MYTHOS GROUP

BUSINESS TRANSFORMATION
"MANAGING CHANGE"

CASE STUDIES

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BUSINESS TRANSFORMATION – "MANAGING CHANGE" CASE STUDIES

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ABSTRACT

Today's business environment is characterized by frequent economic disruption, marketplace volatility and organizational change. Regardless of the size and type of business, all organizational levels are impacted by changes. Yet, it is estimated that roughly 70% of all change management initiatives fail. Therefore, it is imperative that leaders at all ranks of the organization be invested in understanding the principles of business transformation. Business transformations are complex, requiring time, experience, and the right skills to be successful. This article explores practical examples of transformation successes and failures.

> **"Change before you have to."**
>
> *Jack Welch*

INTRODUCTION

Globally, organizations are faced with a business environment characterized by: greater marketplace volatility, frequent economic disruptions and organizational change. In light of evolving customer behaviors, emerging disruptive technologies and evolving regulatory policies, organizations have a clear imperative to transform or they will fall behind and become extinct.

It is almost inconceivable that billion dollar businesses such as Border's Books, Blockbuster Video, Circuit City, and Radio Shack no longer exist. Generally speaking, experts attribute the extinction of these companies to failure to transform in the midst of market change.

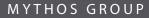According to the studies referenced by a Harvard Business Review (HBR) article[1]:

▸ 75% of the Standards & Poors' top 500 companies will turn over in the next 15 years

▸ One in three companies will delist in the next five years

▸ The 'topple rate' of industry leaders falling from their perch has doubled in a generation

To stay relevant in today's business environment and to prevent their extinction, organizations will need to continually evolve through well thought out business transformations with an emphasis on capability and capacity building and change management.

Every organization must assess their capacity to withstand the marketplace entry of companies such as Airbnb, Dropbox, Fitbit, Hulu, Lyft, Pinterest, Snapchat, Spotify, Twitter, and Uber; billion-dollar empires that didn't even exist 10 years ago, but leveraged paradigm-shifting to fill market niches left by existing companies that could have possibly done so had they been competitively poised.

> **"Great companies foster a productive tension between continuity and change."**
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> *Jim Collins*

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[1] What Do You Really Mean By Business "Transformation?" HBR, February 29, 2016

WHAT IS BUSINESS TRANSFORMATION?

Google Business Transformation and you'll discover a plethora of definitions. So, what does business transformation really entail?

From an organizational context, business transformation is a profound and radical change that orients an organization in a new direction and takes it to an entirely different level of effectiveness.

The Harvard Business Review suggests there are at least three different types of transformation[2]:

▶ *Operational* – doing what you do better, faster or cheaper, leveraging new technology to improve efficiency

▶ *Operational Model or Core Transformation* – doing what you are doing in a fundamentally different way

▶ *Strategic* – changing the very essence of your company

For the purpose of this article, by "business transformation," we mean proactively and strategically ensuring the business has the sustainable capacity to continually meet its mission and goals despite inevitable internal and external challenges.

Business transformation involves making fundamental changes in how business is conducted to:

▶ Increase revenue and market share;

▶ Reduce operating costs;

▶ Improve customer satisfaction; and

▶ Cope with shifts in the business environment.

Business transformation is often achieved by one, or more, of the following:

▶ Redesigning business processes and realigning the way staff work

▶ Innovating, and using transformative technologies

▶ Attending to the organizational culture (values and human behavior)

▶ Focusing on stakeholder engagement and customer satisfaction

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[2] Scott D. Anthony, 'What Do You Really Mean By Business Transformation?', HBR, February 29, 2016.