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BCG'S TIP ENSURES TRANSFORMATIONS HIT THEIR TARGETS

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WE'VE ALL BEEN THERE: the dreaded “check-in” meeting about the latest transformation effort. This time, you, the CEO, file in with the rest of the management team, thinking about how the company has launched three transformations in the last five years, and how these check-ins have grown longer over time. Having been named CEO just a few months back, you can't afford another failed effort.

The meetings today are scheduled for two hours but last three. There are multiple Powerpoint presentations to trudge through, and the shortest is 65 slides. At the end of the day, after a handful of meetings and hundreds of slides, you ask yourself, “So we are really on track? What should I say tomorrow at the town hall?” You honestly can't answer. And you have no stamina left to find out.

Transformation Has Become the New Normal

The need for transformations has never

been greater, and the bar for executing them has never been higher. According to BCG research, 52% of large companies are undergoing transformations at any given point—a number that has steadily increased over the past five years.

Indeed, industry research shows that 73% of organizations have overlapping programs in place. Transformation has become the new normal and yet only 14% of organizations follow a robust change-management process.

Success requires the meaningful engagement of the entire workforce, since employees will be required to fundamentally change the way they work each day. Yet most programs and initiatives have become extremely complex, with layers upon layers of processes. That kind of complexity has led to bureaucracy and has discouraged teams.

To address this challenge, BCG has developed the Transformation Impact Platform (TIP). TIP distills BCG's decades of trans-

formation experience—more than 750 client engagements, across all industries—into a single set of tools. It addresses the two key requirements of transformation success: commitment throughout the organization and disciplined execution. The first requirement is attained through tailor-made approaches that energize the workforce and equip the organization. The second through program management tools and Impact Centers.

TIP strips away bureaucracy and inertia, giving leaders a clear idea of the status of current transformations. It is not only about energizing the leadership, but also about cascading the engagement to the front-line leaders, critical to transformations. It creates a high-performance culture and, in that way, helps companies tame the complexity monster.

Three Dimensions of TIP: Energize, Equip and Execute

TIP helps companies implement transformations in three specific ways: energizing teams, equipping the organization and executing change.

ENERGIZE THE WORKFORCE

TIP addresses the people component of change. At many organizations, even though leaders set ambitious goals, teams are not fully committed and do not have the capabilities needed. When this happens, some people adopt a passive-aggressive behavior that undermines the transformation in a thousand small ways.

To avoid this pitfall, TIP structures change programs in a logical sequence, to generate momentum over time. The leadership team sets individual baseline, securing alignment on the ambition, through personal plans. They engage with teams on a purpose for the transformation that speaks to both hearts and minds.

TIP also leverages multiple channels of communication to ensure that the transformation is the top priority of all employees and that messages about it cut through the noise created by an avalanche of corporate

information. Individual and organizational incentives are redesigned to spur progress and energize teams and the workforce overall. In addition, ongoing pulse checks enable leaders to gauge employee engagement and adjust communication plans accordingly.

EQUIP THE ORGANIZATION TO SUCCEED

The second dimension of TIP entails equipping the organization to succeed over the long term. Based on work done by BCG's Global Centers of Excellence, this dimension ensures that clients build the capabilities they need to implement future transformations on their own. Specifically, the goal is to build new ways of working and a mindset of continuous improvement—at the level of individual skills and organization wide capabilities, such as digital advantage, advanced analytics, pricing, and lean.

EXECUTE CHANGE

The third dimension of TIP is execution with discipline. TIP uses Impact Centers—physical rooms that enforce new, simple, and powerful routines to manage the transformation. The routines are designed to help change leaders create a culture of agility, speed, and collaboration.

By using Impact Centers, companies can skip the tidal flood of unnecessary status updates and instead focus on what matters: correcting course of action, making decisions, and resolving problems. Meetings are 30 minutes at most, and no individual project gets more than 3 to 5 minutes. There are no slide decks—managers update key charts on display.

TIP also uses a mobile, cloud-based software application, called Key by BCG, which encompasses the full suite of BCG's program management tools. Those features include rigorous program management, roadmaps, milestones and objectives, and DICE, among others.

By bringing these features together into a single, multi-device application—including an intuitive user interface—Key by BCG enables initiative and transformation lead-

ers to set bolder ambitions and oversee multiple large-scale companywide programs, including the management of interdependencies. Key by BCG creates flexibility for management teams, allowing them to prioritize specific initiatives across the portfolio, based on the progress of those initiatives and the speed of external changes in the market.

In combination, the Impact Centers and Key by BCG software provide leaders a more effective way to manage large programs. Whereas Impact Centers provide the core execution element, Key by BCG is a status check. Together, they focus leaders' attention on what matters: specific issues to solve, strategic relevance, and specific ways to generate greater (and faster) impact.

Impact Centers and Key by BCG enable the execution across all stages of a change program, from defining targets and ideas at the outset to implementing and delivering on the P&L. Over the course of the transformation, they create an outcome-driven culture within the organization.

Five Ways TIP Outperforms Other Platforms

- 1. Energized and equipped organization.** Leadership teams need the active involvement of everyone in the organization to push the pace of change and generate ideas for further improvements. TIP helps front-line leaders take a greater degree ownership and engage more deeply in their roles.
- 2. Flexibility.** TIP can quickly scale up or down to match a company's needs. It works with all types of transformations—from cost reductions to digitization—and new revenue models.
- 3. Adaptive portfolio management.** TIP allows companies to continuously balance and adjust the portfolio of change initiatives in nearly real time. This approach allows the company to keep moving toward its long-term objective through short-term changes to its operating environment.

- 4. Faster results.** In the past, program-management software required 2 to 3 months of set-up time. TIP, by contrast, is a plug-and-play application that companies can begin using on day one, to put leaders in the driver's seat and begin generating results right away.
- 5. Sustainability.** TIP counts on enablement programs to achieve sustained impact from the start: new capabilities, better teams, new behaviors, and continuous learning.

Billion-Dollar Impact for a Steel Manufacturer

The value of TIP is illustrated by a recent BCG project with a steel manufacturer in India. Market and regulatory forces had put intense pressure on the manufacturer's profitability and cash position. Moreover, the company was already a global benchmark in multiple KPIs and processes, having undertaken multiple improvement programs in the past. This left little room for improvement through "low-hanging fruit." In this scenario, BCG worked with the company to drive a step change, sustainably and holistically. In the process, the team helped turnaround performance on multiple financial metrics.

The team used Impact Centers as the nerve centers of the transformation journey—placing one in each department and under the aegis of the line leader. The entire structure was subsequently supported by more than 500 change agents from the middle management, who were responsible for the entire lifecycle of value delivery—from ideation to delivery and beyond.

The program defined the new way of working for the organization, bringing people from across functions and locations onto a common platform for driving change that used a single methodology and language for change.

Ultimately, this effort led to cost savings of more than \$1 billion over a 3-year period, with a further \$1 billion of value identified. More critically, the ownership and drive

from the middle management has been unparalleled, leading to sustainability of more than 85% of the effort's savings. As a result, the leadership team is treating the program as a lighthouse project that will underpin subsequent transformations.

Improving Transformation Performance

TIP is not a magic wand. Transformations are—and likely always will be—challenging. But complexity makes transformations harder than they need to be.

By streamlining processes, reducing bureaucracy, increasing transparency, and energizing and equipping the team, TIP gives companies the rigor and discipline they need to successfully tame the complexity monster. In this way, the platform provides management teams means to improve their transformation performance, and thus compete more effectively, despite an economic environment that gets tougher all the time.

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