TRANSFORM & PERFORM

THE POWER OF ORGANISATIONAL AGILITY

GATE ONE

CONTENTS

RESEARCH SCOPE

300 senior decision-makers at major UK companies

REVENUE

28% £1BN+
47% £500M-£999M
25% £100M-£499M

EMPLOYEES

22% <1000
52% 1001-5000
10% 5001-10,000
16% 10,000+

JOB TITLE

16% CTO / DIRECTOR OF TECHNOLOGY
15% COO / DIRECTOR OF OPERATIONS
13% CFO / DIRECTOR OF FINANCE
11% CMO / DIRECTOR OF MARKETING
10% CDO / DIRECTOR OF DIGITAL / DATA
9% DIR. OF TRANSFORMATION / STRATEGY
8% CIO
6% CPO / DIRECTOR OF HR
5% CEO
7% OTHER C-SUITE / DIRECTORS

BUSINESS TYPE

52% B2B + B2C
24% B2B
24% B2C

SECTOR

26% TELCO, MEDIA & TECHNOLOGY
17% RETAIL & CONSUMER
16% FINANCIAL SERVICES
11% ENERGY & UTILITIES
11% MANUFACTURING & AUTOMOTIVE
19% OTHER: TRAVEL, PHARMA, SERVICES

WELCOME AND KEY FINDINGS

This research tests our hypothesis that organisational agility is critical for businesses in today's rapidly changing world. The results show how operating model transformation can deliver real value and unlock significant benefits.

Organisational agility is vital for success in today's rapidly changing world. Technology and data are transforming every element of business activity. Customers are becoming evermore demanding, wanting more choice, more convenience, more value and more control. They want everything quickly; they want seamless experiences and they compare and benchmark products and services across sectors.

Meanwhile, major world events from pandemics to trade wars and Brexit are shredding the notion of economic stability. Organisations must always be ready to challenge and transform their operating models (how they are organised internally to deliver value to their customers) to adapt to new and emerging realities.

This research report explores the aims, benefits and challenges of operating model transformation and shows how they can be central to achieving organisational agility and delivering real value in complex, highly dynamic environments.
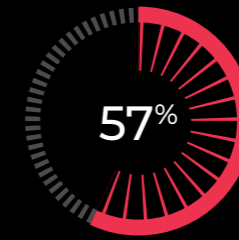
We set out to explore the experience of these transformation programmes with 300 senior executives at firms across the UK. We asked them about their experiences of operating model transformations and the drivers, successes and difficulties they have encountered.

This report provides evidence for why operating model transformation is the key to driving organisational agility; build confidence among business leaders about the need for constant reinvention; and explain how to achieve the best results.

87%
OF RESPONDENTS HAVE BEEN INVOLVED IN TRANSFORMING THEIR ORGANISATION'S OPERATING MODEL

57%
SAY GREATER ORGANISATIONAL AGILITY IS A KEY DRIVER
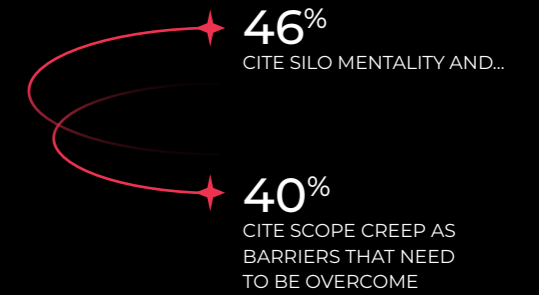
46%
CITE SILO MENTALITY AND…

40%
CITE SCOPE CREEP AS BARRIERS THAT NEED TO BE OVERCOME

62%
SAY CUSTOMER EXPERIENCE IS AT THE HEART OF THEIR ORGANISATION, YET

64%
DON'T BELIEVE THEY CAN EXCEED CUSTOMER EXPECTATIONS;

30%
RANK IT AS ONE OF THE TOP THREE PAIN POINTS LIKELY TO KEEP THEM AWAKE AT NIGHT

❝ CREATING A SERVICE-LED BUSINESS MEANS KNOWING YOUR CUSTOMERS, USING YOUR DATA INTELLIGENTLY AND MAKING DECISIONS AT THE NEAREST POINT TO THE CUSTOMER AS POSSIBLE. ❞

MORE THAN HALF OF RESPONDENTS SEE GREATER ORGANISATIONAL AGILITY AS THE LARGEST DRIVER OF TRANSFORMATION.

62%
PRODUCTS AND SERVICES

60%
CUSTOMERS AND CHANNELS

60%
TECHNOLOGY

57%
INFORMATION AND DATA
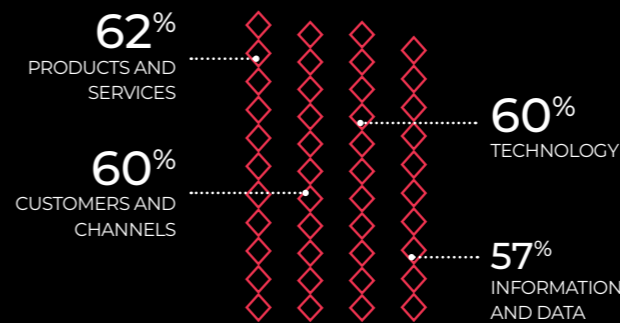
VIEW THESE AS KEY FOCUS AREAS IN OPERATING MODEL TRANSFORMATION
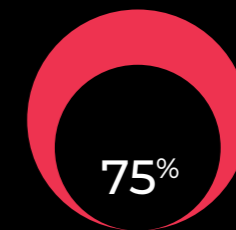
75%
SAY THEY DO NOT HAVE ALL THE SKILLS AND RESOURCES IN-HOUSE TO DELIVER TRANSFORMATION

ORGANISATIONAL AGILITY: THE ULTIMATE PRIZE

Organisational agility is critical for businesses seeking to navigate an increasingly complex and volatile environment. Get it right and the benefits are substantial.

The past year alone has seen the global coronavirus pandemic, Brexit, China/US trade wars and the advent of 5G. Markets have become hyper-competitive and connected as globalisation, technology and low-cost production reduce barriers to entry.

One of the biggest challenges facing businesses today is the inexorable rise in customer expectations, as consumers become accustomed to unprecedented levels of service, speed, personalisation and delivery. Added to this, employees, shareholders and the wider public are increasingly expecting organisations to do more to tackle broader societal issues such as climate change, sustainability and inequality in all its forms.

So, how do businesses navigate this increasingly complex and volatile environment?

ORGANISATIONAL AGILITY IS FUNDAMENTAL TO ADAPT AND THRIVE

Organisational agility may be defined as the mindset, capabilities and systems that enable businesses to respond faster, repeatedly and more effectively than their competitors when faced with ever-increasing disruption. It is the ability to view this disruption as an opportunity rather than a threat and, ultimately, adapt and thrive in ever-changing markets.

The term 'Agile' was first popularised in the software development industry in 2001 and has been steadily evolving and working its way into the business mainstream ever since.[1] Organisational-level agility builds on Agile principles and has three essential ingredients at its core.

1. **Connected operating model** – All areas of a business operating model (including talent and culture, decision-making, processes, technology and customer experience) are fundamentally interconnected and in a constant state of flux. Responding to the evolving needs of the market requires leaders to regularly assess, challenge and adapt their operating models, to achieve new levels of higher performance.

2. **Adaptive strategy** – Traditional strategy can be sporadic and cumbersome, with outputs quickly outdated and disconnected to the real world. Successful organisations have a clear sense of purpose and differentiation, combined with an adaptive strategy that empowers leadership to respond to their environment and co-create and pivot quickly, delivering results.

3. **Meaningful transformation** – In an increasingly complex and competitive environment, successful organisations take decisive action, informed by data insights, and commit the right transformational intensity, capability and agile change approaches to deliver meaningful transformation faster than their competitors.

IN THE FACE OF DISRUPTION, LEADERS NEED TO REGULARLY CHALLENGE AND ADAPT THEIR OPERATING MODELS TO ACHIEVE NEW LEVELS OF HIGHER PERFORMANCE.

GATE ONE'S ORGANISATIONAL AGILITY MODEL

GET IT RIGHT AND THE BENEFITS ARE SUBSTANTIAL

Our research shows that organisational agility is one of the key reasons why businesses are transforming, as this paves the way for numerous tangible benefits.
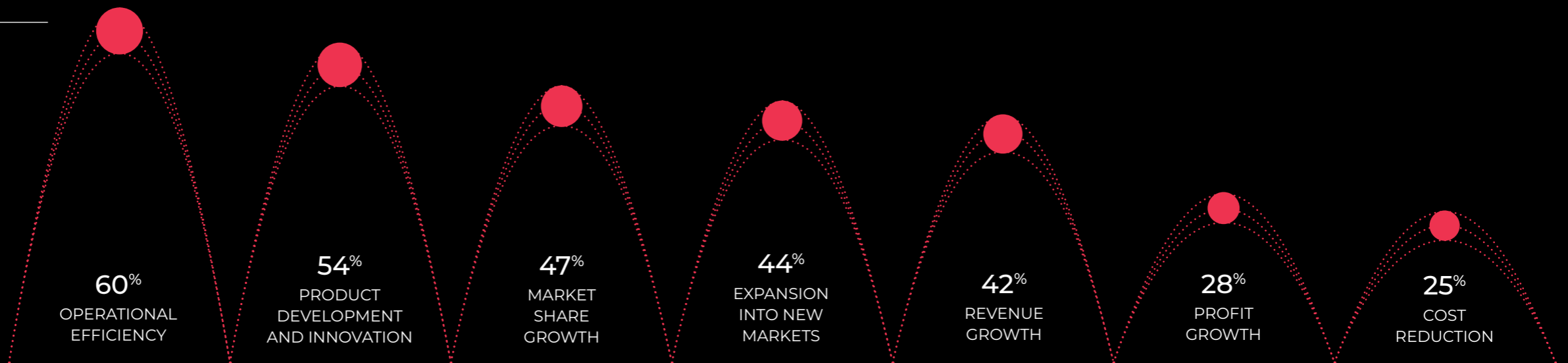
According to our survey, operational efficiency was the highest-ranked transformation benefit (60%), with

product development and innovation, market share and new market expansion also rated highly. All of these positive impacts on business performance are enabled by organisational agility. Cost reduction, by contrast, was ranked the lowest (25%). This is perhaps not surprising given senior leaders can achieve cost-reduction targets and find savings by taking a slash-and-burn approach, but aggressive, pure cost-cutting initiatives risk undermining long-term culture and company performance.

Organisational agility is not about cost reduction as such, but about maximising productivity to do more with less. The need to be operationally efficient is an ever-present challenge for businesses, particularly when faced with increasing competition and new market entrants.

OUR RESEARCH SHOWS THAT ORGANISATIONAL AGILITY DELIVERS SIGNIFICANT BENEFITS.

TOP BUSINESS TRANSFORMATION BENEFITS

60% OPERATIONAL EFFICIENCY

54% PRODUCT DEVELOPMENT AND INNOVATION

47% MARKET SHARE GROWTH

44% EXPANSION INTO NEW MARKETS

42% REVENUE GROWTH

28% PROFIT GROWTH

25% COST REDUCTION

A CONNECTED OPERATING MODEL IS KEY TO UNLOCKING AGILITY

Organisations need to ask difficult questions, challenge conventional thinking and disrupt themselves before others do, creating an agile model fit for the future.

Our research shows that operating model transformation is instrumental in creating organisational agility. Taking a systematic look at the future operating model gives organisations the insights to pivot their resources, infrastructure, investment and management focus towards new areas in an agile fashion, enabling them to gain market share and competitive advantage.

OPERATING MODELS NEED TO CONTINUOUSLY EVOLVE

Some 87% of senior executives surveyed have been involved in transforming their organisation's operating model in the past three years and nearly three-quarters (72%) have an ongoing operating model transformation or are about to start one.

Why are operating model transformations so popular and delivered with such regularity? Over half (57%) of respondents cite greater organisational agility to respond to market conditions and enhanced customer experience as the greatest benefits.

All areas of a business operating model (including talent and culture, decision-making, processes, technology and customer experience) are fundamentally interconnected and in a constant state of flux. Responding to the ever-evolving needs of the market requires leaders to regularly review, challenge and reset their operating models to achieve higher performance.

Many leaders fail to realise that it is essential to be both holistic and iterative when it comes to operating model transformation. The connected nature of operating models means it's necessary to think and design systemically (keeping a balanced focus across all critical areas within people, process and technology), but to have the confidence to implement the changes iteratively, to deliver value fast.

This is particularly important given that scope and requirements will change during an operating model transformation. Almost one-fifth (17%) of business leaders surveyed cite externally driven scope changes and the need to pivot quickly as the greatest challenge of an operating model transformation.

OPERATING MODEL TRANSFORMATION IS CRITICAL

87%
OF RESPONDENTS HAVE BEEN INVOLVED IN TRANSFORMING THEIR ORGANISATION'S OPERATING MODEL IN THE PAST THREE YEARS
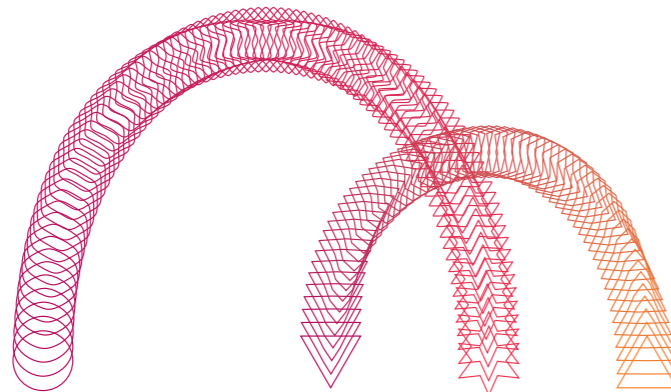
57%
SAY GREATER ORGANISATIONAL AGILITY TO RESPOND TO MARKET CONDITIONS IS A KEY DRIVER OF OPERATING MODEL TRANSFORMATION

CLIENT INSIGHT — **ORGANISATIONAL AGILITY**

Mark Skinner, human resources director for digital at William Hill

As a gaming business, William Hill has been buffeted by changing regulations. Tighter regulation in the UK has dented our business and forced us to look to Europe and the US – where betting and gambling is perceived more favourably – for future growth. So, we have had to use organisational agility to pivot our business to new markets, while still running our UK operations.

In an ideal world we would have the luxury of time to create a new, international culture. But we have been building the engine while flying. Organisational agility has been forced on us since 2016 when we really felt the impact of changing UK regulations. We talk to our staff about the culture we are consistently striving for, a culture of continuous improvement on costs, efficiency and effectiveness.

OPERATING MODELS EMPOWER TEAMS TO CHALLENGE CONVENTION

Sacred cows exist in every workplace. They are the practices and beliefs that are held to be above criticism and deemed out of scope for change. They can also stand in the way of progress and prevent businesses achieving organisational agility.

A silo mentality between departments and teams, resulting in a lack of co-operation, is considered the number one barrier to progress (46%) in our survey. Other examples of sacred cows include entrenched special interests, rigid budgets, disruptive performers, toxic culture and outdated beliefs.

An operating model transformation gives leaders the licence and opportunity to put everything on the table, in order to genuinely reinvent their organisation.

It allows them to create an agile business that challenges the status quo and creates a model that is fit for the future. Sometimes this requires the use of partners to help objectively assess the organisation and tackle these sacred cows in a constructive way. Nearly half (47%) of those undergoing a transformation depend mostly or entirely on external support.
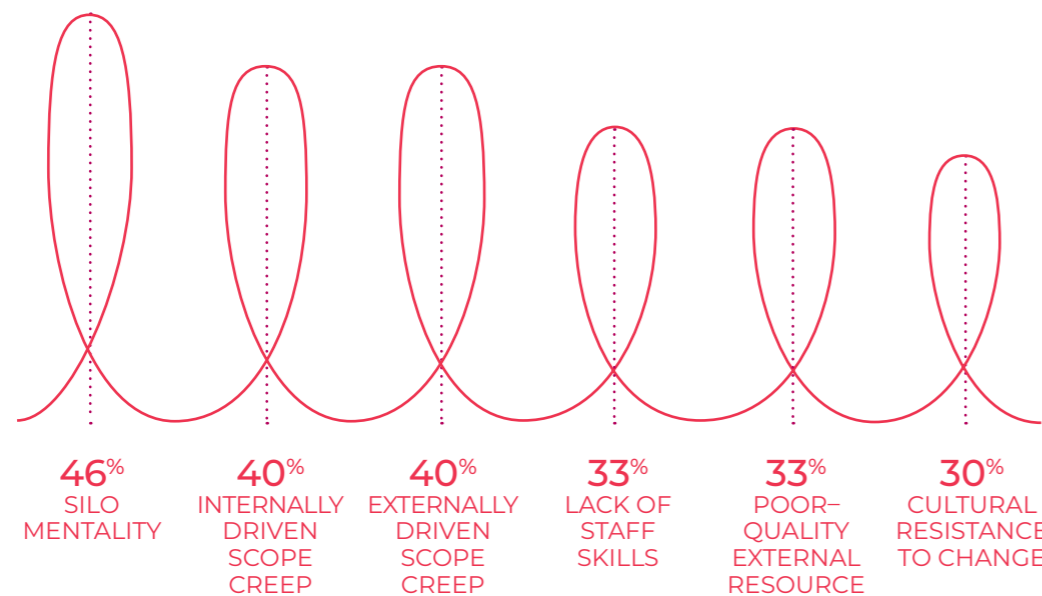
PERSISTENT CURIOSITY TO KEEP EVOLVING

Persistent curiosity lies at the heart of organisational agility. It describes the constant drive to keep learning, evolving and exploring new possibilities. Cultivating this curiosity at all levels helps leaders and employees adapt to changing external conditions and encourages them to constantly challenge their operating models.

Wider studies have shown that curiosity is much more important to organisational agility and performance than previously thought.[2] When curiosity is triggered, there's a greater likelihood of thinking more deeply and rationally about decisions and coming up with more creative solutions. In a survey of over 3,000 employees, 92% credited curious people with bringing new ideas into teams and viewed curiosity as a catalyst for innovation and high performance.

Despite the well-established benefits of curiosity, organisations often discourage it, fearing it will mean greater risk and inefficiency. By promoting a process and culture that allows a range of different ideas to be explored, leaders send a clear message that learning is a key goal, even if it doesn't always lead to immediate success. As Eric Schmidt, Google CEO from 2001 to 2011, said: "We run this company on questions, not answers."

TOP BARRIERS TO EFFECTIVE OPERATING MODEL TRANSFORMATION

46%	40%	40%	33%	33%	30%
SILO MENTALITY	INTERNALLY DRIVEN SCOPE CREEP	EXTERNALLY DRIVEN SCOPE CREEP	LACK OF STAFF SKILLS	POOR–QUALITY EXTERNAL RESOURCE	CULTURAL RESISTANCE TO CHANGE

CLIENT INSIGHT — WORKING WITH EXTERNAL CONSULTANTS

Mary Moore, senior HR director for various leading global companies

Organisations are often ill-equipped to undertake operating model transformation work by themselves. They need external help and a fresh pair of eyes to understand the art of the possible and to guide them on the best ways to think about and achieve the transformation. Consultancy partners have an important role to play in helping to frame the big questions and encouraging alignment among senior executives, who often have several competing viewpoints on the best path to take. The role of the consultants is to hone these perspectives into a single, overarching direction.

External consultants can demonstrate the benefits of thinking about an organisation in a more holistic way. This is something that senior directors often struggle to achieve as they look at the organisation from the confines of their own department. At the same time, consultants can break up the target operating model into bite-sized tasks. This makes the transformation more manageable and helps the organisation make tangible, step-by-step progress.

One thing for leaders to avoid is becoming too dependent on consultants. Organisations should work with consultants over a defined period of time and then be prepared to take control of the transformation process themselves.

❝❝ ORGANISATIONS ARE OFTEN ILL-EQUIPPED TO UNDERTAKE OPERATING MODEL TRANSFORMATION WORK BY THEMSELVES. ❞❞

ADAPTIVE STRATEGIES ENABLE PIVOTING INTO NEW OPPORTUNITIES

While businesses understand the significance of rising customer expectations, many still lack the ability to meet them. They need organisational agility to respond rapidly.

The ability of companies to respond swiftly to customer demands with personalised offers has exploded over the past decade with the rise of companies such as Amazon, Netflix and Uber. Most retailers have been forced to up their game accordingly. Consumers have become accustomed to same-day deliveries, reliable online recommendations, positive customer reviews, low prices and a seamless shopping experience.

TRADITIONAL STRATEGY IS OBSOLETE

Traditional strategy planning approaches are now outdated in the face of such fast-changing customer expectations and wider market disruption. Consider how many annual planning exercises are cumbersome affairs, dominated by internal budget debates and departmental wrangling, where the resulting outputs quickly gather dust. Or the significant management time and effort spent on developing a five-year strategy, only to find it has quickly become obsolete as the real world changes at pace.

This is not to say that long-term strategic planning is dead. Organisations still require a well-defined vision, a strong sense of purpose and a clear view of their sources of differentiation. However, to respond and thrive in an ever-changing

market, leaders must foster a more adaptive approach to strategy that:
- embraces and responds to change and volatility
- integrates innovation and experimentation into the strategy process
- empowers local leadership to co-create strategy and prioritise new opportunities
- delivers in much shorter 'strategy-to-execution' cycles

ADAPTIVE STRATEGY IN ACTION

The organisational responses to COVID-19 are prime examples of adaptive strategy in action. When the global pandemic struck, for instance, it threatened Spotify's core 'free-user' business model and revenues, as major advertisers abruptly cut their budgets. The digital music provider responded by pivoting its offering to include original content (with healthier margins) in the form of podcasts. In one month alone, artists and users uploaded over 150,000 podcasts and Spotify signed exclusive deals with celebrities such as Joe Rogan and Kim Kardashian West.

Larger incumbent companies also pivoted during the crisis. As demand soared for essential products, consumer-goods powerhouse Unilever began to prioritise its packaged food, surface cleaners and personal hygiene brands over other products, such as skincare, which saw falling demand.[3]

Product development and innovation was ranked as a critical benefit by 54% of our survey respondents. This finding reinforces the view that innovation rarely happens by chance. Successful organisations are clear and realistic about both their innovation ambitions and whether their future success relies on them being a first mover, fast follower or even a late adopter.

Importantly, they match this ambition with the right innovation framework, experimentation, talent and investment to deliver results at scale. For example, Tesla enjoys first-mover advantage in electric vehicles, but has pursued an innovation-intensive strategy to achieve this, with a bold, high-risk investment in battery development, software design and charging networks for its cars.

The reality is that most organisations are not first-mover innovators. But an adaptive strategy can help them respond rapidly to innovations elsewhere. Samsung is a prime example of a fast follower. Every time Apple launches a new product, Samsung brings out its own version a year or so later, whether it's the touchscreen phone, the tablet or the smart watch. Attuned to what its competitors are doing, it rapidly comes up with its own, competitive version.[4]

> ❝ THE IMPORTANT THING IS THAT LEADERS UNDERSTAND THE CULTURE AROUND AGILITY AND THAT CHANGE IS CONSTANT AND THAT THINGS ARE NEVER GOING TO STAND STILL. ❞

CLIENT INSIGHT

Mark Skinner, human resources director for digital at William Hill

THE NEED TO PIVOT AND FLEX

Organisational agility is the ability to pivot and feel comfortable with the idea that we are going to try new things. If it's not working, we'll stop and try a different approach.

For a digital business like ours, everything is so fast-paced that you don't have the luxury of being able to sit back and try to understand if a change is going to work or not. You just have to make the changes and then improve and update them; and be ready to scrap them if they really don't work.

I think it's about being able to flex. The important thing is that leaders understand the culture around agility and that change is constant and that things are never going to stand still. A crucial aspect is for the centre to explain this carefully to staff. We summed it up with the message to our people: "Change is the new normal".

CLIENT
INSIGHT

Amina Graham,
former chief
transformation
officer at housing
associations RHP
and L&Q

CUSTOMER EXPERIENCE

Today's customers are becoming ever-more demanding. They want more choice, more convenience and more control. They want everything quickly: the same day or next day. They want seamless experiences and not to have to repeat themselves when they contact businesses with a problem. They expect companies to know who they are, what their issue is and to respond instantly to their query. They also want to trust the organisations that they do business with; so there is more questioning about corporate ethics and green credentials than ever before.

To meet these demands, it is vital to listen to the voice of the customer and understand customer behaviours and patterns, not just within your own organisation, but by looking more widely at the brands that resonate with them. What does good service look like to your customers? Delivering an improved experience that matches rising customer expectations has led many organisations to move from process-led design to service-led design. They need to make service better, faster and lower cost for customers.

To be truly service-led, customer needs must be at the heart of the business. They should be able to self-serve at any time, at any place, on any device. Creating a service-led business means knowing your customers, using your data intelligently and making decisions at the nearest point to the customer as possible.

So always think digital, but act human. Automate where you can but keep your brand personality alive and consistent for the customer.

CUSTOMER CENTRICITY IS PARAMOUNT

Successful organisations place customer experience and insights at the centre of their adaptive strategy and decision-making. This customer centricity determines what to focus on, how best to organise internally, where to invest, how to recruit and how to incentivise.

Heightened customer expectation has become a defining factor for modern businesses. Customers are benchmarking their experiences across sectors, looking to the best in breed to set the bar, then translating these experiences across all of their touchpoints regardless of the industry.

While businesses grasp the importance of responding to rising customer expectations, many still lack the ability to meet them. This mismatch between how organisations view customer experience and their ability to respond is a striking feature of our research.

Some 62% of survey respondents say customer experience is at the heart of their organisation, yet 64% don't believe they can exceed customer expectations. It is no surprise then that meeting changing customer experiences ranked among the top three pain points likely to keep executives awake at night.

This is significant because it suggests that organisations are at risk of being outpaced by new players who succeed in raising customer experience levels. The lesson is that businesses must be prepared to adapt to rising expectations and need organisational agility to respond rapidly to the latest developments.

While 60% of our survey respondents say their organisations continuously run initiatives to improve customer experiences, only a quarter (25%) have a fully resourced, strategic customer experience improvement initiative or function. Such a function may be a

customer experience department, led by a board-level chief customer officer, with analysts crunching data from surveys, social media and customer service. This data is invaluable in understanding how consumer needs are evolving.

Three-quarters (75%) of businesses need to enhance their customer experience initiatives and require a dedicated function to achieve this. For those companies lagging behind, it's time to accept that excellent customer experience is no longer simply a 'nice to offer' – it's become a hygiene factor. Organisational agility is critical to meeting rising customer expectations. Our survey shows that better organisational agility is considered the number one factor in improving an organisation's ability to meet customer expectations.

> ❝ CREATING A SERVICE-LED BUSINESS MEANS KNOWING YOUR CUSTOMERS, USING YOUR DATA INTELLIGENTLY AND MAKING DECISIONS AT THE NEAREST POINT TO THE CUSTOMER AS POSSIBLE. ❞

THE CUSTOMER CHALLENGE

62% SAY CUSTOMER EXPERIENCE IS AT THE HEART OF THEIR ORGANISATION

30% RANK IT AS ONE OF THE TOP THREE PAIN POINTS LIKELY TO KEEP THEM AWAKE AT NIGHT

64% DON'T BELIEVE THEY CAN EXCEED CUSTOMER EXPECTATIONS

DELIVERING MEANINGFUL TRANSFORMATION

Successful organisations have the mindset and capability to execute their transformation faster than their competitors, achieving more meaningful results.

Transforming a business is a daunting task. The potential rewards are high, but so too are the risks to both the organisation and individual reputations. Organisational agility is about finding the balance, knowing when to act and taking decisive action, often in the face of strong resistance. It is basic human nature to seek certainty, consolidate the status quo and resist change. Organisations are no different, with 41% of our survey respondents indicating that stakeholder resistance is one of the top transformation barriers for business leaders to overcome.

INSIGHT-DRIVEN ACTION

Having the right data and insights is critical to knowing when to act quickly and decisively. Many organisations are simplifying and streamlining decision-making by pushing as much accountability as possible to the frontline. Aligned to this, just over half (55%) of respondents cited improved ways of working and decision-making as a major benefit to refreshing their organisation's operating model, indicating that this is an effective way of clearing out the complexity and politics that inevitably build up over time.
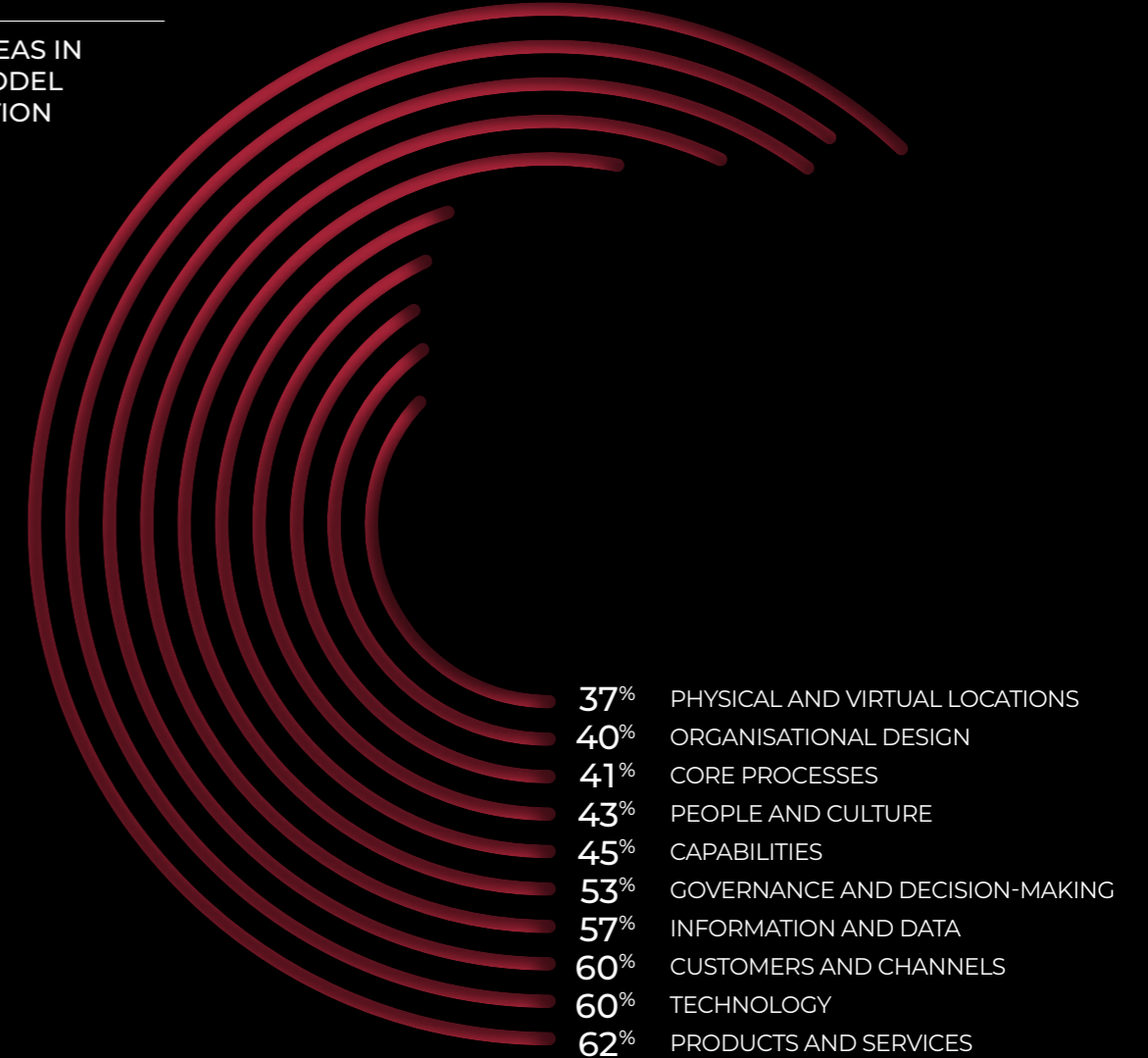
Our research also shows that executives rank products and services (62%), technology (60%), customers and channels (60%), and information and

data (57%) as the key areas of focus when transforming their organisations. It's no surprise to see technology and data ranked high. The advent of 5G, cyber security, cloud, artificial intelligence (AI) and the Internet of Things – among other innovations – means organisations are struggling to keep up with this disruption. For example, the global market in big data and analytics is forecasted to grow to $103 billion by 2027, nearly double its current size.[5]

Businesses that embrace organisational agility are likely to be more effective at scanning the market, making sense of this disruption, and integrating new technology and data into their business to drive greater performance.

❝❝ WE WERE DETERMINED THAT OUR DESIGN APPROACH WAS DATA-DRIVEN, ONLY MAKING CHANGES THAT WERE BACKED BY VALID INSIGHTS AND HELD TRUE TO THE ESTABLISHED PRINCIPLES. **❞❞**

KEY FOCUS AREAS IN OPERATING MODEL TRANSFORMATION

37%	PHYSICAL AND VIRTUAL LOCATIONS
40%	ORGANISATIONAL DESIGN
41%	CORE PROCESSES
43%	PEOPLE AND CULTURE
45%	CAPABILITIES
53%	GOVERNANCE AND DECISION-MAKING
57%	INFORMATION AND DATA
60%	CUSTOMERS AND CHANNELS
60%	TECHNOLOGY
62%	PRODUCTS AND SERVICES

CLIENT INSIGHT OVERCOMING CHALLENGES

James Fullarton,
director of architecture at Smith & Nephew

Smith & Nephew had made the commitment to modernise IT, rapidly, such that it could add more value to the business and become a revenue generator, rather than a cost centre.

We started by defining a set of principles that we wanted to achieve from the transformation, such as getting closer to customers, making it easy to do business with us, working faster, having greater accountability and offering modernised services. We were determined that our design approach was data-driven, only making changes that were backed by valid insights and held true to the established principles. The investment case was prioritised to the areas that would give the greatest payback.

We set ourselves a tight timetable to deliver a workable operating model in 10 weeks. The transformation has been very successful and is achieving its aims and hitting its targets over time.

COMPLEX CHANGE IS INHERENTLY MESSY AND UNPREDICTABLE
In an increasingly complex and volatile world, the people-related aspects of change are critical but often messy and unpredictable. Traditional, linear, 'fire-and-forget' change approaches (involving limited communication and training) are not effective and undermine the entire transformation.

A flexible, agile approach to change is needed to take employees and other stakeholders on the journey. This should emphasise the following characteristics.
• Minimum viable changes – Launching changes through frequent and incremental releases, so they are easier to implement with impacted groups and results are achieved faster
• Co-creation – Successful change management requires impacted

stakeholders to be involved in the proposed changes and collaborate on solutions
• Insight-driven – Experimenting with different change approaches to nudge users towards new behaviours, using qualitative and quantitative data to measure the success and adapt accordingly

IMPORTANCE OF TRANSFORMATION INTENSITY
Meaningful transformation can be a long, hard journey. Successful organisations commit with intensity and focus; they are prepared to make tough decisions and have a laser-like focus on results and outcomes.

Business leaders also back their transformations with the right level of energy, conviction and transformational talent to see the changes through.

Our research highlights the difficulty of achieving this in practice. Over 60% of business leaders surveyed view building long-term transformation capability and being able to effectively change as among their top three major pain points.

Change is now the new normal and businesses are increasingly investing in their own internal transformation resources in an effort to keep up. With only a quarter (25%) of organisations believing they currently have all the skills and resources to deliver transformation, having the right ecosystem of transformation partners is essential.

Organisational agility is most successful when firms invest in their own transformation capability, while seeking external partners and specialists to enhance and turbo-charge their most complex transformations.

THE SKILLS GAP

75%
SAY THEY DO NOT HAVE ALL THE SKILLS AND RESOURCES TO DELIVER TRANSFORMATION
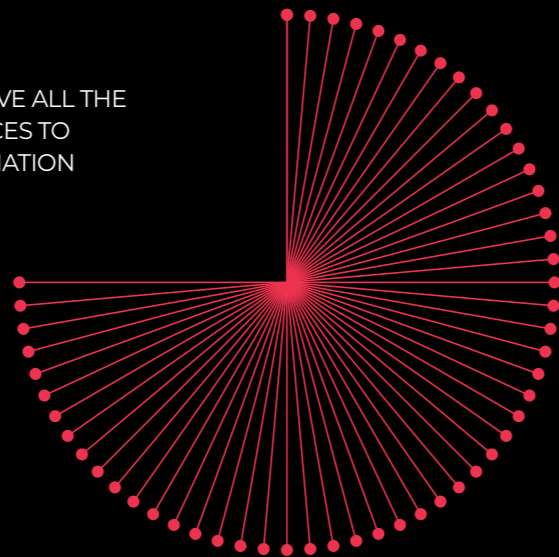
FINAL THOUGHTS

Business leaders recognise that they are now operating in an era of change, adaptation and transformation. Yet many organisations are not designed for success today, having evolved piecemeal over decades.

The shift from lumbering legacy business into a nimble, agile organisation does not happen overnight. But long-established giants can achieve huge advances through operating model transformations.

It is interesting to ponder how those businesses surveyed for our report will fare over the next 10 years. This decade is

shaping up to be one of dramatic change. It has started with a global pandemic and rewriting of the economic order. More upheaval is on the way with the fourth industrial revolution which combines 5G, the advance of AI, the Internet of Things and the rise of the robot economy. Increasingly urgent concerns around climate change, sustainability and equality are also becoming part of the mainstream agenda.

Businesses must be constantly vigilant when it comes to the drivers that are revolutionising their markets and make sure they have the organisational agility to respond.

ENDNOTES
1 The 'Manifesto for agile software development' was signed in 2001 and consists of 12 core agile principles, such as welcoming changing requirements, even late in development
2 Francesca Gino, 'Why curiosity matters', *Harvard Business Review*, October 2018
3 Mauro F. Guillén, 'How businesses have successfully pivoted during the pandemic', *Harvard Business Review*, 7 July 2020
4 Julian Birkinshaw and Kathy Brewis, 'Lessons from the world's best-known fast-follower: Samsung', *Think at London Business School*, 12 October 2016
5 'Big data market size revenue forecast', *Statista*, 2020

ABOUT GATE ONE

Gate One is a leading digital and business transformation consultancy focused on designing and delivering meaningful change for some of the world's most interesting, innovative and influential organisations.

We work closely with the C-suite and extended leadership teams across FTSE companies, private businesses and major government departments to conceive and deliver the big ideas that will transform their organisations.

Our extensive experience of working on complex transformations means we know how to create the conditions that will drive success, deliver value and help you meet your most challenging goals. We work in close collaboration with you to design a solution that's customised to your needs, building your ownership and capability as we go along. This creates a ripple effect and ensures the changes we implement together are meaningful and sustainable.

CONTRIBUTORS

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