DECODING TRANSFORMATION
From evidence to value

ACHIEVE COMPETITIVE AGILITY
Transformation today is constant, all-encompassing, rapid—and complex. Accenture Strategy research shows any given transformation can unfold in over 26 trillion ways.¹

Organizational transformation used to mean taking your teams from current state to future state on a journey with a discrete beginning and end. And major change efforts could have years between them.

For modern C-suite leaders, that now appears a quaint definition.

While more than 26 trillion change journeys may sound overwhelming, today’s advanced analytics can help companies demystify the human element of change. This is critical in an era where corporate transformations are about becoming living businesses, businesses so in touch with customers and the market that they ebb and flow in real time with changing needs. Does anyone remember that Abercrombie and Fitch began as a sporting goods company? That Samsung was founded as a trading company? That Philips used to be solely a lightbulb company? All have completely transformed and redefined themselves to not only survive—but thrive.

Not all organizations are as farsighted or as successful in their change efforts. Companies have invested more than US$3.2 trillion worldwide over the last five years in innovation-related investments.² Yet a meager six percent of companies report that more than 75 percent of their revenues now come from business activities begun in the past three years.³

The advent of advanced analytics opens a transformation door for companies that didn’t exist just five years ago. At Accenture, we work with clients to apply hard science to their efforts, providing a customized prescription for change. (See sidebar: Accenture Transformation GPS).

While every client’s situation is unique, there are common patterns that we see, based on analysis of two million data points from hundreds of transformations. That’s decoding transformation as it’s never been done before, effectively establishing a global positioning system (GPS) for organizational change.

Michael Bazigos
Managing Director – Accenture Strategy Talent & Organization
Michael leads Accenture Strategy’s Organizational Analytics practice. He helps organizations perform through evidence-based approaches to their most pressing issues in talent and organization. Michael is based in New York.

Manon Bosma
Managing Director – Accenture Strategy Talent & Organization
For nearly 20 years, Manon has worked in Asia Pacific and Europe leading the strategy, design and delivery of large transformation change programs for business, IT and HR. Manon is based in Geneva.

Lili Duan
Principal Director – Accenture Strategy Talent & Organization
Lili specializes in advanced analytics for organizational diagnostics, organizational design, and transformational change. Lili is based in Los Angeles.

Tim Gobran
Principal Director – Accenture Strategy Talent & Organization
Tim helps businesses around the world transform themselves using insight-driven strategies powered by organizational analytics. Tim is based in San Diego.
Using data from more than two decades of corporate transformations globally, Accenture Transformation GPS can help determine the best change routes for individual companies.

Data science can show transformation leaders exactly where their change efforts fall on a transformation map. Four zones—Off Track, Unsustainable, On Track and High Performance—make it easy to see where transformation efforts sit. Twenty regions provide further insights into an organization’s performance over time. Advanced analytics also pinpoint specific areas of strength and weakness, showing where change is surging forward and being waylaid. Measurement is based upon 10 main drivers of change, with two million data points collected from hundreds of global transformation efforts.
Data evidence points to the highest probability.

Change can work if C-suite teams forego the crystal ball approach in favor of hard evidence. For many organizations, the workforce is a key resource and a vital part of transformation initiatives. Roughly half (49 percent) of C-suite executives report employees are among their most disruptive stakeholders. Yet, executives are neglecting to use predictive insights with their workforce to foster successful change. Many companies use analytics to improve customer outcomes and experience. The same success is within reach with a similar approach to employee analytics.

High performers align their behaviors and ways of working to support their transformation. Using data from their people early and often helps direct and drive transformation strategies for more targeted outcomes. These teams measure frequently to keep themselves on track, showing an eight to 11 times improvement in their transformation score, compared to companies that take fewer measurements and spend less time monitoring.

The effort pays off. Our analysis finds that companies who achieve High Performance status on our Transformation Map deliver three times higher EBITDA than those who don’t—but it requires them to develop a superior change capability.

3X higher EBITDA
Delivered by companies who achieve High Performance status on our Transformation Map versus those who do not.
“Off course. Recalculating.”

Bespoke beats “best.”

Many executives still approach change as a do-it-yourself (DIY) proposition, requiring no special expertise or tools. But transformation is never simple. Given the number and complexity of choices—more than 26 trillion possibilities—neither one-size-fits-all nor subjective approaches work.

Enter data analytics. Through machine learning and prescriptive analytics, change leaders have access to insights that are based on their organization’s business goals and current situation. The result is a tailored prescription for change, with the highest probability of meeting their unique transformation needs. For example, companies can gain insight into the three or four transformation drivers that will have the biggest impact on their transformation efforts. And sequence matters. Because the drivers are interrelated, there is an optimal order to the prescriptive actions that teams must take to deliver the best results in the quickest way possible.
A Transformation GPS story: Data doesn’t lie about hard truths

A large technology company with multinational operations was acquired by an even bigger company in the same industry. Six months in, we measured how the post-merger integration was going, surveying several hundred top leaders.

These leaders (executive vice president and above) were squarely in the Unsustainable zone, one of the lowest sections of our Transformation Map, when compared to other leadership groups. The main challenge for them was a feeling of powerlessness, as they felt the acquiring organization controlled their fate. They were struggling to understand the vision for the acquisition and hadn’t yet bought into it.

This feeling manifested as an inability to explain clearly to their people the vision and direction behind the acquisition; what the potential benefits might be; and what they could and could not communicate about the coming changes.

The situation led to high levels of anxiety, fear and distress within the leadership group, and poor results on most Transformation GPS drivers.

After reviewing their results, top executives decided to stay the course, without addressing the concerns of their leaders. Nor did they measure them again. Recently, top executives communicated that the transformation continues to be a major struggle and they are rethinking their decision not to continue to measure leadership and take decisive action based on results.

Takeaways: Change is not a one-time event. Measuring, focusing on the results and then acting, and repeating this cycle, is essential to being successful. Organizations that measure periodically achieve better outcomes. But that is not the case for organizations that measure and turn away from hard truths. Measuring during a transformation highlights areas of organizational dysfunction. It’s important to lean in to measurement results, objectively taking action where the data shows it’s necessary.
A shorter route is available."

**The usual approach can lengthen your change journey.**

Without a deep understanding of what drives real change in their specific organization, many executives often target either the lowest performing areas or the areas easiest to fix. More often than not, when we apply analytics, those are not the drivers with the greatest overall impact on the transformation. Using a conventional approach, transactional change drivers like communication often are heavily emphasized even though they tend to have a small impact on performance. If instead, leaders focused on even modest improvements in change drivers like emotions and team leadership, most companies could reap significantly more benefits. Trust in leadership and other emotion-related drivers influence up to 60 percent of performance improvement in large-scale transformations.7

Some executives argue that leadership and emotion are invisible and intangible. But, they can be accurately quantified through good social science. Doing so allows strategic executives to assess the size of their influence on performance. Quantifying the effect, in turn, carries two “domino” benefits: leaders can more deliberately target and calibrate transformation investments; and they have the confidence to weather the doubt that initial performance dips predictably bring—staying the course rather than prematurely giving up before success.

Trust in leadership and emotion-related drivers influence up to 60 percent of performance improvement in large-scale transformations.
A large consumer goods company wanted to reset its cost base to allow for more competitive future investments. Initially, the company targeted US$500 million in savings over five years. This meant driving an innovation-focused and cost-conscious mindset throughout the organization.

Knowing it required the engagement of its workforce for the transformation to work, this company worked with Accenture to use Transformation GPS to steer the course.

Baseline measurement showed many people did not understand the purpose or progress of the change. Mapping showed individual functions were at different stages of acceptance—and that acceptance varied by level in the organization.

The team developed specific programs and interventions for each audience, based on the data insights. Leaders participated in workshops to help them move from operational to strategic thinking. Other groups learned what the benefits of the change would be for them, and what behaviors could help them be successful in this new environment.

Assessments continued throughout the transformation. Measure-prioritize-act, and repeat, was the mantra.

Results: In less than a year and a half, the company achieved $300 million in savings. It moved from 38 percent of its workforce in Off Track or Unsustainable zones to 80 percent of workers in the High Performance zone. These metrics put it on track for a successful transformation journey—not static, but rather fluidly adjusting as the situation and context shift.
Proceed directly to your route

The most direct path may not be a straight line.

Just as discrete transformations with years between them are a thing of the past, one-size-fits-all transformation approaches are rapidly becoming obsolete. With the help of sophisticated analytics, your executive team can identify the highest-probability path to a successful transformation. Some companies are already in the fast lane to change because they:

Measure change as rigorously as financials.

No company would forego measuring revenues, yet many forego measuring innovation and transformation, which lead to revenues. Consider Accenture research that found half (53 percent) of companies consider innovation an “ad-hoc creative process.”1 In contrast, high performers employ innovation that is more persistent and requires the courage to change at a fundamental level. They also measure their organization’s capacity to change, prioritize initiatives and take action. Then, they repeat the process throughout the transformation—letting measurements drive adjustments as they go.

Account for context.

Situations and contexts for change are fluid. The factors to emphasize depend on where your organization is today—and they will likely change tomorrow. Creating next best actions based on the right sequence of change, and prioritizing drivers that have the greatest downstream impact, is critical to success. Data science can help change the road map as your situation and needs change.
Traditionally “invisible” factors like employees’ fear or frustration and team leadership’s ability to enable change hold great power because they can inhibit change if not addressed. Our regression analysis shows that across all companies, leadership and emotion-related drivers have the greatest impact on change. Fortunately, there are interventions that work. Using approaches that measure these “soft” issues concretely, high performers are leapfrogging their change efforts ahead of competitors. Combining the “hard” and “soft” issues contributes to the whole-brain leadership Accenture Strategy research shows is essential to success. Only eight percent of companies utilize whole-brain leadership today.

Prioritize. Then act. No organization measures their way to success. Put simply: if your organization doesn’t have the cultural capital to change with the data, don’t squander investment in measuring. The value comes from real action, not a publicity campaign, not a much-ballyhooed corporate initiative, and certainly, not merely a survey with a high response rate. If the action isn’t swift and able to be correlated to the input received, results won’t follow. Neither will future response rates, as employee cynicism translates to “pencils down.”

With over half (57%) of CEOs we surveyed reporting that employees have become more powerful corporate stakeholders over the past three years, gone are the days of top-down, command and control communications. Having the courage to listen to learn, rather than to respond defensively, is key to engaging employees with respect and building trust. Leaders must be willing to hear the answers to the tough questions and act appropriately.
“You have arrived at your destination.”

Speed—and accuracy—are of the essence.

More than 26 trillion possibilities. How many of those can your leadership team explore on its own? Far fewer than advanced analytics can, and with less accuracy too.

Combining the best human intelligence of your leaders with machine intelligence, while taking into account your employees’ feelings about where you’re asking them to go, is complex. But it’s far simpler and wiser than going the historical route of change, which was sometimes an art but not at all a science. And at its worst, was akin to throwing darts at a board to see what sticks.

The use of artificial intelligence and analytics to develop better products and services has become a part of our daily lives as consumers. Their application to help employees navigate change is long overdue in the business world. Your company can be a leader in organizational transformation. But the shift to the future of transformation is happening across industries now. And it’s evidence-based.

Are you onboard?

Reach out to our authors to see how you can use predictive analytics to drive successful transformation.
REFERENCES

1 Accenture analysis of Accenture Transformation GPS data. Calculation based on the 10 row x 7 column for change drivers and time periods respectively. Transformation Strategy action recommendations. Each row has 22 possible start and stop point pairs (including zero, when a driver is not recommended for direct action). Because there are 10 rows, one per change driver, there are 2210 permutations, or nearly 27 trillion unique change paths (26,559,922,791,424).


3 “Make your wise pivot to the new”, Accenture, 2018.

4 “Striking balance with whole brain leadership”, Accenture Strategy, 2019

5 Accenture analysis of Transformation GPS data. Our research shows that more time spent (after at least 3 months and peaked after 2 years) and more measurements (at least 2 measurements and peaked after 6 times) leads to bigger average driver score improvements from the beginning to the end of the change program.

6 Ibid.

7 Ibid.


9 Our research shows that across all companies, emotion and leadership related change drivers are the most critical change driving power, with the highest significant scores (p value > 0.05).


11 Ibid.

ABOUT ACCENTURE

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CONTRIBUTOR

Shammak Banerjee
Managing Director – Accenture Strategy, Talent & Organization

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@AccentureStrat

Accenture Strategy LinkedIn

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