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in co-operation with
The Economist Intelligence Unit

Trends in Business Transformation

Survey of European Executives

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Business transformation has become a central way of working.

Companies in Western Europe have carried out an average of seven transformation projects in the past three years.

The forces of globalisation will continue to increase the level of transformational activity in the next three years.

Implementation is seen as the riskiest stage of a project.

Having executives in the company who champion business transformation is a key factor that ensures the long-term success of a business transformation.

To be successful, a transformation project must be referenced continuously to the future state of the organisation.

Each person and each change agent must be able to see what the change is about.

Corporate leaders need to have a very clear vision for their core business as well as an ability to align human resources across diverse corporate, cultural and political environments.

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Definitions of business transformation vary, but for the purposes of our survey, the term is used to refer to strategic, enterprise-wide change projects that have a profound impact on the organisation's capabilities, environment, processes and performance. Correctly planned and implemented, business transformation can have far-reaching implications and benefits for the organisation, as well as deliver significant results that are visible on the bottom line. The project types covered by our definition of business transformation are as follows:

- Corporate transactions (such as M&A and divestitures)
- Outsourcing/offshoring
- Strategic changes (such as changes of business model)
- Enterprise-wide IT projects
- Cross-functional improvement programmes
- Enterprise-wide organisational restructuring; and
- Value-chain optimisation initiatives (such as major supply chain projects)

Introduction

The past few decades in business have been characterised by a succession of fundamental shifts in the way companies operate and structure themselves. In their search for greater efficiencies, economies of scale or lower costs, companies have embraced trends such as outsourcing, offshoring, and mergers and acquisitions, while rapid technological development has transformed the way information is shared and communicated, and the way business processes and transactions are conducted.

Although trends such as offshoring, mergers and acquisitions, and large-scale IT projects can have different objectives and require different skills, they are all examples of business transformation. Each type of project requires executives to set clear objectives, to ensure that those aims are understood by everyone in the organisation and to focus carefully on the implementation stage so that the objectives are achieved. In short, each project is about managing large-scale change – something that in today's highly distributed, global organisation is a complex and demanding undertaking.

Based on a survey of senior executives from Western Europe and a series of in-depth interviews with executives, this briefing paper produced by Capgemini Consulting in co-operation with the Economist Intelligence Unit, explores the trends that are driving business transformation and looks at the challenges and opportunities presented by this vital aspect of contemporary business.

The findings are based on two main strands of research: an online survey of 125 senior executives from Western Europe at businesses with minimum annual revenues of US$500m and interviews with 15 senior executives from across industry to ascertain their views. Our sincere thanks go to all the interviewees and survey respondents for sharing their insights on this topic.

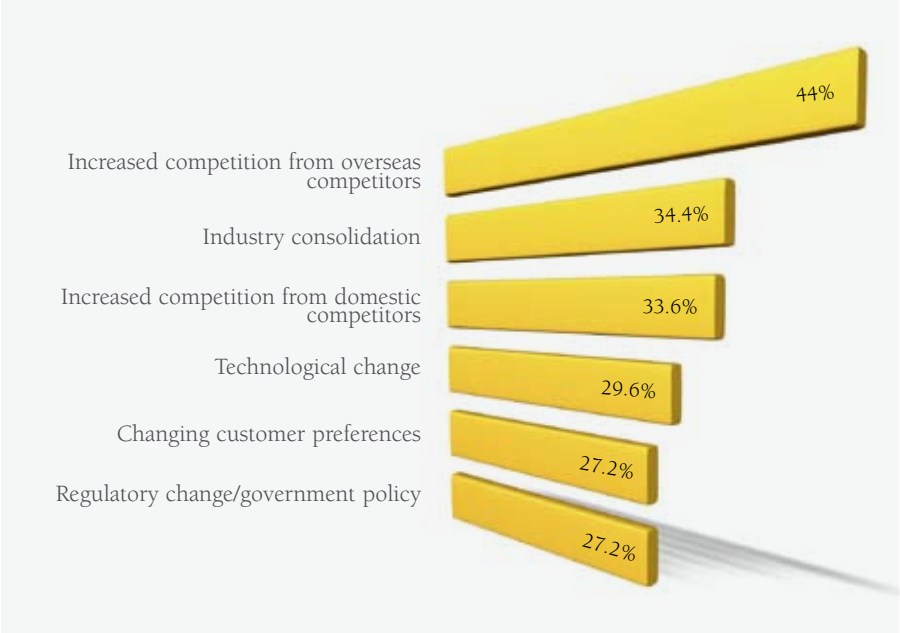
Executive summary

The need for business transformation has never been greater in the modern organisation. But while companies are gradually becoming accustomed to being in the midst of constant change, they often lack the knowledge and skills they need to thrive in such an environment. The aim of this report is to look at the factors that are driving the need for business transformation, to assess the experiences of European businesses as they grapple with implementing complex change projects, and to recommend ways in which executives can improve the success rate of transformation in their organisation.

The recent surge in mergers and acquisitions around the world serves as a potent reminder that there is no such thing as a static business environment. Factors such as competition, deregulation, technology and, perhaps most importantly, globalisation, continue to exert a strong pressure in boardrooms across every industry, forcing executives to reinvent constantly the way in which they operate or structure their business. Change, it seems, is no longer a rare occurrence – increasingly, it is the normal state of affairs.

Executives have responded to this pressure to transform their business using a variety of mechanisms, including efficiency programmes, large-scale outsourcing contracts, as well as the aforementioned mergers and acquisitions. These business transformation projects have become central to the corporate agenda, and it is now unusual for large companies not to be in the throes of either planning or implementing some form of major change project.
But while business transformation has become central to the way in which companies conduct their operations, it is rarely a natural capability for the individuals who are tasked with planning and implementing these projects. Business transformation projects are inherently complex, and the fear of change can create a powerful state of inertia, deterring executives from making robust decisions and creating a culture of mistrust among those employees who are affected by the change. As a result, successful business transformation requires strong leadership, clearly stated objectives that are understood by everyone involved or impacted by the project and a strong focus on the implementation stage.

Fig. 1 • The six most important external trends driving the need for business transformation over the past three years



- **Changes in the global business environment are an important driver of business transformation**. When asked to select the external trends that they felt were driving the need for business transformation, 44% of respondents cited increased competition from overseas competitors (fig. 1). As trade barriers continue to fall and as technology erodes the constraints of physical geography, companies in Western Europe face increasing levels of competition, especially from emerging markets, and a common response has been to use business transformation to cut costs using outsourcing, increase economies of scale using mergers and acquisitions and improve the efficiency of business processes using major IT implementations. This is reflected in the findings of our survey.

- **Business transformation bas become a central way of working**. Overall, 86% of respondents to this survey agreed that "business transformation has become a central way of working". The proportion who believe that business transformation is something at which their company excels, however, is just 30% (fig. 2). Companies in Western Europe represented by this survey have carried out an average of seven transformation projects in the past three years

" Companies in Western Europe have carried out an average of seven transformation projects in the past three years "

and, in general, expect the number that they undertake in the next three years to increase slightly. Levels of transformational activity are generally higher among larger companies than among smaller.

- **Setting objectives is not enough — implementation is the riskiest stage**. While respondents tend to rate themselves fairly highly for determining the need for business transformation and setting objectives, they are less confident about implementation, which is seen as the riskiest stage of a project by the highest proportion of respondents (38%).

" Implementation, is seen as the riskiest stage of a project "

The failure to achieve original objectives is also cited as the most common reason for project failure by 46% of respondents. Taken together, these results suggest that companies pay too much attention to setting objectives, and not enough to the mechanics and processes that will ensure these objectives are met.

- **The secret to success resides in strong commitment throughout the project**. Strong leadership and the support of senior managers are seen as the most important factors that ensure the long-term success of a business transformation project. This means that chief executives should not just initiate projects – they should also play an active role throughout their duration by setting clear objectives and ensuring that the whole organisation buys into the vision. Forty-seven percent of respondents said that having executives who champion business transformation is a key factor that ensures success, second only to having good project management and organisation at 53% (fig. 3). Traditional project managing skills, however, may not be enough. In today's organisation, the ability to lead transformation and manage large-scale change is more important.

Fig. 2 • Business transformation skills

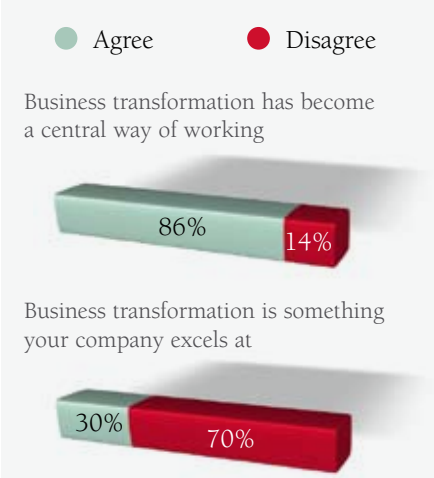


Fig. 3 • The three key factors that ensure the long-term success of a business transformation project

Why do European companies need business transformation?

The drivers of continuous change

The respondents to our survey said that, on average, their companies had undertaken seven transformation projects over the past three years.
The vast majority (91%) also predicted that their level of transformative activity would remain the same or increase over the next three years. Since most business transformations take years rather than months to complete, it follows that many projects are now running concurrently at large companies across Western Europe. No wonder 86% of our respondents agreed with the assertion that "business transformation has become a central way of working."

> " Business transformation has become a central way of working "

When asked to identify the most important external drivers to their recent business transformation projects, our respondents pointed to three in particular: 44% cited "increased competition from overseas competitors", and 34% cited both "industry consolidation" and "increased competition from domestic competitors".

The catalyst in all of these things is, of course, globalisation.

Advances in information and communications technology have helped to standardise and harmonise business practices worldwide, while political and logistical barriers to cross-border trading have continued to fall.

Large companies in Western Europe are therefore having to fight more intensely on two fronts: against domestic

competitors using global supply chains (typically involving cheap Asian labour) to cut costs; and against foreign challengers who suddenly have the access and resources to challenge them in any market.

Our survey suggests that the main internal objectives of business transformation remain the same as ever: 54% of respondents cited revenue growth as the most influential, while 39% cited cost-cutting and 31% cited increased productivity.

" Revenue growth is the most influential objective of business transformation "

However, thanks to globalisation, the first of these is increasingly dependent on the second and third.

Companies across the West are suffering from the so-called "Red Queen Effect", whereby they make constant adaptations and improvements in an evolutionary arms race only for their competitors to do likewise and erode any competitive advantage they may have once had.
As the eponymous Red Queen said to Alice in Lewis Carroll's novel Through the Looking Glass: "It takes all the running you can do to keep in the same place."

The prevalent types of transformation

The three most prevalent types of business transformation project undertaken by our respondents over the past three years have been: corporate transactions (such as mergers, acquisitions and divestitures), which occurred at the companies of 57% of respondents; enterprise-wide IT projects (54%); and outsourcing/offshoring projects (53%). Looking ahead to planned transformation projects over the next three years, these three types again lead the pack, with 58% citing corporate transactions, 54% outsourcing and offshoring, and 51% enterprise-wide IT projects (fig. 5).

Fig. 5 • Trends in types of transformation

This prioritisation seems to fit with major trends in the external business environment. Worldwide M&A activity reached $1,930bn in the first six months of 2006, surpassing even the peak of the dotcom boom; IT continues to be at the core of all other types of transformation, especially with the growth of online retailing and the advancement of supply-chain and inventory management; and the rise of India and China has created opportunities for both major cost-savings in production and, in the medium to long term, new markets for products and services.

Henrik Scharling, restructuring officer at Lego, the Danish "play materials" manufacturer, says that transformation in his industry is being driven by the following needs: "continuous product innovation, reduced time to market and increased manufacturing flexibility." The last of these is arguably the most important, he adds, because it is what makes everything else possible. He explains that among Lego's recent business transformation projects was a drive to "right-size" the company's cost structures. Although its top-line was increasing continuously, so were its fixed costs. "What we've done in the past few years is to make this cost structure much more flexible, and clearly offshoring is an integral part of that." He says that by taking advantage of contract manufacturers in Eastern Europe and Mexico, Lego could reduce costs while responding to changing customer preferences more quickly. "Even sales of construction toys boom in some years and then dip slightly. You need to be able to adapt without heavy losses."

Responding to changing customer preferences is also regarded as a key driver for transformation by Jeremy Darroch, chief financial officer at British Sky Broadcasting, the pan-European satellite broadcaster. "It is very important that you stay focused on customers, and on how their requirements and consumption patterns are changing," he says. "Clearly, technology is a key driver for us, and politics, because we're a highly regulated industry, but starting with the customer is a critical way you navigate through a lot of other stuff."

Responsiveness is, in turn, dependent on structural flexibility, so should companies in Western Europe expect to transform their structures regularly in future? Our survey respondents appeared to think not.

Strategic change and organisational restructuring was experienced by 46% over the past three years, but only 33% and 25% respectively said they expected to experience it again over the next three years.

Richard Scase, Emeritus Professor of Organisational Behaviour at the University of Kent in the UK, warns that this could be a sign of complacency. "Some types of transformational activity among Western companies may have peaked," he says, pointing to the outsourcing/offshoring boom. "However, I believe the forces of globalisation will continue to increase the level of transformational activity overall, and especially in M&A.

" The forces of globalisation will continue to increase the level of transformational activity "

The growing harmonisation of business practices, coupled with our deepening understanding of doing business in Asian cultures, will make M&A a more compelling growth strategy for Western companies, while companies in India and China will increasingly see such transactions as a means to create globally competitive brands."

" Our deepening understanding of doing business in Asian cultures, will make M&A a more compelling growth strategy for Western companies, while companies in India and China will increasingly see such transactions as a means to create globally competitive brands "

What are the reasons for transformation success and failure?

Communicating a clear vision

When our survey respondents were asked to identify the key factors that will ensure success in business transformation projects, three clear leaders emerged: "support from senior management" (cited by 65% of respondents); "alignment with overall strategy" (42%) and "buy-in from employees" (32%) (fig. 6).

The effective communication of vision obviously has a role to play in all these things, and our interviewees were unanimous in their view that it was the most important ingredient in successful transformation.

"To be successful, a transformation project must be referenced continuously to the future state of the organisation," says Professor Scase of the University of Kent.

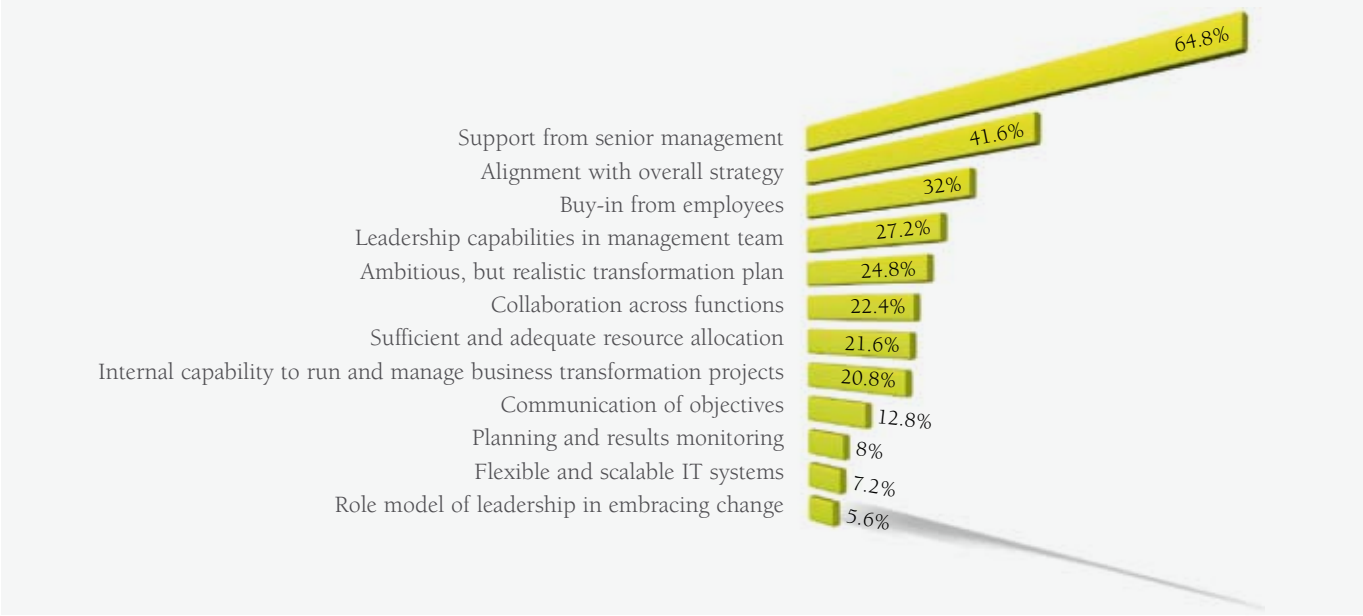
> " To be successful, a transformation project must be referenced continuously to the future state of the organisation "

"That is to say, the CEO must set a vision for the future that provides a context, and therefore a rationale, an explanation for transformation. And this vision must be reiterated continuously throughout the life of the project. Otherwise, the understanding of why it is being done may be lost."

He argues that a sense of vision is often lost during the implementation stage of transformation projects "because the project team is made up of functional experts whose primary skills don't include communication, meaning the vision isn't sufficiently clarified or 'sold' to lower-tier staff. In addition, there is insufficient consultation with lower-tier staff in the formulation of strategy."

Mr Scharling of Lego agrees. He says that the effective communication of vision has been vital to all the transformation projects he has led in various industries. You have to be clear about what you want and "ensure that everyone shares the same understanding of what this entails," he explains. "Anyone can use terms such as 'right-sizing' but, at the level of individual decision-making, you will find there are huge differences in how people perceive [such terms]. You have to make sure everyone is on the same page in terms of understanding what you want to do."

Fig. 6 • The principal factors that are likely to lead to successful business transformation projects



Frank Lopez, director for business consulting at SAP, an enterprise software company, highlights the importance of good communication about the objectives of business transformation. "Each person and each change agent must be able to see what the change is about," he explains. "They must not feel that change is being forced upon them".

> " Each person and each change agent must be able to see what the change is about "

The art of implementation

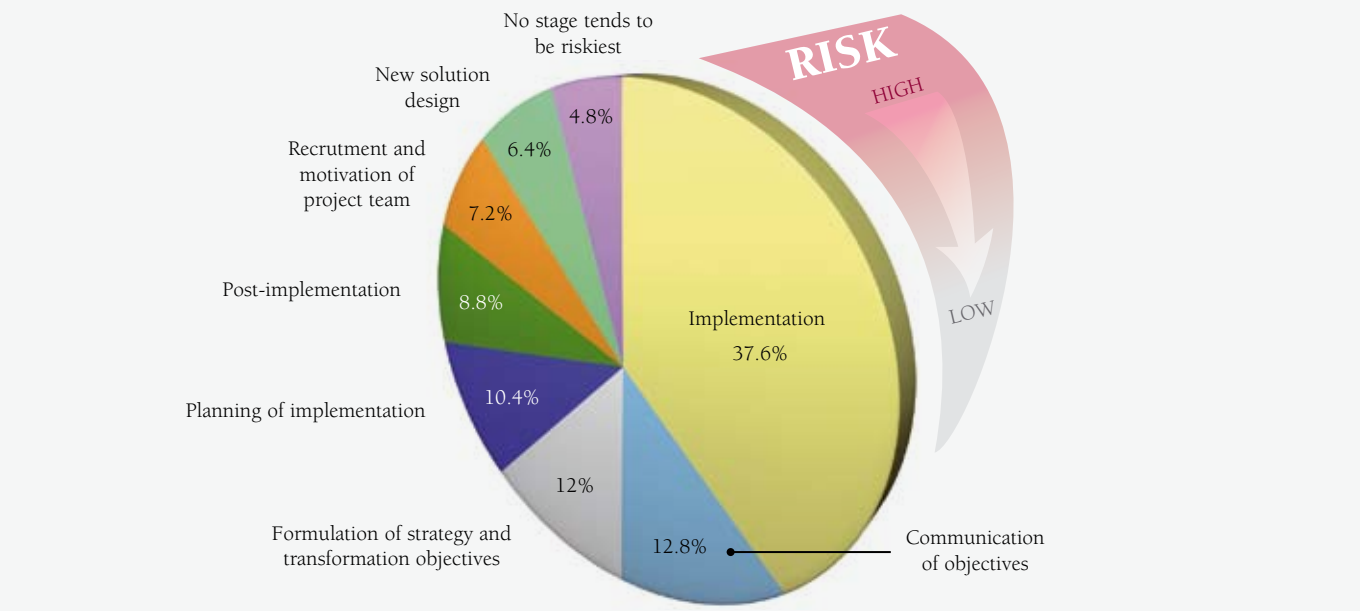
As in so many areas of business, it is far easier to plan a transformation project than to make it work. For this reason, a common shortcoming of many companies' business transformation plans is that they spend too long on setting objectives and do not direct enough time, energy and resources to the complex and challenging implementation stages. If they are to make business transformation successful, however, senior executives will need to see their roles as broader than just setting strategy – they must also expect to get their hands dirty throughout the duration of the project. "It is a mistake to think that setting objectives is enough to get results," says Jean-François Lendais, head of transformation consulting at Capgemini Consulting in France. "To make transformation work, you need to make accurate diagnoses, identify root causes of problems, track everything precisely and, above all, make sure that everyone from the CEO down shares a commitment to the project."

Our survey respondents judged implementation to be the riskiest stage of a business transformation project, with "communication of objectives" coming in second (fig. 7).

> " Implementation is the riskiest stage of a business transformation project"

Other findings (as well as the majority of our interviews) suggested that successful implementation depends on effective communication of objectives. For example, respondents rated themselves highly for setting objectives, with 64% saying that they are strong in this area, but 46% also cited failure to achieve original objectives as the biggest contributing factor in project failure (fig. 8 et 9).

Fig. 7 • Stages of a business transformation project where the risks of failure are highest?



"The art of implementation," says Mr Lendais, "is about achieving results by connecting operational actions to top management activities."

As well as setting clear objectives for employees and ensuring that they understand the vision, it is important to engage them throughout the implementation process.

Iain Ferguson, chief executive of Tate & Lyle, explains that this was an important element of the company's "One Voice United" campaign, which was designed to shift its strategic focus away from the commoditised wholesaling of sugar and starch towards added-value products such as sweeteners, biofuels and renewable plastics.

"Our vision communications team held 300 workshops with 6,000 employees in over 40 countries and 12 languages," he says. "To sustain the momentum, we have since used regular line-management presentations, management committee presentations, and a roadshow of what people are doing to fulfil the new strategy, involving "vision booths" and staff vox pops." He adds that "one of the things that keeps corporate cynicism at bay is success; we've doubled the share price since the programme started."

This leads us to consider the factors that determine whether or not a transformation project has been successful.

Fig. 8 • Companies' performance in different aspects of business transformation projects

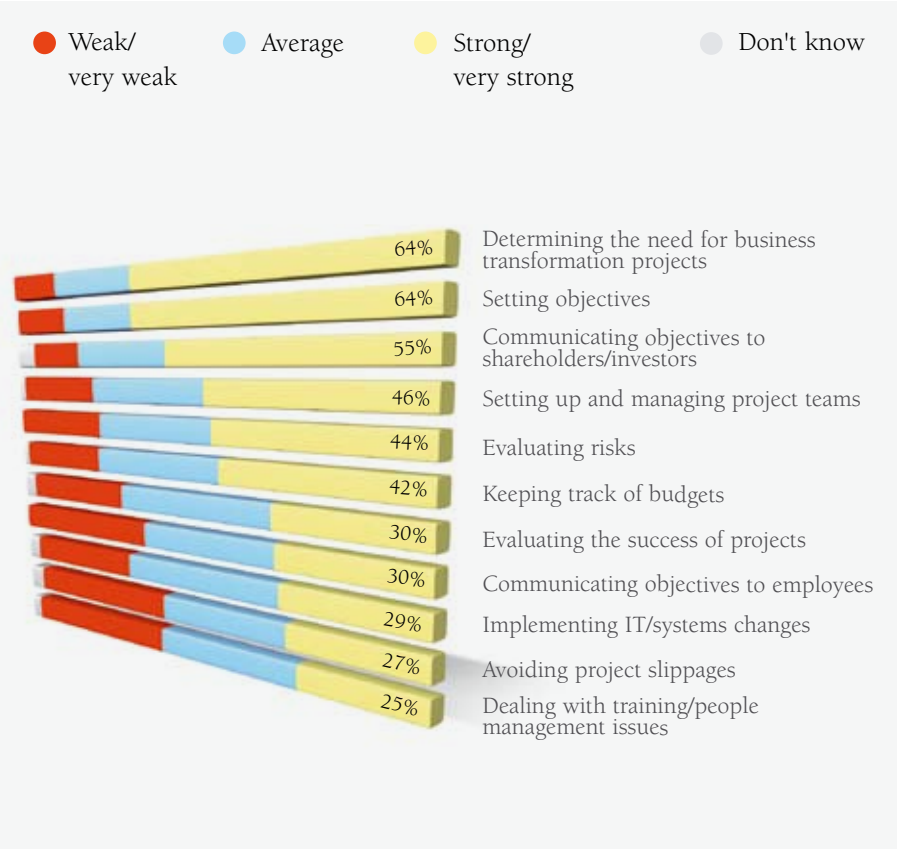


Fig.9 • The most common reasons for the failure of business transformation projects

The three success criteria judged most important by our respondents were "increased revenues/profitability" (cited by 69% of respondents); increased shareholder value (43%); and "recognised as a success by customers" (31%) (fig. 10).

The first of these is no surprise given that increased profit is the ultimate goal of any business transformation project, and it is easy to see how it can be applied as a success criterion to projects such as enterprise-wide IT upgrades or major supply-chain initiatives, which should generate immediate efficiencies upon completion.

However, the bottom-line impact of, say, strategic changes or corporate transactions can be harder to calculate, especially in the short term. For this reason, financial goals should not be regarded as drivers in themselves and should not feature in any vision as stated aims.

A transformation plan with the primary ambition of increasing shareholder value, for example, is unlikely to resonate with lower-tier employees who may not even own shares and so will not see themselves featured in the vision.

The need to look beyond the financials when judging the success of a project is something that Martin Ellison, group head of strategy and planning at Britannia Building Society, saw as particularly important when his company acquired the Bristol & West savings business from the Bank of Ireland in 2005. "We have a balanced scorecard approach to running the organisation, and that informs the way we take decisions. We don't just look at the financial numbers, we also look at how this is going to impact on customers, how it's going to impact on our people, and we take all that into account when we ask: 'Has this been a success?"

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Reynald Seznec, senior vice-president of operations at Thales Group, the French defence company, suggests that benchmarks such as key performance indicators should not be applied to transformation projects as a whole. "You can always segment transformation into a sequence of projects that give clear visibility [of progress] to your people," he points out.

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Even transformations whose effects are difficult to quantify should have end-points, he adds, but their focus should not be on immutable success criteria. Rather, it should be on short-term targets that "pave the way to your overall success".

For Mr Darroch at BSkyB, the crucial thing is to focus on effectiveness rather than efficiency. "Mount a pure efficiency drive and you easily go down the road of mere cost-cutting," he points out. "But if you focus your staff on the goal of becoming more effective, then you should become more efficient automatically."

Fig. 10 • The most important measures of success for business transformation projects

How can executives drive successful transformation?

The need for pervasive leadership

The view that effective leadership is crucial to transformation success is one that is supported by a host of findings from our survey. As mentioned above, support from senior management was judged to be the most important factor behind successful transformation projects. And for long-term success, the second most important was judged to be "having executives in the company who champion business transformation" (cited by 47% of respondents).

Having executives in the company who champion business transformation

The importance of leadership was also demonstrated indirectly in several other survey results: for example, 40% of respondents rated themselves below average on "dealing with training/people management issues"; 32% said that "buy-in from employees" was a vital factor in the success of transformation projects; and the second-most common reason for project failure (cited by 41% of respondents) was "non-acceptance or non-adoption by employees".

Significantly, the figure for "non-acceptance or non-adoption by employees" varied depending on whether or not the respondent was a C-level executive. For C-level executives, the figure was only 26%, whereas for non-C-level executives, the equivalent figure was 55%. The obvious inference to draw from this discrepancy is that C-level executives do not realise they are failing to communicate with their staff adequately.

"When CEOs shunt transformation projects to others for implementation and deployment, that's often where such projects go wrong," suggests Mr Darroch of BSkyB. "The people at the very top of an organisation need to commit time to projects throughout. This doesn't mean the CEO needs to be at every meeting, but it does mean he should be constantly available, to help with any difficult decisions that come up."

The people at the very top of an organisation need to commit time to projects throughout.

Alan Hartwell, vice-president of technical solutions and channels at Oracle, the software company, points out that, while a figurehead is important, the extent to which change is driven by that person depends on the next layer down. "You have to provide ideas for the people who are actually making the change happen. That is the role of any leader," he says.

Our interviewees agree that there is a difference between leadership skills and management skills. "The history of management is one of supervision, monitoring and checking up on staff," argues Professor Scase. "Leadership is about inspiring them: pulling them towards a positive outcome rather than pushing them away from a negative one." These words are echoed by Richard Sullivan, director of human resources at Xerox Europe, who suggests a good leader applies "positive pressure". "Negative pressure is beating someone up in a meeting and criticising attitudes," he says. "You have to keep a positive focus."

This is particularly true in the context of resistance to change – a factor which, when respondents were asked about their views on a specific project, was cited as being the biggest challenge in implementation. "There is a natural mourning curve that people who see change around them go through," explains Mr Lopez at SAP. "If you don't make the effort to win their commitment in the first place then you will encounter resistance."

Pierre Casse, academic dean of the Berlin School of Creative Leadership, believes that leaders who are successful in driving change through the organisation are also those who have rethought the basic premise of what leadership means. He points to recent research conducted by the European Leadership Centre, a consortium of academic experts on leadership of which he is a member, which suggests that most CEOs of large organisations cling to what Dr Casse thinks is an outdated model of leadership. "They insist that leadership means being out in front, bringing the rest of the organisation along behind. We have found that the most effective leaders today are those that lead 'from the back'—leaders who actively empower their staff to take risks and set ambitious targets, provide them the tools to achieve those targets, and step back and let them get on with the job."

The most effective leaders today are those that lead 'from the back'

Enhancing transformation skills

Mr Scharling of Lego adds that, as businesses globalise, their leaders need to develop an entirely new set of skills: "Leaders need to be able to take in a number of different cultures: it is no good for us to just think, speak and act Danish if we want to be a global company," he explains. This is a challenge that is being felt across Europe. In France, for example, the top 40 companies in France by market capitalisation make between 10 and 40% of their revenues in their domestic market. As a result, transformation projects are becoming much more intricate. "Transformation within a company's domestic market is complex enough, but when it involves several countries, each with different languages, cultures and ways of doing business, things get really, really complex," says Mr Lendais of Capgemini Consulting. To be successful with these kinds of projects, corporate leaders need to have a very clear vision for their core business, he suggests, as well as an ability to align human resources across diverse corporate, cultural and political environments.

To be successful with these kinds of projects, corporate leaders need to have a very clear vision for their core business, he suggests, as well as an ability to align human resources across diverse corporate, cultural and political environments.

Similar leadership skills are required in a post-M&A environment, according to Robert Kirschbaum, vice-president of innovation at DSM, the Dutch chemicals group. He explains that his company is still working to absorb and align the 7,500 staff it acquired with the Roche Vitamins and Fine Chemicals brand. "They have a history of less than five years with company," he explains. "Since I have 28 years' experience, the company assigned me a teaching role through our DSM Business Academy, which helps new staff to acquire the feel and smell of DSM and become a full part of the company and its culture. They are taught the systems developed by DSM to help them innovate successfully and to learn from the mistakes we made in the past."

You need to have people who can live in the middle of change

Ultimately, the success or otherwise of transformation projects will depend on the flexibility of the people involved. "You need to have people who can live in the middle of change," suggests Lars Gustavsson, chief information officer at Dutch bank ABN AMRO. "Your incentive and promotion structures need to be refocused to allow for 'project-oriented' people." In other words, you need people with diverse skill-sets who are good at multi-tasking and who can be moved between business units rapidly and frequently with no loss of focus.

Dena Knights, human resources director at Northgate Information Solutions, says that this is especially important during busy periods of acquisition. "People need to be trained and given the guidance they need, otherwise managers will drown," she says, explaining that her company runs workshops and training courses to equip people with the right skills. "We've done a lot of work in succession planning as well, so we're not relying on the same people time and time again to work on the acquisitions because that can create stress and burnout."

Companies who do not move their managers have fewer leaders in the end.

Mr Seznec of Thales says that his company tries to keeps its transformational skills fresh by moving managers from one role to another. "Spreading good practices of transformation can be done by spreading a good example," he says. In practical terms, this could mean that a manager with no project-leadership experience could be given their own pilot project, or a horizontal move for someone senior who has been in the same role for "too long" and may therefore be "at risk of not accepting changes". "It is better to move people in a positive way before letting them fail and then having to move them," he says. "I would say it is easier to do this with higher-level roles than down the ladder where people are more stable, but I think it's necessary... Companies who do not move their managers have fewer leaders in the end."

Conclusion

As companies continue to grapple with far-reaching changes in technology, competition, demographics and business practice, the need to undertake business transformation is likely to remain high on the corporate priority list. Among respondents to our survey, the average number of transformation projects undertaken over the past three years has been seven. This is already a high number but, with most respondents expecting an increase in the number of projects in the future, the need to steer the organisation through ever-more complex change will become more pressing.

The types of projects that companies are most likely to undertake in the next three years break down into two main categories. On the one hand, there is what might be termed "breakthrough projects" which involve the external environment in some way. This group includes mergers and acquisitions, offshoring and outsourcing. On the other, there are projects that are more internally focused and geared towards performance improvements. This group includes value chain optimisation, IT projects and organisational restructuring.

The centrality of business transformation to the culture and performance of the organisation reinforces the need to develop the skills and knowledge that are required to conduct it successfully. It is not enough for senior executives to set direction and formulate strategy – instead, there is a real need for them to demonstrate leadership by being involved throughout the implementation stage. By communicating objectives clearly and being on hand to deal with problems, executives are more likely to ensure commitment throughout the organisation. The implementation stage is not only the most important, it is also the riskiest, with the highest proportion of respondents saying that this is where projects are most at risk of failure.

While change will remain a constant challenge in the years ahead, the mechanics of business transformation are likely to evolve, with a move away from individual projects that have a beginning and end towards an environment of constant change. "There is no such thing as a change project anymore," believes Mr Sullivan of Xerox. "Change is embedded in the requirements of any business."

Tips for Successful Business Transformation:

- Remember that business transformation is not a one-off exercise – it is essential to scan continuously the external business environment and assess the need for business transformation on an ongoing basis
- Ensure that everyone in the organisation understands the objectives of business transformation and what it means for them. It is the role of the chief executive to provide the necessary context and rationale
- Remember that implementation is the riskiest stage of a business transformation project, so it is important to direct attention and energy here – not just to the setting of objectives. Executives who initiate business transformation projects should not expect to take a back seat during implementation. They should continue to play an active role for the duration of the project
- When determining the success of business transformation, it is important to look beyond the financials and consider the impact on shareholders, employees and, above all, customers
- Ensure that you have strong communicators on a business transformation team who can promote the project and motivate employees. It is not enough to select only "functional experts"
- Promote a culture in the organisation that eschews bureaucratic processes in favour of more agile decision-making and create an environment in which employees feel empowered to take initiative and share knowledge
- Ensure that the organisation has a flexible structure that means projects can be scaled up or scaled down as the need dictates. This requires the development of people who can manage change, are good at multi-tasking and can be rotated from one project to another without losing focus

About Capgemini Consulting

About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, called the Collaborative Business Experience. Backed by over three decades of industry and service experience, the Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and collaboration-focused methods and tools. Through commitment to mutual success and the achievement of tangible value, we help businesses implement growth strategies, leverage technology, and thrive through the power of collaboration. Capgemini employs approximately 68.000 people worldwide and reported 2006 global revenues of 7.7 billion euros.

Capgemini Consulting is the management consulting discipline of the Capgemini Group. We offer transformational excellence through understanding specific customer needs in all business sectors. Based on our strong functional expertise and our ability to accelerate change, we collaborate with customers to design the best strategies and execute the transformation, impacting both business results and growth. Across the globe, Capgemini Consulting has 5,000 management consultants.

Capgemini Consulting, leader in Business Transformation

When it comes to transforming a business, whether it's growing revenues, reducing costs, or developing a new go-to-market strategy, most companies may understand changes needed but lack the infrastructure, resources and/or time to deliver. We can help put together a case for change and then configure a successful program that will drive that through.

Capgemini Consulting provides:

- Sector-specific, functional, in-depth expertise, drawing on the wealth of experience of one of the world's premier consulting firms.
- Direction and management of major transformation projects, putting people at the heart of the process.
- Intimate knowledge of the company's field of operation, values, specific social and sociological features, and of its key players and their projects.

Our teams develop a culture of innovation that draws on Knowledge Management, a global network for assessing and sharing best practices in the Consulting profession, alliances and partnerships in the fields of knowledge, management and new technologies, and participation in numerous research projects.

Thanks

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Note on the research

Reinventing the Organisation: Trends in Business Transformation is a briefing paper produced by Capgemini Consulting and written in co-operation with the Economist Intelligence Unit.

The findings are based on two main strands of research:
The Economist Intelligence Unit conducted an online survey of 125 senior executives from Western Europe at businesses with minimum annual revenues of US$500m (€393m). Fifty percent of those surveyed were C-level executives. The survey encompassed a wide variety of primary, secondary and tertiary industries. The most heavily represented were financial services (accounting for 19% of respondents), manufacturing (17%) and IT & Technology (11%).

We also interviewed 15 senior executives from across industry to ascertain their views. The aim of these interviews was to identify trends in business transformation, to look at the lessons these executives have learnt from their experience of transformation projects, and to find out how they have overcome specific challenges related to transformation in their organisation.

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