

Why do some organizations engage in business transformation drive and others are not...?

Unlike large organizations, small organizations are governed and managed by the promoter, family members, or the CEO as hand-picked by the promoter. The growth of the organization mostly depends on the mindset, managerial style of the promoter and CEO. We can classify smaller size organizations into three types based on the mindset of the leadership team.

Growth Mindset:

The leadership team continually strives for growth and eventually transforms the organization from small to mid size and large organization. They continuously engage in transformation initiatives across the organizations.

Mediocre Mindset:

The leadership team focuses more on maintaining the legacy and feel comfort with the status quo, even though they aspire to grow. Occasionally, they drive localized, standalone productivity, cost efficiency initiatives to manage the external demand, especially from its customers.

Survival Mindset:

The management team struggles for survival itself due to deficiency of financial funding or lack of market for the product etc. Sooner than never, they disappear from current business or switch to an alternative.

Out of all three types of organizations, more education, facilitation and hand-holding are required for mediocre organizations. They could not drive organizational transformation initiatives due to the following factors.

Before getting into factors, let us understand the meaning of organizational transformation drive. It is holistically looking at the value chain of the business with the intention of enhancing value to all stakeholders. In this initiative, the business and the functional process would be reengineered in terms of performance measurement and tracking, constraints in the entire value chain, a roadmap for eliminating the constraints and improving the value, ease of communication process with both internal and external customers, etc.

Typically, this organizational transformation effort result in radical change in either one or all of the following aspects

- ✓ *Increase in business sales performance , profitability on a sustainable basis*
- ✓ *A major shift in delivering the product or service experience to customers*
- ✓ *Shift in people's thinking, engagement towards business process & results*

Organizational transformation happens in stages, after which there is no look back to the previous level.

Organizational transformation is not a

1. Small, incremental productivity improvement in a localized area
2. Standalone initiative, which brings down cost or improves product/service quality one time

Factors affecting organizational transformation Initiatives

The following factors contribute to the success of organizational transformation initiatives

1. Compelling need or urge to CEO or head of the organization to transform. This need can be SURVIVAL threat or pressure from customers to be competitive.
2. Firm belief in the prospects of the business
3. Willingness to learn and experiment new methods or practices, ability to forego short-term losses against long-term benefits
4. Belief and support from the second level management team about the transformation process
5. External facilitation to teach, facilitate, guide, criticize and handhold the team during the transition.

In the absence of the above, the organization finds difficult to pursue any transformation initiatives

Solutions approach to bring the mindset change:

There is a need for creating awareness to leadership team about their management style and its impact on the long-term survival of the organization.

They need to be educated to diagnose the health of the organization in a quantitative and qualitative manner, as from our experience with many SME's, most of the small size promoters or CEO do not have the exposure to look at the all business performance from long-term perspectives.

They need to be exposed to the different industries and its practices, lean system thinking, employee engagement practices, modern performance management

process and customer relationship practices. Here only the role of business associations, external facilitators, or coaches comes in a big way.

In today's globalized competitive environment, sustaining the profitability through transformational initiative is no more an option. It becomes a survival need!.