

# Organization Acceleration



Faced with tougher, more numerous challenges, today's organizations are demanding more from their change initiatives by pursuing strategies that are customized, precise, and sustainable.

Nearly every organization claims to embrace change, but few change programs fulfill promised goals or deliver measurable results. As they became more popular, change programs became commodity products, with organizations throwing off-the-shelf tools at ill-defined problems.

As organizations grow more operationally complex and more geographically diverse, the most successful are abandoning the old change toolkit in favor of change initiatives that are highly tailored, intensely focused on precise business goals, and rigorously measured by harnessing the power of analytics.



## What's driving this trend?

**Feeling the pressure.** Senior executives today face new demands by investors, analysts, and other stakeholders to deliver results. Success in executive leadership is increasingly defined as the ability to drive change through an organization to achieve meaningful results. The time frame to execute change is also becoming compressed, with success or failure judged against a constantly ticking clock.

**Running at full speed, 24/7.** Globalization has created a world that operates on an around-the-clock basis, with information and misinformation now spreading globally on a near instantaneous basis. Change strategies are adjusting to deal with the increased speed of information flow and the demands this places on organizations and executives.

**Expanding, with more complex structures.** As organizations expand to a global scale, they become more complex and less standardized. As a result, rapid mass customization is replacing the notion of a single change model.

**Applying more precision to the process.** The power of analytical tools and "big data" is bringing precision and rigor to the change process. Used correctly, analytics provide crucial insight and help target change initiatives more efficiently and effectively to deliver sustainable results.

**Failing to get the job done.** According to John Kotter's landmark study of change initiatives, only 30 percent of change programs succeed, a finding that has been validated by reports in recent years.<sup>1</sup> Many change programs fail to understand the underlying business need driving the program in the first place. Others fail because they don't have the right people leading the change program or lose momentum before they can deliver sustainable impact.

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## Practical implications

As the speed and complexity of change has increased, the way executives deal with change has not kept pace. Business change requires new tools and new approaches – and senior leaders need to be at the front of the process. New 21<sup>st</sup> century leadership models demand hands-on, creative leaders – leaders that work directly with customers and that understand how to empower, engage, and inspire global teams.

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Worthy, but vague aspirations, such as "become more efficient," are giving way to clear goals that can be easily defined and measured, such as "recover \$10 million per year in lost profit." Instead of imprecise efforts to "improve employee morale and loyalty," successful change programs are focusing on measurable outcomes such as "reducing six-month turnover by 50 percent." Without a precise target, organizations often find it difficult to implement change that generates real benefits.

In order to move past the "art" of change toward the "science" of change, organizations are deploying rigorous analytical tools to better understand how to accelerate change. Executives now gauge the success of a change program by how it solved a specific business problem, not merely whether it was implemented.

The accelerated change that organizations increasingly demand requires effective leadership. Faced with increasing pressures from all stakeholders, senior executives no longer see change programs as an effort to be delegated to a specialist group, but as one they have the responsibility to drive through the organization. It's hardly an exaggeration to say that today, leadership and the strategic change management are practically synonymous. In other words, in today's global organizations, leadership is change leadership.

### Lessons from the front lines

The practice of strategic change must adapt if it is to deliver the results organizations need to survive and excel. Analytics properly harnessed drive insight. A commitment to tailoring creates precision. Strong leaders drive impact.

At Deloitte, we call this new framework for strategic change Organizational Acceleration – a process characterized by change initiatives that move rapidly and efficiently through organizations; deliver sustainable results and measurable impact; and are driven by the leadership of the organization, starting with the C-Suite.

A large supply chain organization was embarking on a new global strategy to bring together its disparate business units into one whole organization. The problem? Employees resisted a number of global initiatives and identified more strongly with the business units in their local countries, rather than the organization as a whole. Not surprisingly, the change program slowed to a stall. Using analytics, the company pinpointed the source of the challenge and developed targeted programs that helped employees buy into the process. Company leaders increased the role of country and business unit leaders in the driving global initiatives; provided leaders with more freedom within clear frameworks to implement these

initiatives; and shifted communications from the global holding company level to the country and team level to ensure employees clearly understood the rationale behind the new global strategy. As a result of this more targeted, analytics-driven approach, the change program quickly gained traction, the commitment among employees increased dramatically and the benefits derived from these global initiatives accelerated significantly.<sup>2</sup>

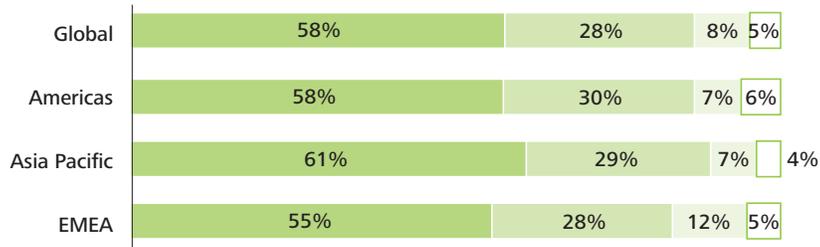
Executives at a large, North American health care company carried out a strategic initiative aimed at consolidating the processing of customer transactions at a central location using a new technology. Yet the first 18 months produced disappointing results, with failing grades for reporting accuracy, data quality and customer impact. Senior leaders at the company demanded swift, measurable results, but struggled to properly define the specific outcomes they desired. While better customer communication initially appeared to be the right course of action, research and analysis revealed that a customer retention strategy was required, using precise, targeted communication tools. By using analytics to gain insight into the proper strategy, senior company leaders were able to significantly transform their customer relationships and dramatically improve the customer experience.

### Organization Acceleration framework



## Organization Acceleration: Survey highlights

### Relevance by region



- Trend is highly relevant today
- Trend will be relevant in the next 1-3 years
- Trend will likely be relevant in 3 years and beyond
- Not applicable

Region	Total
Americas	315
Asia Pacific	582
EMEA	412
<b>Total</b>	<b>1309</b>

### Digging deeper

- Organization Acceleration ranks as the highest (86%) across trends when looking at relevance today and in next 1-3 years
- This trend consistently ranks in the top three highly relevant trends across small, medium and large organizations as highly relevant today
- 69% of respondents from Public Sector and 60% from Manufacturing industries rank the trend as top two in priority while Energy and Resources (62%) and Life Sciences and Health Care (53%) industry respondents rank this trend in the top three

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### Endnotes

<sup>1</sup> Kotter, J., "Leading Change: Why transformation efforts fail," Harvard Business Review, 1995.

<sup>2</sup> Miller, F., Brown, D., Garber, A., "As One: Better collaboration where it counts the most," Deloitte Review, 2013.