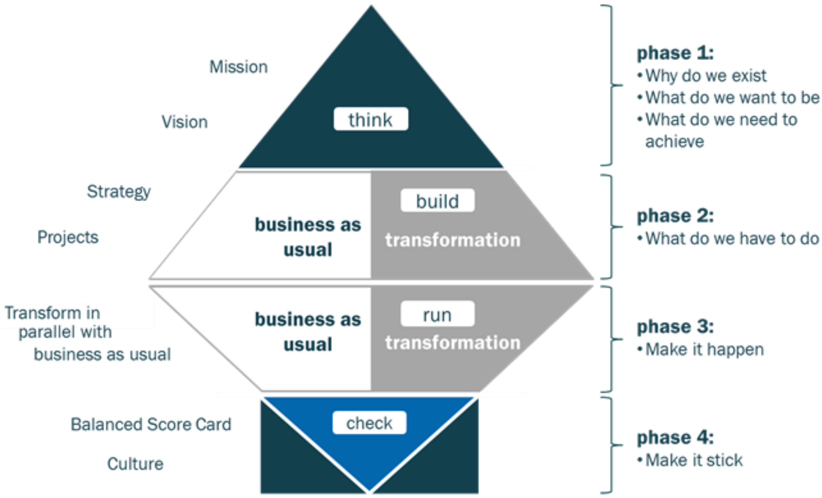

Figure 65 – the change model, related to a transformation program

Looking at the figure above, the passage from phase 2 to phase 3 is a game-changer: the first two phases are relatively theoretical, and at a safe, abstract level. Analysis does not hurt, and can continue for ages. The real change will come in phase 3, when it is about making it happen. This is the typical moment of truth, when many organizations realize that they are not yet ready for the proposed change. They are simply not ready to make it happen.

So although this model is well balanced and complete, there is a natural cut-off between phase 2 (defining what ought to be done) and phase 3 (actually doing it). There will be a change of environment and spirit just after the projects have been defined. This is the moment when the antagonists of change will try to sabotage the process: nothing concrete has been delivered yet, so the analyses and concepts are open for debate. Convincing is hard at this point, since arguments are rarely proven yet. Discussions now move to persuasion, in which (top) management should show that they do believe in the transformation program. The truth of the chosen approach and projects will only be proven by the results which will come later.

In this point of passage of a transformation program, it is helpful to make a transformation maturity assessment. How ready is the organization to go for the next step? What are the reasons why the organization is possibly not ready yet to go for the 'Make-it-happen' step? This analysis can be done in various ways, but it may be helpful to take a short version of the 5-times-why method (out of the Kaizen methodology). In this way the somewhat intuitive observations can be made more objective, and translated into relevant actions. It is in fact a simplified version of the risk management process which is treated previously (see also 4.1.4). Simplified is important at this stage, since this again is a moment where the antagonists might steer towards the (safe) debate on the method, and by this avoid the key messages on which one has to act. In this kind of process, it is not a matter of being academically right, but about steering to a right decision which needs to be taken. Here, speed trumps conviction.

In Figure 66 some typical examples are given of situations that a transformation program might be in, and the consequent actions to be taken to overcome the problems.

situation	cause	mitigation	action
Roadmap as delivered after the phase of the strategy setting is not accepted	Disconnection of existing management techniques and transformation approach	Improve tangibility by adding targets to already defined KPIs per strategic goal	Set targets using existing internal ambitions and external benchmarks
	Unclear comprehension of the assessment, strategy and roadmap	Clarify and explain the logic and methods followed to better appropriate the output	Organize 'roadshow' (incl. workshops) per C-level and respective management teams to explain the work done and methods followed
Transformation program is working in isolation and not carried by the existing organisation	Organization and staff is not ready	Optimization of functions, roles, responsibilities, processes	Deploy new organization
	Involvement of not many people	Extend the coverage of the transformation movement by mobilizing more actors all over the organization	Improve transformation communication and launch the transformation ambassador community
No management coalition regarding transformation	Some stakeholders and C-levels are not (enough) engaged	Training, workshops, games business simulations, coaching of stakeholders	Implement the change management program
Execution of projects is not well developed	Lack of project management skills on employee and manager level	Prepare and train people & organization for execution of transformation	Set up of the Transformation Management Office which also serves as knowledge-centre for project management
Decisions taken in the transformation program are afterwards challenged and/or not followed	Confusion on accountability and responsibility between organization and transformation	Clarify, improve, communicate (workshops, training) and deploy decision making process	Implement transformation governance and committees

Figure 66 – example of a maturity assessment of a transformation program

The actions proposed above have now to be taken first, before the transformation program can continue in an effective way. And continue in a way that there can be sufficient buy-in of the whole organization. Or at least less possibilities for sabotaging the transformation by the antagonists. In fact, these are the conditions which first have to be met before going to the next phase: without these, the organization is simply not ready yet to absorb the changes, let alone making them happen.

So even though the sense of urgency is created, the mission and vision are set, the guiding coalition is ready and the set of projects are defined — the organization is not ready. Neither for change nor to support the transformation program. The organization as well as the people simply do not know transformation. Most of the employees and managers will have no notion of what is expected of them and why. A large majority of them have been comfortable with the existing organisation, still experiencing strong links with the foregone more stable environment. The autonomy and the way one cooperates is, however, to be changed now. Figure 66 also gives examples of actions needed in the area of supporting the people in this whole process, focusing on the individual employee and manager.

Taking this observation back to the change model, an intermediate step should be introduced. An intermediate step which is needed to better prepare the organization for the transformation. This extra step serves as a pause in the transformation process, needed to not only remove barriers blocking the program (step 5 of the change model) but also to create processes and support to enable the transformation process to take off.

In Figure 67 some typical examples are given of actions to be taken in this intermediate phase.

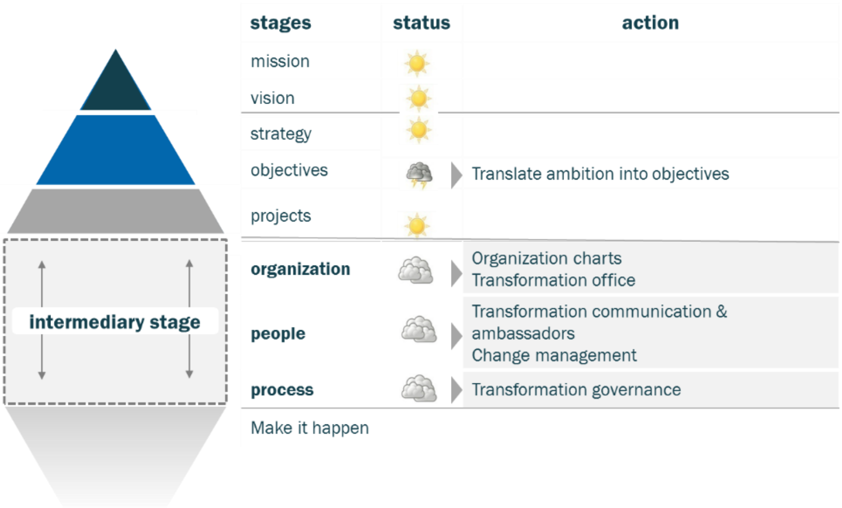

Figure 67 – intermediary stage to prepare the organization for the Make-It-Happen-phase

These mitigating actions should be translated into projects to be included in the transformation project portfolio, where they serve as the fundamental for all other projects. These projects are the most urgent ones, and the roadmap should be adapted to prioritize these particular projects (which might not have been defined in an earlier stage yet).

Via the risk management process, these elements are covered in the day-to-day management of the transformation program. In the risk breakdown structure, these activities largely refer to the Organizational and the Project Management risk families (see also 4.1.4). The Risk Management Committee should bring these important risks, these hurdles to the attention of top management, in order to provoke the decision to prioritize these actions which will enable the transformation program to continue.

4.2.3.3. Targets as support for transformation

In Figure 67, some examples of risk-mitigating projects are given, including the addition of 'objectives', in the higher part of the pyramid (the 'What-do-we-have-to-do' phase). It is only an example of an action to be taken, but it occur fairly often. This relates to the fact that top management usually prefers to have targets already, before the transformation program is actually launched. Management is just more comfortable with this element being out of the way first.[68]

However, following the model, first the projects should be defined in detail, and the targets can be set based upon these detailed projects. The idea is that the projects are identified as a consequence of the path of mission-vision-strategy. By definition, the good projects have been picked. Then the phase will come to see how fast the projects can be delivered, and how much the projects will actually contribute to the results. The latter is normally done while detailing out the projects. So firstly one knows very well what to do, and then a target can be set (stretching but achievable, related to the project).

That is the logic. But, as stated before, top management usually prefers to have the ambition set out before the projects have been detailed. Which is the way people used do it in the past. An example of a former management tool, applied to something new.

Next to this historical argument, a key reason behind this could be that the ambition has already been set previously, and so the transformation program should be delivering these results. This situation is not at all unique: it is (still) very classical and seen as powerful for management to communicate an 'aspirational' target. It would not be the first time that the morning after an interview was given to a journalist, the strategic team would have to be gathered to see how the target as communicated by the CEO in the newspapers is to be reached... This behaviour is, by the way, not bad in principle: it can be a managed slip of the tongue as a way to fix a target quickly. It is not easy to have to come back to the press and correct this ambition downwards. As a result the organization has to take this ambition as a given, and start from there.

Similarly, top management will request at this stage to know whether the portfolio as defined will ultimately deliver up to the ambition. If not, the portfolio should be changed. This ambition is simply not part of the change model, which is about doing the right things and not about how fast you should do them.

However interesting the methodological discussion might be, management normally prefers to add the factor ambition into the equation. Relating the transformation program to the targets, the transformation efforts can be legitimized. Furthermore, it will also help in managing the execution later on: with clear targets, the transformation would be more tangible for the C-levels and managers. It would be more result oriented, and less focused on the means to get there (the projects).

At this moment, it will be made visible that not all goals have been quantified in earlier phases of the transformation process (see also 3.1.2). In case the assessment of the expectations of the stakeholders has not been complete, this is the moment when the expected achievements should be enriched and completed.

For the strategic focus areas, the overall objective should preferably be taken out of internal documents of the organization. For example, for a strategic goal like ‘Operational Excellence’, the financial objectives can usually be deducted from long term financial projections (like a multi-year budget or a business plan). This material normally has to be available for regulatory reasons.[69]

For other strategic focus areas, like the example of ‘employee at the heart of the organization’, the overall objective is usually not available within the organization. External benchmarks can, however, provide leads for these objectives. The same goes for the more detailed objectives for the goals, which are usually defined using external benchmarks wisely (see also 3.1.2.1). One can even go one step further, determining intermediate targets for the goals for every year of the transformation program. To complete the exercise, one can estimate the contribution of the first year of the transformation program to the overall objective, as set for the whole transformation program. In the example given below, delivering all projects as planned for year 1 would bring 15% of the objective as set for the strategic focus area. This can be the target for year 1. This might seem very low, but some projects will be fruit-bearing in subsequent years.

One focus area…	…detailed out in 3 goals…	…with their respective objectives…	…of which 1 is to be delivered in year 1…	..with 3 projects launched in year 1…	… delivering 15% of the end target in year 1
strategic focus area	**goal**	**objective**	**target year 1**	**project**	**15%**
Employee at the heart of the organization *(overall objective: mean recommendation score given by employees to the organization: 50% in year 1, 75% in year 2 and 80% in year 3)*	Embark employees in transformation program	80% of the employees believe in the benefits of the transformation program, measured the end of year 2	Objective to be delivered in year 2	Develop grass roots innovation program	0%
			Objective to be delivered in year 2	Set-up the informal network of Transformation Ambassadors	0%
	Become employer of choice	Rank in the top 3 of employer-of-choice ranking per end of year 3	Not applicable in year 1 (project will start in year 2)		0%
	Staff & develop management & employees	The new organization staffed within 6 months and at least 75% of international management positions staffed by internal applicants	The new organization staffed within 6 months	Identify key functions and key people	15%
			Not applicable in year 1 (project will start in year 2)		0%

Figure 68 – example of targets as a tool to support managers in the transformation program

With this exercise the overall company objectives have been drilled down into goals, and it can be done per year. This helps to make the transformation program connect to the existing organization: it is the same language spoken, with recognizable KPIs and targets which contribute to business-as-usual. This helps to connect a somewhat abstract thing as a transformation program to the day of tomorrow, which will support the motivation of the organization to contribute to the transformation program.

Nevertheless, given the nature of the change and the dynamics of the process and environment, one has to be aware that these targets most probably need to be adapted along the way of the transformation program. Which is not difficult as such, but embeds a communication challenge in the future: every time a target is changed, it loses credibility. This is a risk when speaking of motivating people in an uncertain journey as a transformation program.

Technically, this target-setting is more a motto for a command-and-control organization than for something as dynamic as a transformation program. For a transformation to be well embraced by all actors of the organization, preferably the principles of a learning organization should be applied. The organization will need to learn to cope with uncertainties and moving targets, and this is not done by top-down orders to follow. Learning organizations have proven to be effective, and are justified by operational efficiency.[70] However, in some cases they might not be applicable for a transformation program. Especially in times of urgency, learning, preferable as it is, can be detrimental to the momentum of change. A Listening Organization is sometimes more practical, and the learning will come later. Debating concepts is nice but does not pay the bill. And the real learning of a transformation program is not done in meetings, discussions or training, but in execution of the program and ultimately the results it will bring to the business-as-usual. Learning by doing. Then the learning sticks, and the change can be secured inside the organization.

TransforMotivation is not about being right, but about movement. And if the comfort level is enhanced by drawing out a clear and solid path, that's what needs to be done. If this motivates the actors of the organization and the transformation, it will only lead to a more successful transformation, which is what a transformation program is all about.

4.2.3.4. Mobilization of people of the organization

In Figure 67, another key intermediate action is transformation communication and ambassadors. This action has to do with the mobilization of the people of the organization. To maintain the collective belief that a transformation program serves a common cause and that things are actually transforming, internal communication plays a key role in keeping everybody on board. Projects in the program are normally the domain of a limited number of people, and not visible for a large part of the employees and managers. And if not visible, people tend to forget. People tend to feel that it is not their transformation. On the other hand, the contributors to the transformation program might feel expelled from their community. Therefore internal communication is of key importance to explain the overall idea behind the transformation program and that this transformation is in fact impacting all. For some people it will be concrete now, for others it will take effect at a later stage. But the organisation is being transformed, and that should be relentlessly communicated.

Internal communication here is not to be interpreted in a narrow sense: it is more than newsletters, intranet sites, all-hands-meetings, etc. These are the classical methods internal communication departments are good at:

communicating-*to*-people. It is important to also work on the communicating-*with*-people part, as well as improve people communicating *to* the program. More tools have become available (and affordable) which can help to develop this part of communication, for instance collaborative tools like social media platforms on which people can express themselves amongst each other and with the program.

On top of these tools, internal communication should go one step further to really embark the whole organization on the transformation journey. People should be mobilized to be actors in the transformation. These people will be the carriers of the transformation messages to their peers. And despite all the digital tools available, face-to-face communication with peers remains a very effective way for unbiased, individual communication.

4.2.3.4.1. Transformation ambassadors

A very effective way to spread the transformation program message is by creating a community of transformation ambassadors. These are employees (and managers) who do this volunteering next to their normal jobs (if you are to be paid for it, technically it would not be volunteering anymore). Since they are working in the existing organization, they de facto have knowledge of the organization, they have relationships within the organization, are credible since they are part of the family, which gives them implicit influence. This advantage is, for instance, much more difficult to obtain for appointed employees, let alone (external) consultants. Volunteers mean that these people chose for themselves to join and contribute. It fits in their cycle of life to go for this adventure, and not because their boss tells them to do so. One has to rely on the intrinsic motivation of the employees, and they are simply not all in the right flow to want to volunteer (see also 2.3).

For a transformation program it would be best to have volunteers from all levels of the organization, all functions, all regions, all languages, all cultures. A diverse group of volunteers like this can make a transformation program really lift off, well anchored in the organization.

In order to not only contribute effectively to the program, but to help spread the message, to ‘infect’ the people of the organization who happen not to work on the transformation, these volunteers have to go the extra mile. Besides sharing experiences and facts, they should spread the energy and enthusiasm around the organization. They should not only be promoters, they should be super-promoters. They are enthusiasts who share and wear their enthusiasm, and influence other people by spreading it around.[71] In terms of employee satisfaction, they would be the people recommending the transformation by giving it a 10 (on a scale of 1-10).

It is up to the Transformation Management Office to facilitate for these people to enable them to contribute to the transformation program. And for the communication part, an ambassador program should be organized to again enable and help them to do their natural enthusiasm spreading. One can think of communication kits to share, liberating them (temporarily) from their jobs, arranging (travel) budgets, meeting venues, etc. It will also help if the Transformation Management Office can arrange encounters and exchange sessions with top management. The enthusiasm of the ambassadors will do the rest: it is important to focus here on removing internal barriers, instead of providing them with a framework. Only then will the intrinsic energy of these ambassadors be fully released, which will nourish the whole organization with enthusiasm for the transformation.

4.2.3.4.2. Grassroots innovation

Engaging people in the organization can also be done by helping them to develop their ideas. To enable them to innovate. As mentioned earlier, people are motivated by purpose, autonomy and mastery, and grassroots innovation covers all three of them. If organized properly, it will be more than the classical idea box in which people can post their ideas and hope for them to be taken further. People would like to contribute to the organization, developing their own ideas, and working on them to actually implement them. In most organizations, that does not happen naturally, and has to be organized. Apparently there are barriers within the organization which obstruct employee innovation. Apparently a supporting structure needs to be set up to either circumvent or get rid of these barriers.

A good example is given by Orange France, with IdClic. The most visible part of IdClic is the intranet site, on which all employees can post their ideas. And there is more: ideas are actually shared with everyone on the site, and people can promote their ideas via a blog, or can comment on other ideas too. An extra trigger for action is that it is accompanied with a points system, in which more points are granted per development step of an idea. Implementation of the idea, the ultimate goal, is granted the most points. These points can be exchanged for gifts, so resulting in tangible benefits for the individual too. But the most important driver is the system where the ideas are judged by experts, and co-developed with the person who generated the idea: time, resources, connections and other support are given to this person to develop the idea further into actual implementation, and ultimately a national or even international roll-out.

The recognition for the persons whose ideas have gone this far reaches way beyond any other (monetary) rewards — for the respective person, but also for the other people. It proves that anyone can change the organization, at any level. One has the autonomy to contribute, which is a very strong motivation for people to engage themselves in the transformation of an organization. The results within Orange, for example, are impressive: after three years of rolling out IdClic, 93,000 ideas had already been posted and 7,500 projects implemented, which deliver over €600m in annual savings for Orange in France alone.[72]

This grassroots innovation releases in fact the biggest potential of hidden efficiency and effectiveness within any organization. It is not the big ideas that cause that big effects, but it is the small changes with the biggest multipliers that deliver the most. And it is an indicator of organizational health too. It can even be brought to another level where arguably the economic health of nations is boosted by this kind of widespread innovation, creating jobs, challenge and change.[73]

In the end it is all about creating an environment in which innovation can thrive. It is not about one genius finding the golden bullet, but about many 'people like you and me' developing many small ideas. This participative innovation is an inherent force of any organization, and stimulating this in a transformation program is a great lever for engaging people in change.

4.2.3.4.3. Transformation: a story and a name

So the changes should be embraced by many people and supported by communication. But it is also the other way around: internal communication should be nourished by the changes. Transformation and communication make a tandem, connected in the journey of the organization. They are mutually dependent, and parallels can be found around us. A historical example is the combination of perestroika (= reconstruction) and glasnost (= transparency) as introduced by Mikhail Gorbachev in December 1984, on the eve of the turnaround of the political system in the former Soviet Union.[74] It was the combination of both which made a powerful pair. The power from within was released by perestroika, and communicated with glasnost. Thid communication in her turn propelled perestroika. Both reinforcing one another like a virtual cycle. Perestroika and glasnost became the brand of the transformation Gorbachev was leading, and helped this transformation to succeed. This brand represented the purpose of the movement Gorbachev was aiming for, which was needed to maintain momentum and communicate effectively not only within the transforming community but also with the outside world.

In organizational transformation programs there are also experiences which, through keeping the actors of transformation well informed, one can maintain the motivation needed to make transformation a great and successful journey. And for this it is very important to have an overall view and not remain trapped in communication about bits and pieces of the puzzle. The pieces in itself are just not interesting, no matter how fabulous the jigsaw might be.

A good transformation program needs a story. A story which should relate to the audience's culture, experience, beliefs and aspirations.[75] Of course, any story can be made up, but it is more powerful to find an old, wise and mythical story to use as a reference. This story should have a positive connotation with the employees. If the transformation is national, it would be, for instance, worthwhile to find a folk tale or a myth which is about uniting different people who go on a quest to achieve a common goal. A common cause for which a collective effort has to be made. It might all sound a bit Hollywood-like, and it probably is. There are indeed many examples of these kinds of film scripts following the same line. Because they inspire and attract a large audience. Apparently people like these kinds of quests for a good cause.

Sources of stories like these can be found in fairytales, myths, legends, poems, etc. All over the world one can find such stories, and many of them are quite universal and not only applicable to one particular nation or region. One can deep dive in the song lines of the Aboriginals in Australia,[76] read the Odyssey from Ancient Greece, be inspired by the Pentamerone from Italy, take the Brothers Grimm, study the northern mythology and the Vinland Sagas[77] or enjoy stories out of A Thousand and One Nights (which originates in multiple ancient Eastern cultures). Many stories may be found which could be an inspiration for a transformation program.

An example of such a story might be the Persian tale of the Simorgh.[78] This story starts with a meeting of all the birds, called when they suddenly realize that they have no king. In the meeting they discuss what they need to do to find a king. The leader of the birds is the hoopoe, who is seen as very wise. He used to be the special messenger of Salomon, and is highly esteemed by all the other birds. He assures them that there is a king, the Simorgh, who dwells on the mountain of Qaf. They decide that they have to go there, to ask the Simorgh if he would also be their king. The journey to where he dwells is however a very long one, passing through the seven valleys of temptation, which are very difficult to pass. These are the valleys of search, of love, of knowledge, of separation, of unity, of bewilderment and finally of destruction.

During the journey, the birds all come up with good reasons to stop with their journey and to turn back home. The hoopoe replies to every excuse with a story intended to give the other birds the courage to continue. In the end, there are 30 birds left who enter the castle of the Simorgh. They are given permission to enter the court hall, where the Simorgh resides. When the Simorgh appears, the light that shines from him dazzles the birds. Then the miracle is there: in the glare the birds see that the face of the Simorgh is made up of the 30 birds themselves. They are the Simorgh, the Simorgh always was inside them. This also explains the name ‘Simorgh’, consisting of the Persian words *si* (30) and *morgh* (birds).

There are various messages in this extremely rich story, and one of them is that it is better to stop studying and analysing but just go on the journey. Even though the road is going to be tough, it is the only way to find your solution. A journey of a set of individuals, all different, but joining forces to explore their common vision. A transformation journey.

In the case of an organizational transformation, a similar story should be found. The story should symbolize things like working together, like the complexity of subsequent processes and of rational difficulties. But it should also embed aspects like temptation, uncertainty and different schools of thought. Different recipes, different taste. The story should symbolize the journey of preparation, training, making the changes, implementing them and delivering the results to stakeholders. The story should be about a journey of discovery and temptation.

Besides a story, a good transformation program needs a name too. A name which fits the identity of the program, and improves the communication of it. A good name which sticks to the employees and feeds their perception of the program: if they hear the name, they start having images and opinions of the program, even without knowing the content. It is like the title of a book: it should capture the essence in very few words. It is in fact a brand, and it supports communication a great deal. And since a transformation program has a beginning and an end, it might be wise to add a distinct ending to make the target more concrete: the year the transformation program is to be completed.

Choosing a name, however, is not a scientific exercise, and will not be easy. Various alternative names could and should be considered before a choice can be made. And the name has to be accompanied with a logo — a visual is normally more powerful than words… A choice will always be subjective and individual, but it is import to have a flag defined that can represent the transformation journey. It will usually start off as a label, which will grow in time to a name, being loaded with experiences and content. However difficult, a good name is an asset to any transformation program, and this naming exercise should therefore not be taken too lightly.

But do keep the eyes on the prize: the transformation program needs a flag, as a symbol of its identity. It is about the success of the transformation, which should be supported by a brand to simplify and enforce the communication which is needed to keep the organization focused and involved in order to support the transformation journey.

4.2.3.5. Keeping the momentum of transformation

One of the difficulties of transformation is keeping the momentum. The change model has addressed this in the last two steps of change (7 & 8), and in a longer term change process like a transformation program these two steps have proven to be perhaps the most difficult of the whole journey. The issue is that a transformation program easily spans three years, and this is a lot of time to maintain momentum.

All too often a transformation program starts with a glamorous kick-off seminar, in which all plans are revealed to the numerous audience. Representatives from all over the organization will be gathered in order to set the scene and give the program a head start with a boost of energy.

Then people go home. And when they return to the office again, they have the messages and energy still present in the top of their minds, and they will start sharing with their colleagues. Workshops will be organized, seminars and meetings are set up to cascade the messages of transformation to the employees. Project teams are set up, and in the agenda of the weekly Executive Management meetings, the subject of

Transformation has a reserved timeslot in which the progress and possible roadblocks are being discussed and resolved.

Next, bit by bit, attention will start to fade away. There will be urgent issues popping up which have to be solved quickly. Issues which are within one's organizational remit, and when not solved will be easily attributable to a C-level. Alternatively, transformation issues frequently do require collective ownership, which also means collective 'guilt' if these issues are not solved. But since it is collective, who is to blame? Collective responsibility is no responsibility. Since transformation is a bit long term it is tempting to postpone a bit the decisions to be taken. Of course it is important, but is not everything important? Business-as-usual is more urgent, and this argument frequently puts transformation issues (perhaps more important, but less urgent), a bit lower on the to-do list. Bit by bit business-as-usual takes over, and the momentum of transformation fades away.

This fading away is normally put to a halt by an intervention by top management. There will be a new boost of energy, and transformation will get a new push. New consultants are hired. New seminars are organized, fresh communication campaigns will emphasize the importance of transformation once again. The renewed messages cascade down as the whole cycle as described above starts all over again.

This cyclical process of rise and decline, and revival and decline, etc, is rooted in human nature, and described by Albert Bandura.[79] Taking the view of human psychology, he has explained the inevitable downturn after a period of acceleration. People can only sprint for a short time, and then they have to relax, before being able to accelerate again, before shifting gear. Because in the new phase, it does not help anymore to push as one did before: things have to be done differently in order to accelerate again. One simply has to change gear.

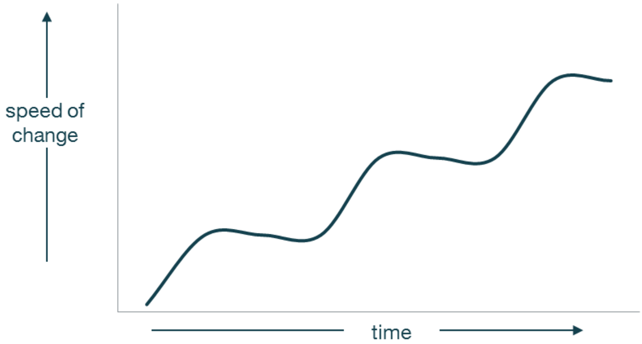

Figure 69 – the Bandura curve, the inevitable downturn after a period of acceleration

The good thing of realizing that this effect is going to occur is that you can anticipate. Bandura shows us a way to get out this situation too. Once your performance has maxed out, you have to change the way you do things in order to achieve higher performance. In the case of a transformation program, this means that one should avoid getting into repetitive mode. One should anticipate with trimestral seminars to re-inject the messages in different ways. One should have a communication plan for the 12 months to come, which is to be updated every three months for the coming 12 months and with a clear red thread. The consistent storyline is illustrated by success stories which all come from a different perspective, and all differ a bit, but all have the same overall message. The volunteer army has to be continuously renewed with new people entering with fresh ideas, and experienced volunteers stepping back into the organization again, preferably promoted to other functions than where they came from. Managers have to be trained on change management, and have to be the advocates of transformation. All the time. By this continuous attention to change, the way things are done in the organization will change in time too. After a while, the extrinsic efforts will be not be needed anymore, but have been converted into intrinsic motivation. This is when the organization has really transformed itself. Not only in doing, but also in being.

4.3. Change

The mission of any transformation program is about delivery of change. Change which will enable the organization to transform into an organization which will deliver the results the stakeholders are expecting.

And as described, this is done by organizing the action and the support needed to deliver a successful transformation program. But this is not enough — a very large part of transformation programs fail precisely in this phase: the results as achieved are not up to expectations.[80] Either the results of the transformation program itself, or the results the organization will achieve after they have been transformed by the transformation program.

McKinsey conducted a survey in early 2014 which focused on the importance of implementation of transformation projects. The survey shows that implementation matters because, for instance, the monetary value obtained out of a transformation program can be twice as high when implementing in a good way. Comparing good and bad implementers showed some common levers which made the difference during the implementation phase: accountability, agility for continuously improving projects, effective program management, sufficient resources and capabilities, ownership and commitment to change, planning for sustainable changes and prioritization of projects (McKinsey, 2014).[81]

These aspects have already been largely covered elsewhere in this book, where the following sections focus on project delivery and implementation, and on a change of posture within the organization which will be more agile and geared towards continuous improvement.

4.3.1. Integration in day-to-day management

A transformation program is delivered following the agile roadmap, by delivering individual projects in a prioritized way (see also 4.1.3). This delivery process is managed by the Transformation Management Office, using standard change processes, sufficient resources and clear accountability. These are all elements within the remit of the transformation program, and so are relatively simple to manage. In many transformation programs, however, the subsequent handover to the existing organization has proven to be a critical point. As was the case at the start of the program, here management is handed over between the transformation program and the existing organization, which requires clear processes and governance.

As already mentioned in the transformation governance (see 4.2.2), it is advisable to have C-levels accountable for the part of the transformation program which covers their remit in the business-as-usual organization.

This will also facilitate the handover of governance in the delivery of the projects, and the integration into the business-as-usual organization. In case that the delivery or the integration is not well done, it is one person who is accountable for this. Of course, the responsibility at a lower level is handed over from the project manager to the line manager, which needs a good process supported by clear governance. And if something goes wrong, it is the same boss who suffers from the bad outcome, which makes day-to-day governance a lot more agile and effective. He can choose to extend the transition period, in which both project manager and line manager work together on handing over and implementing the project into the existing organization.

Using a project management standard, as defined by the PMI, helps to utilize a common nomenclature for both the transformation management part and the business-as-usual part. This consistency can only already improve communication drastically during the closing, transition and the first part of the ongoing business, preventing misunderstanding and errors in these critical phases. These phases are critical since benefits are picking up and project efforts are declining, but they are still not at their optimum.

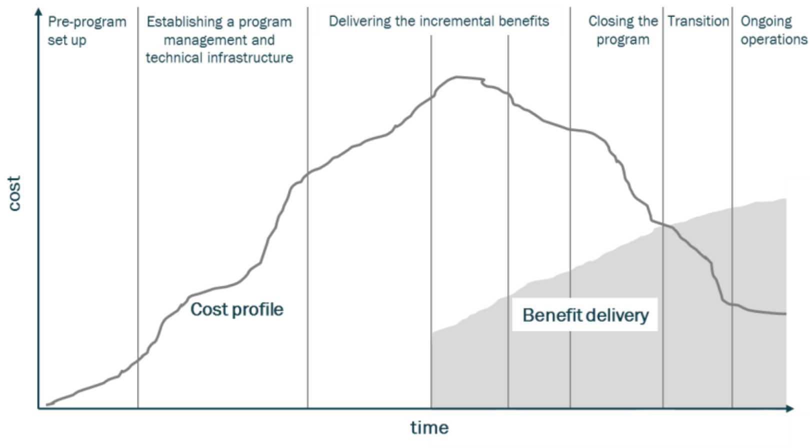

Figure 70 – typical cost and benefit profiles across the generic project lifecycle (PMI)

One of the reasons for transformation projects not delivering the foreseen benefits is exactly related to this point: if not implemented and integrated well, the benefits will be lower, the costs to handle will be higher, and it is not really clear who is responsible and who is accountable.

Taking the Plan-Think-Build-Run model (see 3.2.4), this transition from project to business-as-usual is part of the Run phase. Depending on the project and the complexity, this transition can easily take several weeks, or even months. In this period, the results of the implemented project are followed closely by a team constituted of members of the project team, and representatives of the part of the organization where the implementation takes place. In case problems arise, corrective action can be taken on the spot, preventing delay before things can get worse. In many cases, this phase of co-implementation is thought of too lightly, and project teams are dismissed too soon after the closing of the project. Which is short sighted, and will lead to mediocre implementation with organizational results below expectations.

4.3.2. Continuous improvement spirit

Once the transformation program has started to deliver results, the organization will transform bit by bit — as a result of the projects being implemented, but also by getting more and more used to working in project mode. People are getting experienced in working in uncertainty to contribute to the vision of the company via inspiring goals. People have extended their competencies and managers have been working in a dual organization (business-as-usual and transformation program). These changes have created a momentum of change, which is difficult to create, more difficult to maintain, ad perhaps even more difficult to stop. The genie is out of the bottle, and there is no going back. The organization has become used to continuous improvement, and the posture has changed into a more agile, improvement driven organization, always result-oriented.

This posture and momentum should be supported by the aptitude for continuous improvement, so that the organization and its members know how to continue improving, even after the results of the transformation projects have been implemented.

It is a great result that the organization is capable of maintaining change, since change is imperative. Strategy never stops, and organizational agility is more and more important in current times to be successful as an organization. Here we are not speaking of transformation anymore: the organization has already transformed, and is now capable of embracing continuous improvement and agility. It is no more about the Grand Plan, but about adapting the planning, following the main direction. As Dwight Eisenhower once put it: "*Plans are worthless, but planning is everything.*"[82]

So change is imperative, changes occur all the time. The only way to cope with these changes (and leverage from them!) is to instil a continuous improvement spirit into the organization. Given that the posture is okay, and the organization knows how to work in dual organization mode, it now comes down to provide the organization with the methods which help to make the changes happen. The organization should support this energy and initiative, but that does not have to be detrimental to costs and effectiveness. The good thing is that there are multiple methods and tools available to help the employees to genuinely make the projects happen that they have in mind. These methods are needed, since one of the pitfalls of this kind of energy is that one tends to act before thinking: one launches improvement initiatives, since one finds these quite obvious. All too often these initiatives die in the beauty of good intentions, since the organization is in need for processes and more structure to be able to implement the idea. Even more if the idea is to be rolled out over the organization.

So ideas should be translated into projects, as has been done in the transformation program. One starts with setting a target, then finds the proper metrics and quantifies the expected gains. Then one searches to find root causes, upon which improvement actions are launched. One should then control whether the improvements had in fact delivered the expected gains (be it that this phase all too often is forgotten).

There are multiple methods available to improve processes. An efficient, very simple one (quickly to implement too) is the Kaizen method. Effective as it is, it is however only applicable on small scale issues (for instance the organization of the workplace). Other methods are better for more complex processes, and, given the posture and experience in the organization, the method to be used should leverage from the people. Lean Management is one of the methods available to deliver more than significant results, by mobilizing the people. This method originates from Toyota, and the starting point was a solution for labour unrest by a unique deal which promised employees lifetime employment in return for loyalty and commitment. This method has evolved from this Toyota Production System to Lean Management, but it remains that the people are the driving force of the improvements. In essence this method is about eradicating waste in the processes, whilst keeping an eye on the customer.

In short, the method can be laid out in seven steps:

1. focus all efforts only on activities, which add value for the end customer
2. figure out how the work gets done
3. remove inefficiencies and waste
4. track numbers and manage by evidence
5. empower the people operating the process – the best person to improve a process is the person who carries out the process
6. utilize the employee's full skillsets
7. go about all this in a systematic way.

It is a method which asks a lot from the managers, since now errors are seen as the main clues to find ways to succeed. Errors are a good thing! Which does not well fit in the usual management styles one sees in many organizations (see also 5.2.2 for more on management and leadership development).

In the cases where the solution is not that obvious to find, Kaizen and Lean Management are not that helpful anymore. In these cases, the Six Sigma method can help, a method which can be seen as the heavy artillery when it is about finding the root cause and choosing the best solution supported by statistics. Six Sigma follows the DMAIC-sequence. This method is frequently perceived as difficult, but that opinion belongs usually to people who have not seen the power of it. DMAIC is extremely helpful in adding the figures to an idea, which helps massively in many organizations to get permission to run a project. When the project is no longer covered by the (budget) of the transformation program, it just proves to be much more difficult to get the resources needed to run the project.

As an example, a project to improve the customer value tends to be seen as a bit less tangible than a financial project, so the DMAIC-logic is helpful to apply. It will help to gain support from the 'what-gets-measured-gets-done' people (who tend to be present in all organizations), will make the project more concrete, and will ensure satisfactory effectiveness of the improvement actions. This is all very much needed, since in a project like this, the time-lag is quite large between the making of an improvement, and finding the results back in the value as perceived by the customer and in the financial reporting.

Even though effective, the structural fixing-the-problem method like DMAIC (which focuses on solving the root cause of the problem) can only be applied after the problem has surfaced. One step further in a continuous improvement spirit would be to prevent the problem from occurring in the first place. Here a methodology such as Design For Six Sigma (DFSS) can be of great value, since it focuses on the design of processes, to prevent errors of occurring. This however normally requires a big change in attitude in an organization, since only a fraction (up to 5%) of the budget is spent on design, whereas this design typically accounts for 70% of the costs of a product.[83] Focusing the attention more on the design, to prevent cost occurring in other parts of the organization, would be a radical change for many organizations but a great ambition to strive for. Why not include this ambition in the transformation program?

Continuous improvement should become a part of daily business, carried out by the whole organization. Which does not mean that everyone should be working on projects and ideas all the time of course. As one of my former managers put it once: *"This is not Club Med."* Meaning that there is no free lunch, and business results will prevail. But a more agile, improvement driven organization is probably the most valuable result of a transformation program in the dynamic environment surrounding these organizations: physically, virtually and in the future. Yet, all of these processes, all of this effectively working together, will only work with the right actors at the right place at the right time.

*

5. Transformation & mastery: the Heart

Now that the purpose of the transformation is clear, and the organization and processes are set to enable this transformation program to lift off, the time has come to populate the teams. It is time to find the right actors at the right place at the right time. In a transformation program, the actors can be individuals but also organizational entities. For a transformation program one should find the right organizational entities to pilot certain projects (also see 4.1.3.2). And when these entities have been recruited, they should be developed too, in order to enable them to make the project a success. It is key that these entities have the intrinsic drive to act as a pilot-entity; not all entities will be fit for these kind of activities. For individual actors too, it is important to find the right people, motivated to contribute and with an aptitude for professional and personal development.

paragraph / *chapter*	**Results**	**Action**	**Support**	*motivation category*
Head	goals	strategy	culture	**Purpose**
Hand	change	transformation	management	**Autonomy**
Heart	**5.3 rewards**	**5.2 development**	**5.1 staffing**	**Mastery**

Figure 71 – index of chapter 5 in the context of the TransforMotivation System

When the staffing and the development are completed with appropriate rewards, the probability is high that the actors of the transformation program will be the ones who can make the transformation happen. They might even be the advocates of the transformation program as well.[84]

This chapter will zoom into these elements which make the third row of the TransforMotivation System, covering the motivation factor Mastery. The index of this chapter is given in Figure 71, with staffing as the first step.

5.1. Staffing

The staffing process is there to improve the matching of people and positions. The right person in the right job at the right time. In a transformation program this is covered in terms of risk management, under the category 'project resources'. Part of the project resources are the staffing of the project teams, and particularly the relationships and complementarities of the different team members.

The recruitment of (pilot) entities matching the projects to be run is part of roadmap management, as treated in 4.1.3.2.

5.1.1. Individual staffing process

Staffing of transformation teams (the central Transformation Management Office as well as project teams) should result in the right people in the right place at the right time. As is the case with a classical staffing process in a normal, non-virtual organization. The temporary character of a transformation program, however, makes the 'positions' of a nature other than 'normal' positions. Although one speaks of team members, or participants, and not of employees, the staffing process is in principle the same as a normal one. Firstly the functionalities are to be translated into a picture of a (virtual) organization, with functions to be done. Then these functions are to be described, to clarify the roles and consequent responsibilities as well as the experience and skills required. These job descriptions should be made for all the functions, to qualify the needed resources. Then the picture will be completed with the number of people needed to staff the (virtual) organisation, which will be processed in the budget request. The budget has to be approved, after which the actual recruitment can start.

Since people are appointed from an existing function into a temporary position, the recruitment should be accompanied with so-called 'mission letters'. These mission letters are like annexes to existing labour contracts, signed by the employee, the existing manager and the project manager. In this letter the assignment is described, including clear objectives to be reached. The mission letter also has a clear start and end-date, after which the employee will go back from the transformation program to his normal department. The objectives clarify for all three parties what has to be achieved, in order to allow for an objective rating of the employee during the period he or she is working in the transformation program.

One of the particular risks of the staffing process in a transformation program is the possible tendency of (top) managers to try to get confidantes appointed in the teams. In itself, this is not an issue, but in case these people will not meet the objective requirements needed and they are nominated to the detriment of better candidates, this is a bad thing for the transformation program. Given the high stakes of a transformation program, there should be sufficient vigilance to mitigate this risk.

5.1.2. Constitution of teams

In a classical staffing process, the new recruits are placed into an organization, within an existing team of colleagues. One enters a department, and adapts oneself to the hierarchy and way of working. Someone who joins a transformation program is, however, not entering an existing department. Either the team is yet to be composed of other 'new recruits', or else it is changing format influenced by the new recruit entering. The constitution of teams is something which is a key success factor for a transformation program. This has not only to do with (non) qualified people, but also with people working in the teams in which they can thrive.

In the 1980s Meredith Belbin identified nine roles which can and should be present in a team.[85] This can be a management team, but also a project team. The variety of the roles will enforce the overall team, and every type has its role to play. The work of Belbin has been taken on by Fons Trompenaars, with his dilemma theory.[86] He has analysed roles in a project team and put these roles into relationships with each other since he argues it is the tension between the various roles which add value. In a project team, one should for instance have a very creative mind, but also a critical counterpart, a team process-oriented person versus a finished product result-focused person. It is the chemistry, the interaction between various team members which make the project team flourish.

On top of the roles and their interrelationship, a third dimension should also be taken into consideration: the dynamics of time. Since a project is inherently changing during the project lifetime, the roles and their relationships should be changing too. This means that ideally the staffing should also change in time, depending on the evolving roles in the project team. Or the program or portfolio team.

Always change a winning team.

If one looks a bit closer at the different roles, it is not so strange that the constitution of the teams changes. In the beginning one might be more helped by a thinker who solves problems and is creative, imaginative and unorthodox. One needs to kickstart the project too, for which an enthusiastic, extrovert person is a good fit. During the project, one is helped more by an implementer who meticulously follows the project plan. During a crisis one needs a more political role, and in the last phase of the project, one should have enough people on board who deliver on time, almost no matter what… Given the changing roles in the project, the staffing should be regularly be reassessed. If not, the risk of project resources will rise again, since there no longer exists a good fit between the team and what the project needs.

Another risk in this category is the fact that people stay too long in a project, almost as if it was a 'normal function'. Which is not the case: besides the role of project manager, a role in a project, should be done from out of a hierarchically based function. A team member should have a 'home-base', where he can return to after his job within a project is done. This does not mean that the project is over! It can be that the project continues but that the person is replaced by someone else 'from the business'. The project risk in this situation is that the quality of resources will diminish in time, jeopardizing the success of the project.

Besides the various and moving team roles, the teams should ideally also be diverse in the sense of diverse members of the team, coming from all over the organization.[87] Different hierarchical levels are important, but first and foremost the members should represent many entities of the organization. How wide this selection is of course depends on the type of project: if the project is, for instance, a pilot in a certain region, there is not much need to have a national representation in the project team. In this case, it should be a relatively local team, having local relationships and knowledge, completed by head office team members. They know the overall program and bring project management techniques to complement the skillset of the team. In order to enable a better national roll-out after the pilot has been delivered, it would also be wise to have some representations of other regions in the team. They will bring local knowledge of other areas, which can enrich the pilot too. However crucial, diversity has its limits since experience shows that visible differences (like ethnicity, gender or age) are more likely to have a negative effect on the functioning of teams, whereas differences like education, interests and personality do have a positive effect.[88]

The Transformation Management Office (or portfolio team) will exist longer then the project teams, but here too the diversity and agility of the team constitution is crucial. It will not work with a team of young PMP-certified professionals who will cover the whole transformation period. Yes, you should also have this type of knowledgeable team members, but it is as important to have experienced people from the field, who have a large informal network in the organization, and have practical knowledge of the organization. All the members should move back to business-as-usual after having worked for a while in the transformation teams. This is needed for them so that they can avoid being too much of a specialist, who will lose contact with operations which will make them less effective in the program and will diminish their employability after they want to get back to operations. Furthermore, one needs to free up space for fresh recruits in the transformation teams. These new recruits give fresh eyes on the way the program is running. It also gives the opportunity to change the type of team along the way of the program. The transformation will be in need of a different team in the beginning than in the last phase of the transformation program, when more ‘finishers’ and less ‘plants’ or ‘idea-generators’ are needed.[89] It is like in the closing phase of a project where the handover with business-as-usual requires different competencies and skills (see also 4.3.1).

5.2. Development

The transformation will ask a lot from the employees and managers of the organization. New methods are to be mastered, the way of working will be changing, and the stress will increase due to the continuous communication on the sense of urgency and the magnitude of the needed transformation. The people of the organization have to be prepared and accompanied on this this journey. By teaching (extending knowledgeability by intensive, guided learning) and by training (extending professionalism through expert instruction, coaching and guided practice).[90] Everyone has to be taught and trained on the transformation the organization is going through, the actors in the program as well the people who remain (for now) in the business-as-usual positions. All have to understand the dual organization way of working, which will impact all of them. Special attention should be given to the managers, who will be the pivot between the transformation program and business-as-usual, which requires extra skills as well as mastering additional processes.

These teaching sessions and trainings can be carried out using a mixture of means, such as books, manuals, class-room sessions and case studies, but also e-learning, webinars, chat rooms, communities as well as on-the-job training. The combination of formats makes it more interesting for the trainees, it will be more effective (since it depends on the material which format will be the best fit), and in parallel it can be more efficient thanks to the use of digital possibilities.

However, even though the training and coaching should be of world-class level, it may not be effective for all of the people. Many will pick up and absorb the key messages which will enable them to contribute to the transforming organization. But some of them will not be able to follow the new way of working, their possible new role might simply be too far off for them. Even for people volunteering to join the transformation program, it can be the case that they do not have the competence or potential needed to flourish in the program. Which in the end is not a good idea: neither for these people nor for their colleagues, nor for the transformation program, nor for the organization. It is wise to anticipate on these situations, and have processes ready within the People department to accompany these people to other roles which will fit them better. In which their mastery can flourish.

5.2.1. Competencies

The job descriptions of the positions in the transformation program have listed the required competencies to do the job well. The assessment of the available competencies is the starting point for an individual competencies development plan. All members joining the program should have such a development plan, which clarifies for themselves as well as for the People department what is expected. This clarification is also very important for the manager who the team member has in the program, as well as his 'business-as-usual' manager, since the plan is part of the development path of the employee. Furthermore, the training requests have usually to be validated by the managers, and the competencies development plan can serve as a document to know the relevance of the requests as well as to follow the progress of the trainings. Typical competencies of the team members to be developed relate to project management, communication and continuous improvement.

Since for many people, working in a project mode is new, the team members have to be trained on *project management* skills, governance and reporting. Not that everyone has to be a certified project manager: some people have to be project manager specialists, but the majority only need to have notions of it in order to be able to work in project mode. And if one, for instance, needs to draft something specific like a project charter, there are ample templates on the internet, and, with specialists in the team, there should be enough help to make a good document that serves the cause.

For the transformation program team members, another key competence to develop is *communication*. They are to be the advocates of the transformation program, and in that role communicate effectively with the people who are not part of the transformation program, temporary or not. To communicate effectively on something as touchy as transformation, it depends on the situation as to what techniques to use. In the cases that the message has to be conveyed and understood, the way to communicate will be different than in the times when the audience is waiting to be inspired. In the first case, written communication and video messages have proven to be effective as well as efficient. Communication in the words of John Wayne: *"Talk low, talk slow, and don't say too much."*[91] In other cases, when it is more about leading and inspiring, this way of communication will be less effective. It is hard to inspire the audience on video. In these cases, management has to go to the people, to communicate with them. In these cases James Brown would be more appropriate: *"Say it live and loud!"*[92]

In a transformation program, the actors have to learn who to apply these kind of styles, to enhance the probability that communication is effective. All the more so, since communication will frequently be with 'non-insiders' who usually have no notion of the program and might even be made a bit anxious by it. It is black box, and it will change things for them too. This kind of communication needs to be developed, since it is not easy to communicate like John Wayne or James Brown. Furthermore, the team members should be trained to communicate to top management. This is yet another way of communicating, but of key importance for top management is to be well informed on the progress of the projects.

Part of the competencies related to communication are presentation techniques. Even though many people think this is all about learning tricks to seduce the audience, this is only a negative perception of the power of using presentation techniques well. Presenting well results in messages conveyed effectively: the audience understands and absorbs the key messages. And this is what the result should be: whether the audience is reached and the messages are appropriated. This is the *Law of the Audience*: if they are bored, or the message is not received, it is the fault of the sender.[93] So communication has to be adapted to the audience, but always has to be genuine. Keeping the words of Tony Joe White in mind (see page 22), knowing when to be John Wayne and when James Brown is more appropriate.

Many projects within the transformation program will focus on process design (new processes needed) and process improvement (of existing processes). Furthermore, as mentioned earlier, one of the results of a transformation program should be an improved aptitude for *continuous improvement*. To improve the processes, the team members should also be trained on techniques like Kaizen, Lean Management and Six Sigma. However, before improving processes, it has proven effective to train the people on principles of how to prioritize the processes to be improved. It is not because a process is broken that it needs to be fixed urgently: perhaps there are processes which technically run smoothly but harass a certain stakeholder a lot more. In the case that the transformation program is supposed to improve the customer experience, the customer journey method helps to identify these pain-points as experienced by the customer. Team members should therefore be trained in this method, which also will give them the tools to really put the customer in the centre of organization.

Besides the above-mentioned competencies, there are many other competencies which could be useful to be developed in order to improve the transformation program. This could be to improve digital skills, or the English language, but also the generally forgotten trainings in internal tools and processes for booking hotels, or renting a car, or how to fill in expense reports. This may sound banal, but for many team members this kind of process is new, and helping them to use it properly prevents dissatisfaction (also see 5.3.1)

5.2.2. Management and leadership

Managers need special attention in transformation programs. Many of the competencies have been covered in the individual competency development as treated in the previous section. But for managers there is more, since they have a dual role in a transformation organization. On the one hand, it is management which ensures the stability and efficiency necessary to run today's organization reliably. On the other hand, it is the leadership which creates the needed change.[94] Frequently both roles are to be included in one and the same person: the manager. The managers in the transformation program need to deliver the projects and the programs within the costs, time and quality targets as set, yet on the other hand stimulate the people to take initiative, to drive change. For the manager in the business-as-usual organization, both dimensions in fact are present too, even though one has to deliver something else.

This dual role is new for many managers, and when both the program and the business work in parallel, this might lead to a conflict of interests between the managers in the transformation program and the managers in the business-as-usual. For example, the manager whose employees are joining the transformation program may feel the transformation program as something bad for him. It prevents him from doing his job properly, whereas it is the opposite for his peer in transformation.

It is too easy to say that governance should solve this, even though in some cultures this might work fine. But it is always advisable to help the managers to understand the new environment, the new processes, the new way of working. Managers in both models should be taught and trained on their specific role in the overall organization: it is important not to forget to train the colleagues who for the moment continue to work in the business-as-usual organization.

A key issue is the management attitude, on how behave as a manager in a situation where hierarchy seems to be shared (which is the case in an organization, in which employees have a functional boss and a project boss). And how will this dual management impact the manager who is lending his employee to the transformation program? Does he have to manage his employee when working in the program, or is this now done by the transformation teams? What happens when the employee gets sick? Who will notice, who will call him to ask him how things are? In short: who takes care of the employee? And what happens if business-as-usual suddenly requires this employee to help his colleagues again? What levers does the manager have to get his employee (temporarily) back in his team? These are just a couple of examples to illustrate that the day-to-day management has more dimensions, for both the managers in the transformation teams as in the business-as-usual organization. Besides training them on the new processes, they also need to develop their competencies to work together, so that the managers know how to act: usually they are not used to these matrix-like situations, and will need to be helped to be successful in these situations.

Managers of the business-as-usual part have something extra to be developed in: how to cope with the brain drain? They are the ones who lose their good people to work for the transformation program. And the transformation program is in need of the best people: the super-promoters. Precisely those employees who you as a manager would like to stick around, and not work for a cause other than yours. Here we have a very important but hidden risk in any transformation program: talents are covered up and internal mobility stagnates.

In cases where this internal sclerosis prevents the right people from contributing to the program, often one refers to the People department and processes. Of course, these two should help too, but the main issue is often the attitude of the existing management, as well as their limited room for manoeuvre. In other words, the moment your best people leave, who helps you to replace them (temporarily)? Normally, the workload is not stalled for a period, so what can a manager do in this case? To go one step further: how can he stimulate his best people into joining the transformation program without being detrimental to his team?

In fact, this part of the needed development has more to do with leadership development and less with plain management, but it is a combination of both which makes it so challenging. Luckily, this combination is not unique for a transformation program, but is well known in management practice. A parallel can be found in the role of management in the Lean Management philosophy. Here we speak of Lean Management in a broad sense, not only about tricks & tools, or waste eradication. Lean Management covers much more: it is a systemic approach, covering the organizational system. It is cross-silo, since it focuses on the value-for-the-customer flow (horizontal) and not on the silo-optimization-flow (vertical). Taking the transformation program perspective, the horizontal flow would be the projects, and the vertical flow would be the existing organization. The Lean Management philosophy, lean leadership, can therefore inspire the management and leadership of an organization in transformation.

The Lean Management approach calls for a transformation of managers, since usually managers are supposed to think and act vertically to optimize their area. They are technically not responsible for the horizontal flow of value to the customer, which therefore easily gets lost. This way of working is normally institutionalized by giving functional managers differing objectives than the 'customer value' managers (in Lean Management terminology). In a transformation program one would say 'project managers').

The role of a manager can no longer be of the command-and-control typology, neither in Lean Management nor in a transformation program. The philosophy is different: the key role of managers is to get each person to take the initiative to solve problems and improve the job. Elements one can think of here are a joint shop-floor, customer-first focus, an emphasis on people first, a commitment to continuous improvement, and a belief that harmony with the environment is of critical importance.

Secondly, the manager ensures that each person's job is aligned to provide value for the customer and prosperity for the organization. This includes developing and sustaining a sense of trust, a commitment to involving those affected by teamwork, equal and fair treatment for all, and finally, fact-based decision-making and long term thinking.

Managers have to learn that the human dimension is the single most important element for success. Management has no more critical role than motivating and engaging people to work together toward a common goal. Defining and explaining what that goal is, sharing a path to achieving it, motivating people to take the journey with you, and assisting them by removing obstacles – these are the management's reason for being. As they say in Toyota: managers should *"lead the organization as if they have no power"* In other words, shape the organization not through the power of will or dictate, but rather through example, through coaching and through understanding and helping others to achieve their goals.[95]

Managers have to lead by example, which is easier said than done when the example is transformation. Something new. Something which has to be absorbed by the management before they can credibly communicate on it. This is needed too, since the employees will expect the management to take the lead here. Here it will be less about *managing* change, but more about *leading* change. For this, managers have to be developed.

The competencies as mentioned above are usually new for managers, as well as for an organization. It is however of key importance that these competencies are to be developed, since only then can the people develop and the transformation can get the traction it needs. It indeed will take time, which is usually not a factor too abundant in a transformation program, but sustainable transformation can only stick when management is developed on their role in the journey. Developing management and with it the way of working will in the longer run drive a change of culture of the organization, since the way things will be done will be different from before.

5.3. Rewards

The results which motivate the people to invest themselves into the transformation program are the rewards the individual can gain. Given the diversity of the people within the organization, it is however not so straightforward to match the reward to the individual. It depends on the individual which reward fits to his or her situation. The human needs differentiate significantly, and, in order to translate this diversity into fitting rewards, it is insightful to make use of the work done by Abraham Maslow on the hierarchy of human needs[96] and the complementary work of Frederick Herzberg on rewards.[97]

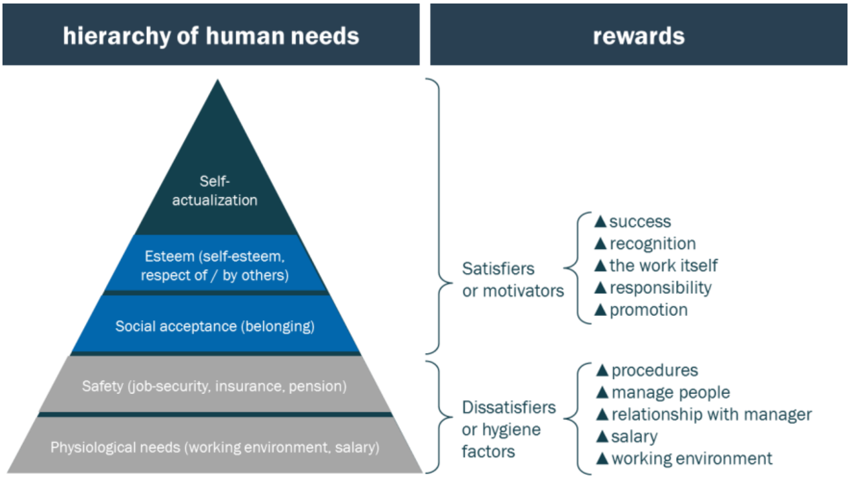

Figure 72 – different psychological needs phases of individuals call for different rewards

The figure above is of course only a model, which gives us high level clues to connect the array of rewards possible to the categories of individuals in the organization. Not all people will fit in these boxes, so prudence is needed to tailor this to real life situations with real individuals. But it is already a lot more sophisticated than many existing reward policies, which simply narrow down to monetary rewards.

One of the most important rewards is linked to the purpose of the transformation program: the fact that one can contribute to an inspiring journey for the organization is a strong reward for managers and employees in an organization. Purpose is a very rewarding motivation factor. Following Maslow’s hierarchy however, this reward only comes after the increased employability, which succeeds the direct rewards.

5.3.1. Hygiene factors

When people start working for a transformation program, they can only do so by working less on their current jobs. It is simply not healthy to add the workload to your current job. Given the fact that the people who volunteer are the ones with the highest enthusiasm and a passion to invest themselves in the good cause of the transformation, these people usually do have good positions within the organization. Even though they volunteer, and already have a salary and a stable job, they should be rewarded extra when joining the program. Especially on the job security side where they take a risk leaving their stable, going-concern situation with their plotted out future in the company. Joining a transformation program means that you have (partly) left your job behind to work on other horizons. And yes, it will be temporary, so you would like to have guarantees that you can go back to your job (or at least to a job of at least the same level) when you come back of your contribution in the transformation teams. Providing for this safety-net for these frontrunners is not only a sign of respect for them, but can give them (and their families!) the internal peace that they are being taken care of, whilst slaying dragons for the organization.

Besides assuring the job security for after the temporary assignment, the employee has to be taken care of from a physiological point of view during the assignment too. It is about arranging hygiene factors such as holiday administration, visas, travel insurance and expense reports. The latter can really be a dissatisfier when not arranged properly. Imagine a technician from a village far, far away who would like to contribute to the transformation program, and volunteers to join a project team. Perhaps he has to travel to head office, rent a hotel room or even apartment, pay for his dinners, etc. Most probably he is not granted these kinds of allowances in his normal job, so something has to be arranged. A cash advance? A company credit card? And who will sign off for the expenses? And if it is his current manager (because that is the normal procedure), whose budget is going to be used? This might seem very trivial to top managers, but these are very practical issues which should be arranged before people actually start to contribute to the program. Because they have to find a hotel. They are the ones who would like to know whether they can travel back home every weekend, or perhaps have the family come over once in a while.

Another element is the bonus. It depends on the salary structure of course, but usually employees (and managers) do have a variable part in their salary, which is related to objectives as validated by their manager. In the case that someone is joining a project team for, say, three months, what is going to happen to the objectives of his or her business-as-usual job? From the perspective of the transformation contributor, they should be lowered of course. But his or her manager cannot just lower the targets, since his or her target is probably not lowered neither.

The elements mentioned above are just a few examples of possible complications with this kind of rewards. The People department should be able to set up alternative processes, since existing processes normally do not cover this kind of agility. This is an example of the support the transformation program needs from the existing organization. Again, these type of rewards are not the most popular ones to treat, and it is in fact only about taking away dissatisfiers, but experience shows that if not done well, the transformation program will simply not be able to get the best people in to make the transformation happen.

5.3.2. Motivators

Motivators come into play when the hygiene factors are covered, just like delighters can only be effective when the basics are fixed (see also 3.3.3 and the Kano-model). Motivators can come in many forms, which stimulate social belonging and esteem. It all depends on the culture of the organization as to which forms will be most effective: sometimes a lunch with the boss will be highly appreciated, sometimes internal communication events will be more effective.

Working in a transformation program allows for the actors to broaden their scope, and to step out of their normal 'silo' of activities. Furthermore, the transformation program works in a different mode than business-as-usual, in a more agile environment with the close involvement of top management and transparent accountabilities. These elements increase the visibility of the contributor across the organization and to other parts of the hierarchy. This increased visibility is a valuable reward for the contributor, since this opens the opportunities to promotions in other places of the organization one would normally develop to.[98]

Working in the transformation program will furthermore develop the contributors in mastering other skillsets, and working in different environments with different processes. There is also the factor of working under stress and coping with uncertainty, which are common traits of a transformation program. All these elements enrich the contributors and through this increase their employability.

Having been trained in project management, and having worked in project mode in the transformation program, opens up the possibility of the certification of contributors. This might be certification in the field of project management, but also on other skills which have been learned and mastered having put them in practice, like Six Sigma, or Agile, etc. At best these certificates should be of value outside the organization too: then it really enriches the curriculum vitae. And with it, employability does improve, even outside the organization, which is a valuable reward for the contributors.

To tap into this psychological need further, the organization should acknowledge the people working in the transformation program when considering relevant experiences. For these people have shown that they are able to work in these kind of uncertain, dynamic and new situations. The transformation program helped them to master these practical competencies, preparing them for next steps in their career development.

One can even go one step further, by making the contribution to the transformation program a qualifier for certain positions. So if one has not worked substantially in the transformation program, one simply does not qualify for certain positions and cannot make certain promotions. This is especially valuable for management positions, since it will enrich the management suite with managers who have the experience of working in project mode and uncertainty. Traits which are very much needed for the organization in a future which is probably only asking for more agility.

5.3.3. One step beyond

Joining the transformation program gives people the opportunity to work outside-the-box. People will be working with colleagues who come from other functionalities, who are based in other geographies and who have backgrounds other than those of the people one normally works with. This gives the contributors the ability to broaden their scope and improve their understanding and view of the organization as a whole: they arrive in places within the organization where they would seldom be able to be when in their regular jobs.

Not being restrained by existing job descriptions and responsibilities, working in a dynamic environment of a transformation program enables contributors to work on things they can really excel upon and develop their mastery even further. Here, the top of the Maslow pyramid is reached: *self-actualization*, the realisation of one's full potential.

Contributing to the good cause for the organization, which is the mission of a transformation program, can be a very valuable reward for contributors. They really contribute to something in which they believe, which motivates many people. This is also a strong driver for grassroots innovation: contributing to something higher. Writing (organizational) history can be an extremely powerful motivation driver, which is exactly what a transformation program is aiming for.

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6. Closing remarks

Transformation is not something to think of lightly. A transformation program is supposed to turn around the organization in a limited timeframe. Transformation is closer to a revolution than an evolution. Things will need to be changed dramatically, changes which have not automatically been appearing, and now have to be enforced with a transformation program. The program needs to initiate the change, as well as the momentum of it. This in itself already needs a thoroughly prepared and orchestrated program, with the full support from top management. But transformation will need to go the extra mile: it is not a one-shot project. It will be a set of projects, interrelated and parallel as well as sequential. It will have to go further than simple project, also in time. Whereas a normal project should have a limited timeline, with a clear end, a transformation program covers a process of years. The result will not be an add-on to the organization, but a makeover of the existing organization. The organisation won't be the same anymore. It is not about a spoiler, or a fancy self-parking system, but about reconstructing the whole car. While the car is driving…

The above described transformation program can be seen as the complex version, which has most the aspects that have been described in previous chapters. Sometimes, however, the transformation can be less complex, take less time and have less people involved. The scope of the transformation program should in certain cases be limited to improving the efficiency of the program, without losing in effectiveness. There is no need to bring in the heavy artillery when a swift action will be enough. In order to adapt the scope of the program to the situation, transformation programs can be seen as modular, built up out of one, two or three modules. These modules, or complementary cycles, are part of the TransforMotivation System, as illustrated in Figure 73.

Figure 73 – the three cycles in the TransforMotivation System

The basic transformation cycle can be very short: stakeholders give the direction, which is translated into the strategy and projects. The projects are executed and implemented and the subsequent results serve the stakeholders. In cases where the projects require the involvement of more and diverse entities, the complexity increases and a second cycle is added to the program. This cycle takes the cultural diversity of an organization into consideration: differences between entities as well as between entities and head office. The cultural diversity influences the transformation program in the way it should be run, and sometimes too in the projects to be included in the transformation roadmap. When a transformation program increases in complexity and scope, a third cycle is added. The third cycle covers the involvement of the organization and the mobilization and development of the actors involved in transformation.

Since it depends on the situation how big the transformation program should be, it would be wise to conduct a quick, high level assessment to see how bad things really are (or not), before launching the transformation program. The TransforMotivation System offers a structure to ensure a meaningful but quick assessment by questioning the organisation per building block of the TransforMotivation System. To give an idea of how such a questionnaire could look like, an example with some typical questions is added as an annex to this book.

In order to ensure that the transformation program remains manageable, it is helpful to apply the TransforMotivation System in phases. This phasing also helps to ensure a good fit for the scope of the transformation program with the organizational needs. After each phase the scope can be assessed or adapted if needed. Phasing the program will structure in time the milestones to be reached, which makes the transformation program easier to govern by top management. One can for instance complete each phase with a steering committee to validate the closing of the phase, and then launch the next one. In Figure 74 the four phases in which a transformation program is applied are illustrated with activities as included in the TransforMotivation System.

Figure 74 – the four phases of a transformation program

During all the phases it is of key importance to communicate to the organization and to share the know-how. This know-how builds up during the process within the various teams working on the transformation program, which is a great asset for an organization. The know-how transfer is therefore a fundamental part of all four steps, to enable the organization to structurally improve the capability of the organization and its people to manage organizational transformation.

After all this work, the organization is capable of delivering the changes as initiated by the transformation program. These changes will deliver the results the stakeholders have requested the organization to deliver. After which the transformation program has done its job and can stop. However, in case the results are not sufficient or the stakeholders have changed their minds, the stakeholders might not be satisfied with the transformation. Then a new cycle will be started. A cycle which might lead only to more stretching targets for the existing organization, but perhaps again calls for a complete transformation, since the new expectations require another radical change.

Also for this new episode, the same sequence can be followed, with only a change of parameters to start with. And *l'histoire se répète*, since the Head, the Hand and the Heart are mobilized. All the elements are there to continue this transformation cycle, as if it was running on its own. This time things will go quicker and better, since the organization has learned from earlier cycles. The transformation will again deliver radical change, but the transformation process will run more smoothly.

However, in the end a nicely zooming transformation machine, well-crafted and perfectly running, is not a goal as such. It is about the results of the projects which will transform the organization. The transformation program is only an enabler to make change happen. It is the bridge to cross the river, and after the crossing the bridge is obsolete. New rivers will appear, and new bridges will have to be crafted. It is this journey, these new discoveries which will deliver the success of an organization. Sustainable success for the organization and for all of its stakeholders, driven from the inside. It is not a crash diet, but the organisation will be in great shape. Sustainably.

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Annex: example of a transformation questionnaire

3.1	Goals
3.1.1	**What do we want to be?**
1. Where are mission, vision and goals described? 2. How are mission, vision and goals applied to the whole organization? And to its entities? 3. How are all stakeholders identified? 4. How are the stakeholders engaged in the setting of mission, vision and goals? 5. How is corporate governance taken into consideration to assure executive sponsorship?	
3.1.2	**What should be achieved?**
1. What are the ambitions and goals for the whole organization? And its entities? 2. How does the SPICE-spider web look like for the whole organization? And its entities? 3. How is benchmarking used to support setting the ambitions?	

3.2	Strategy
3.2.1	**Transformation project pyramid**
1. What are the objectives for the whole organization? And for its entities? 2. What are the projects and targets to reach these objectives?	
3.2.2	**Connection to the existing situation**
1. How is the AS IS assessed for the whole organization? And for its entities? 2. What are the SWOTs of the whole organization? And of its entities? 3. How are all elements of the SWOTs covered in the strategy?	
3.2.3	**Strategic sanity check**
1. What information sources are available and have been used to assess the AS IS and the TO BE? 2. What projects are fixing the basics of the AS IS? 3. How are the projects addressing the gap between the AS IS and the TO BE?	

3.2	**Strategy *(continued)***
3.2.4	**Plan – Think – Build – Run**
1. What are the other initiatives or programs running in parallel to the transformation program? 2. How do the identified transformation projects relate to existing (strategic) initiatives within the whole organisation? And within its entities?	

3.3	**Culture**
3.3.1	**Cultural fit**
1. Which cultural differences within the whole organisation and its entities have been considered? 2. How are the different passages in the lifecycles of these entities considered?	
3.3.2	**Identity and brand**
1. How is the corporate identity included in the projects?	
3.3.3	**Stakeholder engagement**
1. How is the engagement of the various stakeholders secured and leveraged from? 2. How is the correlation between the various stakeholder engagements included? (for instance: engaged employee <=> engaged customer)	

4.1	**Transformation**
4.1.1	**Transformation structure**
1. How are projects, programs and portfolio structured within the whole organisation? And within its entities? 2. How are these projects related to each other?	

4.1	Transformation *(continued)*
4.1.2	**Metrics**
1. What are the metrics used to follow progress, issues and results of the program? 2. What metrics are focussed on the projects, and which ones on the effect on the business metrics? 3. How are the metrics followed? (For instance, via a Balance Score Card-like dashboard) 4. How are the program KPIs connected to the strategy? (For instance, via a Strategic Map.)	
4.1.3	**Roadmap**
1. What does the roadmap of projects, programs and portfolios look like for the whole organisation? And for its entities? 2. How is the roadmap covering interdependencies between projects? 3. How is the roadmap evolving in time? 4. How are projects prioritized?	
4.1.4	**Risk management**
1. How is risk management organized? 2. How is top management informed on the key risks to be addressed at the level of the whole organisation? And of its entities?	

4.2	Management
4.2.1	**Organizational support**
1. How are operational resources allocated to business-as-usual and to the transformation program? 2. How is the current organization adapted to support the transformation program? 3. In case an evolution of the organization chart is needed: How is the objectivity of the new chart secured? 4. How does the organization develop in time towards the TO BE situation?	
4.2.2	**Transformation governance**
1. How is the transformation program managed? Are there various functional Transformation Streams set-up? 2. How is the RACI matrix organized in the transformation program? 3. How are the C-levels made accountable for their part of the transformation program? 4. Which committees have been set up? How are they functioning? 5. How is the quality of the transformation program assured?	

4.2	**Management *(continued)***
4.2.3	**Change**

1. How is the change management as part of the transformation organized? How are people supported during the change?
2. In which step of the 8-step change model is the organization now?
3. How is agility embedded in the Strategy, Transformation and Change process?
4. What is the maturity assessment of the organization which is to implement the transformation program?
5. How have targets been set for the deliverables of the transformation program, and how are they related to existing business and other targets?
6. How is the internal communication on the transformation program organized? How is this communication supported by Transformation Ambassadors?
7. How is grass roots innovation used as a lever to boost the transformation?
8. What is the story and the logo of the transformation program?
9. How is the momentum of the transformation program maintained?

4.3	**Change**
4.3.1	**Integration in day-to-day management**

1. How is the projects' hand-over organized?
2. How do we ensure the projects are well integrated in business-as-usual?

4.3.2	**Continuous improvement spirit**

1. How is the continuous improvement spirit secured so that improvements continue to come, also after the projects of the program have been delivered?

5.1	**Staffing**
5.1.1	**Individual staffing process**

1. How much budget (including FTE) is allocated to the transformation program?
2. Are job descriptions and mission letters for the potential actors in the transformation program drafted?
3. How are the people recruited and staffed for the activities in the transformation program?
4. How is the quality of staffing ensured?
5. How is one working with volunteers, and temporary assignments or missions?

5.1	Staffing *(continued)*
5.1.2	**Constitution of teams**
1. How is the complementary of project team members considered, as well as the fit of the team with the current state of the project?	

5.2	Development
5.2.1	**Competencies**
1. How is the transformation program accompanied by training & development? This for actors in the program, as well as for people not working directly in the program. 2. How does the transformation program tie-in with individual competencies-development? 3. What are the subjects and themes covered by the transformation training program?	
5.2.2	**Management and leadership**
1. How are the managers trained on impacts for managers of the dual organization (transformation project in parallel to business-as-usual)? 2. How are managers developed to leave the command-and-control attitude ('who dunnit?') and to move to the facilitating role ('what caused this issue?')?	

5.3	Rewards
5.3.1	**Hygiene factors**
1. How is job security covered for actors joining the transformation program? 2. How are items like holidays administration and allowances organized for these actors? 3. How are the activities of the actor in the transformation program included in the bonus?	
5.3.2	**Motivators**
1. What do the actors obtain as an additional reward on top of the hygiene factors? 2. How is the contribution translated into an increased employability for the actor?	
5.3.3	**One step beyond**
1. How are the actors allowed to move to other activities where they can excel their mastery? 2. How are actors involved in the creation and delivery of the organization's vision?	

Table of figures

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Notes

1 Chatwin, B. (1987). *The Songlines.* UK: Vintage, Random House, p. 194.

2 Morgan, G. (1997). *Images of Organisation.* Thousand Oaks: Sage publications, pp. 33-71.

3 oxforddictionaries.com. (n.d.). *Oxford University Press*. Retrieved 2/14/ 2014.

4 Pink, D. (2010). *Drive: The Surprising Truth What Motivates Us.* Retrieved from RSAnimate.

5 Natale, F. (1995). *The Wisdom of Midlife: Reclaim Your Passion, Power and Purpose.* Morgan Road.

6 Kotter, J. P. (2014). *Accelerate: Building Strategic Agility of a Faster-Moving World.* Boston, Massachusetts: Harvard Business Review Press, p. 35.

7 Rogers, C. (1951). *Client-centered Therapy: Its Current Practice, Implications and Theory.* London: Constable.

8 Anxiety: a state of being uneasy or worried about what may happen.

9 Havel, V. (2001, 10 22). 'Eerlijk zijn tegen Rusland', *NRC Handelsblad*.

10 Drucker, P. The quote is attributed to Peter Drucker, since it is in the spirit of what he argued. Retrieved 30/12/2015, from www.quora.com/Did-Peter-Drucker-actually-say-culture-eats-strategy-for-breakfast-and-if-so-where-when.

[11] Stone, B. (2013). *The Everything Store: Jeff Bezos and the Age of Amazon*. UK: Bantam Press, p. 8 (for the mission), p. 12 (for the vision).

[12] Philips.com. (8/4/2014).

[13] Rappaport, A. (1996). *Creating Shareholder Value*. New York: The Free Press, p. 11.

[14] Sisodia, R. W. (2007). *Firms of Endearment: How World-Class Companies Profit from Passion and Purpose.* New Jersey: Wharton School Publishing.

[15] Kaizen is a continuous improvement method, introduced to the west in 1986 by Masaaki Imai in his book *Kaizen: The Key to Japan's Competitive Success*. The word kaizen consists of *kai* (= change) and *zen* (= good). It is a very practical method to quickly find and resolve root causes of problems, and is done collectively.

[16] OECD. (2011). *Corporate Governance of Listed Companies in China: Self-Assessment by the China Securities.* OECD Publishing.

[17] FRC. (2010). *The UK Corporate Governance Code.* London: Financial Reporting Council Ltd, p. 1.

[18] Regierungskommission. (2014). *German Corporate Governance Code*, p. 1; AFEP and MEDEF. (2010). *Corporate Governance Code of Listed Corporations.* Paris: AFEP & MEDEF, p. 12; Al-Turki, K. (2006). *Corporate Governance in Saudi Arabia: Overview and Empirical Investigation.* USA: Victoria University; King & Spalding. (2011, June 20). 'Stricter Corporate Governance in Saudi Arabia', *Client Alert*.

[19] Smith, A. (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations,* translation by Cannan, E. of the fifth edition (1789). Book V, chapter 1, p. 107.

[20] Regierungskommission. (2014), p. 1. It prescribes a dual board system too, but here the Executive Committee is counted as one board (the Management Board), to be complemented with the Supervisory Board. The dual board system in China speaks of two Supervisory Boards.

[21] Feinerman, J. (2007, September). 'New Hope for Corporate Governance in China', *The China Quarterly,* 191, pp. 590-612.

[22] Van Leeuwen, E. a. (1977). *Management en informatie: de kunst van het kiezen*. Alphen aan den Rijn/Diegem: Samsom BedrijfsInformatie, p. 21.

[23] There are numerous types and variations of surveys available in the marketplace, all of which have their specific benefits and drawbacks. There is no one solution which fits all, and a survey should be adapted to the specificities of an organization. In recent years, however there is increasing consensus on the type of KPI one is trying to capture, and it seems like the recommendation score is the metrics method which is getting more and more accepted in various industries. In this method, it is all about the question: *"would you recommend this service of this organization with your friends or family?"* The interviewee is invited to give a note to the organization, normally between 1 and 10. This score is the recommendation score.

[24] Fleming, J. H. (2007). *Human Sigma: Managing the Employee-Customer Encounter.* New York: Gallup press, quoting Einstein on p. 60.

[25] Freedman, L. (2013). *Strategy: A History*. New York: Oxford University Press, p. xii.

[26] PMI. (2006). *The Standard for Program Management.* Newtown Square, Pennsylvania: Project Management Institute.

[27] Freedman, L. (2013), p. 571; Rumelt, warning for bad strategies.

[28] Freedman, L. (2013), p. 192; Sun Tzu.

[29] Freedman, L. (2013), p. xi.

[30] Freedman, L. (2013), p. 499.

[31] Weihrich, H. (1982). 'The TOWS Matrix: A Tool for Situational Analysis', *Journal of Long Range*.

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[32] Starreveld, E. a. (1991). *Bestuurlijke informatieverzorging, Deel 1: Algemene grondslagen.* Alphen aan den Rijn/Deurne, Samsom BedrijfsInformatie, pp. 294-303. The aspect of relevance covers various sub-aspects such as completeness, timeliness, detail, abundance, critical, precision and continuity. Reliability can be split into reliability of the basic data and the reliability of the information processing.

[33] Hofstede, G. H. (2010). *Cultures and Organizations: Intercultural Cooperation and Its Importance for Survival.* USA: McGraw Hill, p. 6.

[34] Hofstede, G. H. (2010), p. 10.

[35] Based on Hofstede, G. H. (2010), pp. 6, 18 & 347.

[36] Hofstede G. H. (2010), p.364.

[37] Collins Dictionary.

[38] Goodman, J. (2009), pp. 197-199.

[39] Sisodia, R. W. (2007), p. 266.

[40] Goodman, J. (2009). *Strategic Customer Service: Managing the Customer Experience to Increase Positive Word of Mouth, Build Loyalty and Maximize Profits.* USA: Amacom, p. 176.

[41] Cleveland, B. (2008). *Call Center Management on Fast Forward: Succeeding in Today's Dynamic Customer Contact Environment.* Colorado Springs: ICMI, p. 382.

[42] Fleming, J. H. (2007), p. 76.

[43] Sisodia, R. W. (2007), p. 6.

[44] Fleming, J. H. (2005, July-August). *Manage Your Human Sigma.* Boston. Harvard Business School Publishing

[45] Vineed, N. (2010). *Employees First, Customers Second.* Boston: Harvard Business School Publishing.

[46] The Net Promoter Score is a simplification of the recommendation score (see note 23), and is actively endorsed by Bain consultants. Taking the recommendation scores, the NPS is the difference between the percentage of people who give a high score (the 'promoters'), and the percentage of people with a low score ('detractor'). This sum is easy to interpret: when the NPS is positive, this is good, and when it is negative, there is a problem. See also Reichheld, F. M. (2012). *Net Promoter: Creating a Reliable Metric.* USA: Bain & Company, Inc. .

However widely used, and appealing in simplicity, the result is a statistical unreliable figure: estimates (with an inherent uncertainty) are compounded, and with this the result is less and less accurate. To avoid all this complexity, and the time-consuming debates around it, it is preferable to use the mean recommendation score: the overall average of the recommendation scores. See also Fornell, C. (2007). *The Satisfied Customer: Winners and Losers in the Battle for Buyer Preference.* London: Palgrave Macmillan, pp. 69-74

[47] Orange. (n.d.). internal documents.

[48] Freedman, L. (2013), p. IX, quoting Mike Tyson, when he was asked by a reporter whether he was worried about Evander Holyfield and his fight plan.

[49] PMI (2006)

[50] Kaplan, R. N. (2008). *The Execution Premium: Linking Strategy to Operations for Competitive Advantage.* USA: Harvard Business School Publishing

[51] Kaplan, R. N. (2008). pp. 69-101

[52] More on the work on prioritization is covered by the hedgehog concept, which is about a deep understanding of three levers a company should bear in mind in order to excel: what you are deeply passionate about, what drives your economic engine and what you can be the best in the world at. It is in the intersection of these three levers that you should

prioritize you actions on (Collins, J., 2001), *Good to Great,* UK: Random House, p. 118

53 Pye, M. (2014), *The Edge of the World: How the North Sea Made Us Who We Are.* London: Viking, p. 216.

54 PMI (2006).

55 Freedman, L. (2013), p. 491; referring to Peter Drucker.

56 Keuning, E. a. (1996). *Management & Organizatie.* Houten: Stenfert Kroese, p. 166.

57 Keuning, E. a. (1996), pp. 166-167.

58 Kotter, J.P. (2014). *Accelerate: Building Strategic Agility for a Faster-Moving World.* USA. Harvard Business School Publishing, p. 81

59 Hsieh, T. (2010). *Delivering Happiness: A Path to Profits, Passion and Purpose.* New York: Business Plus, Hachette Book Group, p. 147.

60 In this context bureaucracy is not meant in the meaning of a slow, over-formal way of working. Here, bureaucracy is referred to as an organization structure as a rational solution for complicated problems, as introduced by Max Weber. See also Keuning, E. a. (1996), p. 307.

61 PMI. (2016). *Governance of Portfolios, Programs, and projects: A Practice Guide.* Newtown Square, Pennsylvania: Project Management Institute, pp. 10-11.

62 Often the term 'stream sponsor' is used, but sponsor has a bit of an indirect connotation and seems more distant than 'leader'. But it depends on the local language and company jargon to find the proper terms. Just so long as it is clear to everyone.

63 MSP. (2011). *Managing Successful Programmes Pocketbook.* Norwich: The Crown, The Statonary Office, pp. 49-53.

64 Kotter, J.P. (1995 March-April). 'Leading Change: Why Transformation Efforts Fail', *Harvard Business Review*.

[65] Kotter, J.P. (2005). *Our Iceberg Is Melting: Changing and Succeeding under Any Conditions.* London: Macmillan.

[66] Kotter in fact refined the model in 2014, leaving the core intact but with a much higher emphasis on the volunteer army and the dual (virtual) organization as the accelerator to make the change happen.

[67] Doz, Y. K. (2008). *Fast Strategy: How Strategic Agility Will Help You to Stay Ahead of the Game.* USA: Pearson Education, Prentice-Hall, p. 218.

[68] The way of target setting has to fit the culture of the organization, which also depends on the country. For instance, American companies are comfortable with top down, hard targets, whereas Japanese companies tend to prefer targets which emerge from the processes up. See also Morgan, p. 95.

[69] For instance, a strategic financial projection is needed to pass the financial audit, since it is needed to establish an opinion on the going-concern capacity of the organization.

[70] Freedman, L. (2013), p. 556, referring to Mintzberg.

[71] Vogelaar, R. (2011). *The Superpromoter: The Power of Enthusiasm.* Basingstoke, Hampshire: Palgrave Macmillan, p. 8.

[72] Vankat Ramaswamy, F. G. (2010, October). 'Building the Co-Creative Enterprise', *Harvard Business Review*.

[73] Phelps, E. (2013). *Mass Flourishing: How Grassroots Innovation Created Jobs, Challenge and Change*. New Jersey (UK), Princeton University Press, p. 14.

[74] Brown, A. (2009). *The Rise and Fall of Communism.* London: Bodley Head, pp. 644-650.

[75] Freedman, L. (2013), p. 621.

[76] Chatwin, B. (1987), p. 2.

[77] Pye, M. (2014), pp. 112-125.

[78] This story was written by Farid al-Din Attar around the year of 1220, and is called ‘Mantiq al-Tayr’. See also Gruwez, C. (2008). *Die Farbe Gottes.* Dornach (CH): Pforte Verlage, translation by Marie Anne Paepe. *God is een kleur.* Antwerpen, Rudolf Steineracademie, pp. 131-133.

[79] Bandura, A. (1986). *Social Foundations of Thought and Action: A Social Cognitive Theory.* Englewood Clifs, NY: Prentice Hall.

[80] Kaplan, R. N. (2008), p. 6.

[81] McKinsey. (2014, August). ‘Why Implementation Matters’, *McKinsey Quarterly*.

[82] Freedman, L. (2013), p. 609,

[83] Chowdhury, S. (2002). *Design for Six Sigma: The Revolutionary Process for Achieving Extraordinary Profits.* Chicago: Dearborn Trade Publishing, p. 9.

[84] The logic of stimulating employee advocacy is not only applicable on transformation programs, but can be observed in a broader scope too. Bain & Company did research on employee satisfaction and advocacy in 2015, which confirms the power of the right levers to stimulate employee advocacy. First, the basics of employee satisfaction have to fixed with four factors: (1) I have a safe work environment (both in physical and emotional terms); (2) I have what I need to do a good job (including resources, training, technology, process, personnel and organizational effectiveness); (3) I am valued (and compensated) fairly; (4) My role is a good fit for me. Bain then went one step further to combine these four factors with three employee advocacy factors: (A) Extraordinary purpose and impact, (B) Extraordinary teamwork and affiliation; (C) Extraordinary autonomy and development. See Markey, R. (2015, November). *Journey to Employee Advocacy: The First Mile.* USA: Bain & Company, Inc. This is consistent with the TransforMotivation System, which applies these motivation drivers in its three layers.

[85] Belbin, M. (2010). *Management Teams: Why They Succeed or Fail.* Oxford: Elsevier.

[86] Trompenaars, F., & Hampden-Turner, C. (2009). *Innovating in a Global Crisis: Riding the Whirlwind of Recession.* Oxford: Infinite Ideas, p. 81.

[87] Kotter, J. P. (2014), p. 89.

[88] Trompenaars F. (2009), p. 74.

[89] Trompenaars F. (2009), p. 99.

[90] Inghilleri, L. S. (2010). *Exceptional Service, Exceptional Profit: The Secrets of Building a Five-Star Customer Service Organization.* USA: Amacom, pp. 94-95.

[91] Cleveland, B. (2009), p. 197.

[92] Brown, J. (1998) *Say It Live and Loud: Live in Dallas 08/26/68.* Polydor.

[93] André, S. (2008). *Le secret des orateurs.* Issy-les-Moulineaux: Éditions Stratégies, p. 58.

[94] Kotter, J. P. (2014), p. 63.

[95] Gary Convis. (2001, 07). *Role of Management in a Lean Manufacturing Environment.* Retrieved 12/7/2015, from www.sae.org: http://www.sae.org/manufacturing/lean/column/leanjul01.htm.

[96] Maslow, A. (1954). *Motivation and Personality.* New York: Harper.

[97] Keuning, E. a. (1996), pp. 337-348.

[98] Kotter, J. P. (2014), p. 36.