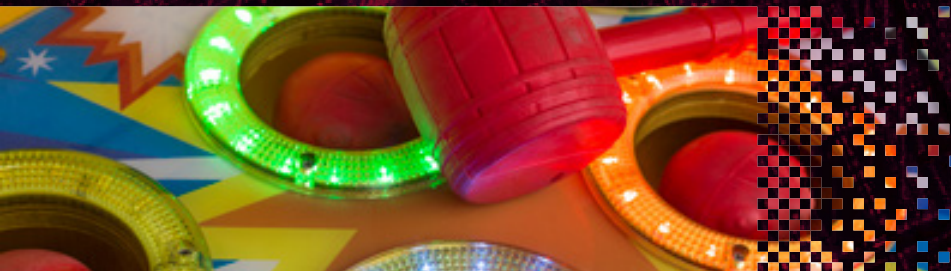
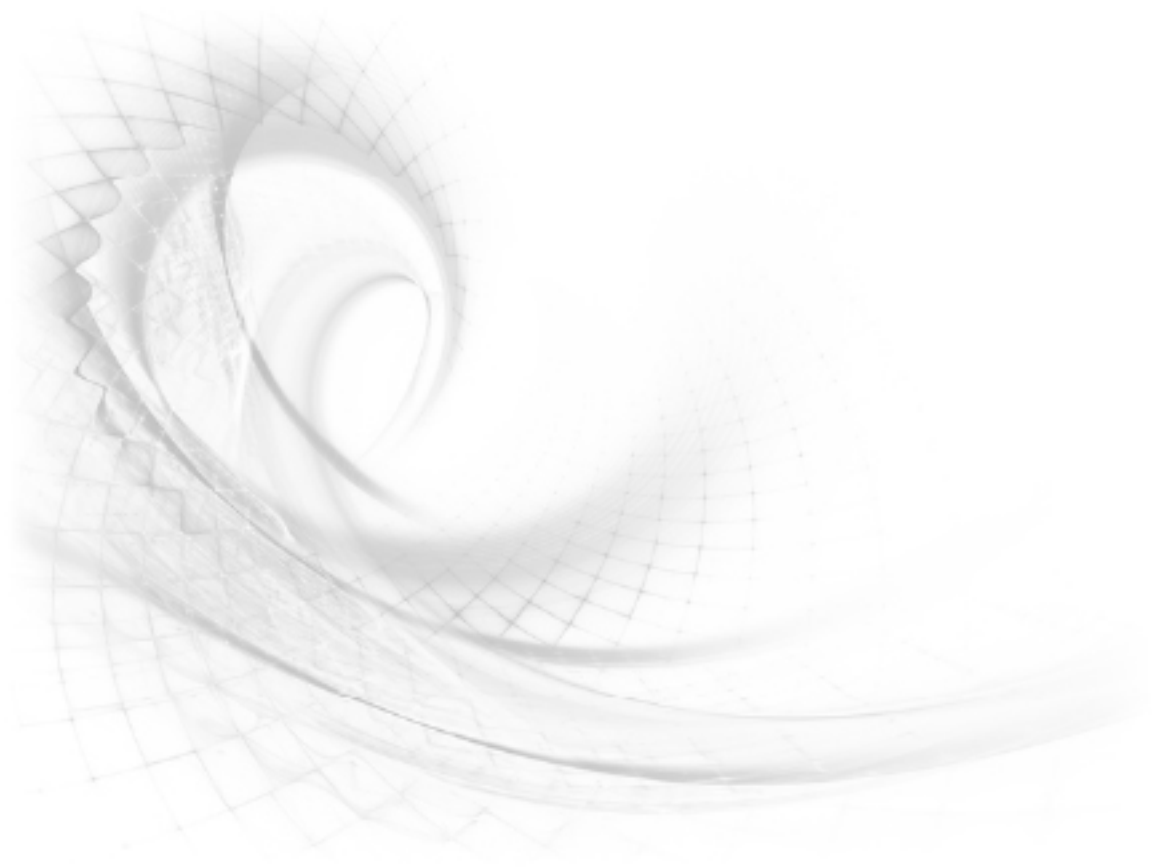


People, Process, Technology: A Whack-a-Mole
Approach to Transformation
By Theo Rose & Linda Mason



“IT IS NOT THE STRONGEST, OF THE SPECIES THAT SURVIVES, NOR
THE MOST INTELLIGENT, BUT THE ONE MOST ADAPTIVE TO CHANGE.”

Charles Darwin's observation about the animal kingdom
back in 1868 is a pitch-perfect assessment of today's
business environment. We must adapt or die.



People, Process, Technology: A Whack-a-Mole Approach to Transformation

For people who embrace the mantra of “people, process, technology” as though it were a meditative chant for success, they are already playing a game of transformation Whack-a-Mole and do not even know it. Such transformation initiatives typically lurch from people to process to technology and back again, hoping to solve the crisis du jour — an exhausting cycle that kills truly valuable transformation initiatives.

There is a persistent and dynamic tension between people, process and technology that must be acknowledged. For any serious transformation initiative to be successful, this dynamic tension must be managed. It is a failure-in-the-making to focus disproportionately or serially on any one element. The key to making progress is balancing the perpetual tension between the technical and functional disciplines and the culture in which they exist.

There are multiple methodologies built around facilitating the people, process and technology transformation workstreams that are the bread and butter of an entire consulting industry. Even with this, too many transformation projects languish unsuccessfully, with people asking why.

Crisis-driven technology decisions

Historically, retailers, wholesalers and brands have spent money on technology only as a last resort. As often as not, only a crisis drives the justification for an expenditure on technology. We saw this with Y2K

when the threat of severe business disruption loosened the purse strings to mitigate the threat. Other than these rare occurrences, the investments in technology have been based on remedial needs rather than strategic enablement.

Emblematic of this dynamic is the following familiar scenario: A retail CFO wants to drive an increase in profitability through the reduction in markdowns. The first step is to understand the factors that are causing the markdowns. Understanding these factors requires a greater level of detail. This detail requires more information. This information requires more data. Following this logic trail leaves executives to the fallacious insight that the solution to the business problem lies in upgrading technology. The reflexive response is to secure new software. This is the moment when the initiative becomes a technology project rather than a profitability improvement exercise. As a result, the CIO becomes responsible for the project.

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In structuring the project, the CIO takes some vendor suggestions and a couple of potential super users from the planning department. The CIO then develops selection criteria and goes through the ever-so-familiar vendor selection process. The final selection is based on a varying mix of Total Cost of Ownership (TCO), Return on investment

(ROI), technology platform configuration, and finally the blessing of the VP of planning.

Shortly after the final decision, the software vendor conducts a series of meetings with the goal to develop a project plan for the installation of the software. From this point forward business process and change management, if considered at all, are used to force an adaptation to the fastest and cheapest software installation. The goal of the project thus has been subverted to the delivery of a modification-free “vanilla” configuration. The delusion here is that vanilla works for everyone. Business process improvement is subordinated to the false economy of a frugal technology installation.

Perpetuating the cycle of failure


The same scenario is repeated when retailers are looking to reduce costs in DC processing operations, increase accuracy of merchandise allocation to the stores, automate payroll accounting, and so on. The responsibility for these initiatives is summarily assigned to the CIO. This makes the CIO, by default, the Chief Initiative Officer.

In each of these scenarios the responsibility for completion is assigned to the technology team. Many organizations have created a Project

Management Office (PMO) to assure the projects are completed on time and on budget. Typically, these PMO organizations report into the CIO, thus institutionalizing the perception that these are technology initiatives. The PMO is responsible for administering the budget and timeline, putting the emphasis on the installation of software rather than the transformation of business operations.

The inherent disregard for business processes and the people who operate within them is the fatal flaw that creates discord, discontent and crisis that both impairs daily operations AND doom

any possibility of transformation. Business process is only on the periphery of the PMO’s mission. The PMO typically acknowledges the importance of process and people but their bias leads them to see technology as the primary mechanism that defines business process. To the PMO, the technical implementation is the corrective agent to drive business performance improvement. Most project managers do not have the depth of experience or professional grounding to recognize the interplay between the technology that is being deployed, the organizational roles, and business processes that determine how people work.



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The result is resistance and discomfort from the users who feel marginalized. Compounding this is the difficulty that occurs when the new “vanilla” processes are deployed as a part of the “vanilla” configuration. In an effort to remedy this situation, the project manager's

instinct is to revisit the system configuration to calm the users. With configuration changes in hand, users are then asked for feedback. Though late in the deployment process, legitimate issues surface and require consideration. This cycle becomes self-perpetuating as one quick fix becomes the next remediation issue. This is how a transformation initiative becomes a futile game Whack-a-Mole.

Leaders: Embrace the challenge or expect failure

For two decades, retailers, wholesalers and brands have been mired in this approach despite repeated disasters. Stuck in a morass, many have chosen to cut their losses and walk away. The industry has seen several examples of eight-figure expenditures on failed projects that could have been easily avoided.

It is no exaggeration to say that today's retailers, wholesalers and brands are challenged as never before. Between changing consumer expectations, new sources of products, digital interaction on mobile devices, and the shifting competitive landscape, companies are in the fight for their very existence. These companies no longer have the luxury to take on a transformation that does not deliver results the first time. There is no room for do-overs.

What is required is a different approach. To compete, an orchestrated regimen of transformation must be initiated and delivered without fail. As we have detailed, defaulting this responsibility to the CIO is woefully misdirected.

Leadership at the highest level is essential. What is needed is an executive who can create and communicate a vision of how the entire organization must work together to respond to new challenges. What is needed in this leader is someone who can inspire and manage the change in culture necessary to embrace the paradigm shift rather than fall victim to it. A new role that has emerged is that of Chief Transformation Officer. To date, initial attempts to establish this role have been decidedly mixed. Regrettably, the approach has been focused on operational enhancements and technology deployment rather than cultivating the paradigm shift in thinking that is required. This leader is responsible for assuring that transformation initiatives are developed and coordinated across all operational areas of the organization.



Here, retailers would do better to think of their transformation executive as the conductor of their organization. This is an apt analogy, in that no musician — despite their skill as a percussionist or violinist — becomes a conductor without developing the vision of how all the instruments are to be played in concert to create the music.

For a moment, imagine the sound that an orchestra would produce if each section were playing the notes in the way that they thought the music should interpreted. It would be at best noise, not music, and certainly not harmonious.

Transformations too often suffer the same fate. When multiple initiatives become competitive rather than orchestrated, they become disruptive, painful and counterproductive.

Transformation is about orchestration, not just administration. Understanding this key distinction is what prevents organizations from getting mired in a hopeless game of Transformation Whack-a-Mole.

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