# THE BUSINESS TRANSFORMATION FAILURE PLAYBOOK

*Why business transformations fail and what you need to do to succeed*

Data & Analytics
RPA
Lean Six Sigma
AI
Customer Experience
Technology Excellence
BPM

# CONTENTS

# Foreword

**Debashis Sarkar**, Managing Partner – Proliferator Advisory & Consulting, Author of *Building a Lean Service Enterprise* (CRC Press)

It's been interesting to see the how processes have been taken to a new level of performance over the years. Every decade has had something new to provide which has helped to manage organisational processes better. If we look at the 30 years period beginning 1987 till 2017, so many approaches and philosophies have appeared in the horizon which have all provided newer perspective on process management and improvement. Right from ISO 9001 standards, Total Quality Management, Malcolm Baldrige, BPR (Business Process Reengineering), Six Sigma, Lean, COPC, CMM, Lean, Robotics Process Automation, Artificial Intelligence etc.

Thanks to the efforts of academics, practitioners, thought leaders and more, today we have an array of methods to choose from to make our processes better and in turn enhance the performance of the organisation. What's brilliant to watch is the power of the human mind and it's constant pursuit for ways for better process performance. As you look at the these approaches and how they have evolved over the years, you will see three trends:

1. Business leaders don't have patience for process improvement efforts that have a long gestation period

2. The outcome of process improvement is no longer fuzzy. You can now see measurable benefits and can even see how it impacts on profit and loss.

3. Earlier, process improvement efforts and technology improvements were seen as separate efforts. But today technology is a key enabler in process improvement and cannot be seen in isolation

However, whichever the approach adopted, somethings remain the same. I call them the ten laws of process improvement.

## Deb's 10 Laws of Process Improvement

- All work is a process
- A larger purpose and strategic alignment are a pre-requisite for process transformation
- Quality of leadership decides the impact of process improvements
- Not all processes are the same - You must nuture the core end-to-end processes to have a strategic impact
- The type of organizational culture determines the success of process transformation
- Not toolsets but mindsets ensures change long lasting
- Institutional skills on processes are embed organically – There are no shortcuts
- The right organizational structure and management practices enable process improvement effort
- Don't be a slave of the processes let employees improvise and innovate
- A few experts can never create an enterprise known for processes

In this ebook, the PEX editorial team has put together interesting content which are quite fundamental to enhancing process and organisational performance. There is a mix of strategic and tactical content which you will find handy and could add to your tool-kit. This ebook covers a myriad of topics such as the importance failing fast, the role of communication in leadership engagement, the changing demands of the customer, challenging phases of a transformation and so on, there is something for everybody!

However, what stands out to me in this ebook is the analysis and commentary by Sebastian Antony (Barclaycard) and Claire Molby (Vestas) views on the survey results. Clearly, Many of the topics that they are talking about will resonate with you. Also, both of their commentary highlight the not so obvious aspects

Happy Reading,
**Debashis Sarkar**

Debashis Sarkar is an internationally recognized for customer-centricity and lean management. He is counted among world's leading lights on lean management and credited with pioneering work tools, techniques and approaches. His thoughts and ideas can be found in his 8 books and more than 70 papers authored by him.

# Introduction

At school we were taught that failure was bad, but it is our approach to failure that defines us. Failure is an opportunity, it can enable us to think outside of the box to find new improved solutions.

Our mission when creating this eBook was to truly understand and embrace the importance of the role of failure in successful business transformation. Business processes fail for a number of reasons; inadequate planning, stakeholders not aligned and lack of executive support, but in a time when rapid business transformation is required to stay competitive and relevant, we need to be prepared to fail fast and learn quickly.

Customer behaviour is changing at an unprecedented pace and what the customer expected 20 years ago is no longer true. Rapid technological developments require a new approach to failure. Can you deliver business transformation at the pace that is now expected by the customer? Are you able to fail and fail quickly?

*"Transformation hasn't got two or three years anymore because technology changes every month. Customer behaviour changes every second. Transformation cannot take one year and that is a challenge"*

**Sebastian Antony,** Director, Transformation, **Barclaycard**.

Ahead of Process Excellence Europe, the PEX Network surveyed over **200 professionals** from the process improvement and operational excellence community, to delve deeper into the common reasons why new business processes fail and share our collective learning past failures.

### Read this ebook and discover:

- Why your business processes failing, plus the top 3 reasons why business processes transformation fails.

- The risks of business transformation

- 10 reasons why employees don't follow organisational processes

- Why you need a thorough Failure Mode Effects Analysis procedures

- Crucial factors for starting your business transformation journey – would you like a 95% chance of success?

- 30 top tips for learning from failure

- How to think like a founder - from process excellence to lean innovation

*Let's share our failures as much as our successes!*

**Andrea Charles**
Senior Editor
**PEX Network**

## Key survey findings:

**60%** said their company **does not excel at business transformation**

**70%** cited **senior leadership management** as a main factor in successful business transformation

**TOP 3** **Lack of acceptance and commitment, lack of a continuous improvement strategy** and a **resistant culture** are the top 3 internal reasons why business processes fail

**83%** said **changes in market demand** was one of the top external factors in why business processes fail

# Business transformation failure survey
# – about the respondents

The PEX Network conducted the *Business Transformation Failure Survey* in April 2017 with over 200 executives in the process space to explore the most common reasons why business transformation fails and steps companies are taking to learn from failure.

## Size of company

**35%** Less than 500

**12%** 500-1,000

**22%** 1,000-10,000

**15%** 10,000-50,000

**16%** 50,000+

## Function

Process 23%

Operations 22%

Business Architect 3%

Business Intelligence 2%

IT 5%

Marketing 3%

Customer Experience 3%

C-Suite 7%

Other 32%
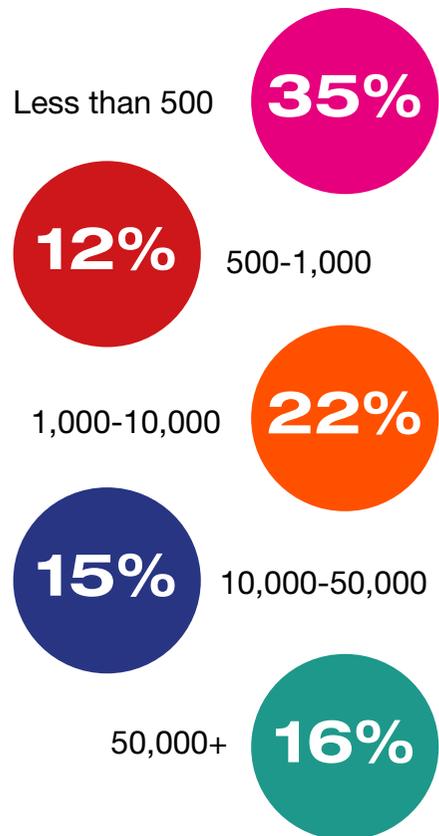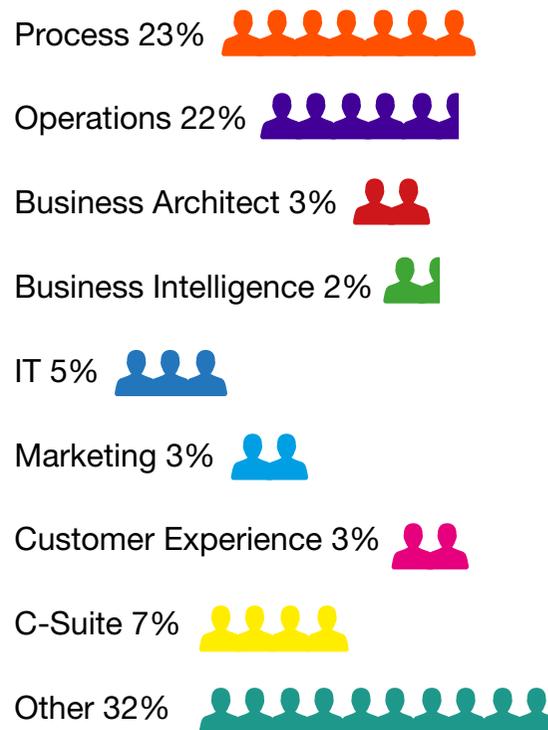
## Which department is responsible for operational excellence / process improvement?

Operations **44%**

Other **36%**

Quality **15%**

IT **5%**
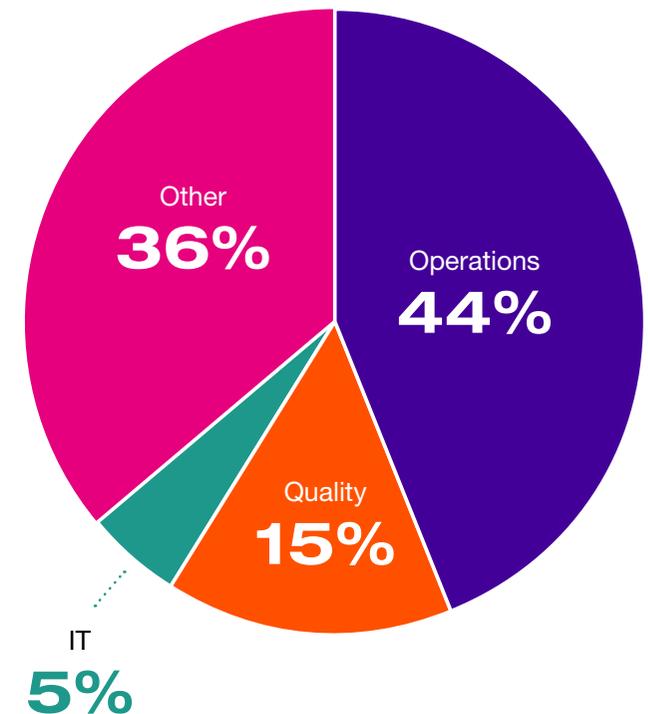
# Does your company excel at business transformation?

**YES 40%**
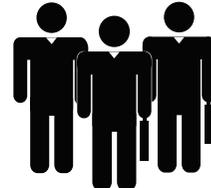
**NO 60%**

I think the results are disappointing, but not surprising. I do believe that business transformation projects are not led by change leaders. We get a lot of business transformation projects, which centre around a large IT deliverable, for example, some kind of platform revisit of an IT level. So we get a lot of people involved who are very deliverable-orientated.

However, they are not as focused on the transition of people, minds and bodies into a new way of working, so it's very hard to anchor any change if you haven't got the people who are going to truly change their behaviour engaged.

The 60 per cent that have not been able to successfully deliver business transformation have likely failed because they have taken purely technology-led approach. I have got a problem, bring in a new kit. That does not solve the problem because the kit does not define the process for you.

The kit does not define the experience. The kit does not define the journey. And, if anything, the kit does not tell you who the customers are.

We are starting to see companies moving away from that, and that's where you see a big difference in success of transformation.

**Claire Mølby**
Director, Global Process Management
(BU Services)
**Vestas**

**Sebastian Antony**
Director, Transformation
**Barclaycard**

MEET ME AT PROCESS EXCELLENCE EUROPE

MEET ME AT PROCESS EXCELLENCE EUROPE

# Why are your business processes failing?

**42%** — Not cutting costs or increasing revenues

**37%** — Delivering results no one is interested in

**52%** — When people avoid processes because they are cumbersome

**9%** — When processes are adaptable to the changing environment

**18%** — Other
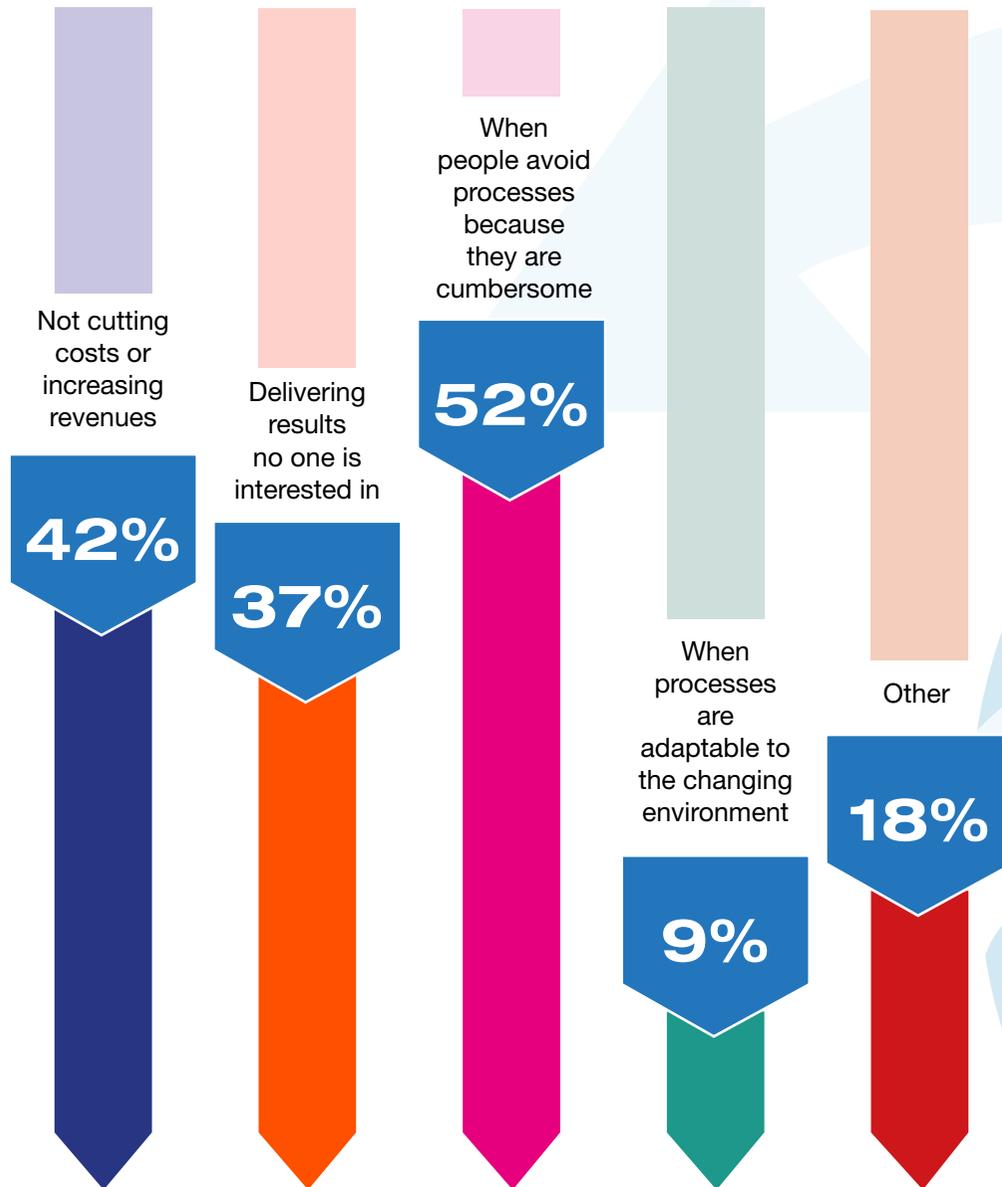
Cutting costs has been a big one for us in terms of back-office processes. When people do stray this is often because **they either haven't been communicated to clearly about why this change is beneficial to others in the value chain,** so it's often not necessarily the process that is broken; but it is the the implementation effort around the business process that has failed.

*How do we determine when our process is failing? We try to be proactive here with PPI measures to proactively gauge if a process is not delivering qualitatively and quantitatively.*

**We also aggressively look at our processes to cut operational costs and bring efficiency gains.** The impact to master data in back-office process compliance issues can cause us huge problems in terms of data transparency.

**Claire Mølby,** Director, Global Process Management (BU Services), **Vestas**

# 10 reasons why employees don't follow organisational processes

**Debashis Sarkar**, Managing Partner – Proliferator Advisory & Consulting, Author of *Building a Lean Service Enterprise* (CRC Press)

Processes are an integral part of all enterprises. If processes are not instituted, modelled or followed properly then the results produce a myriad of issues impacting all stakeholders of an organization.

With an objective to ensure consistent product or service quality, organizations spend a lot of time and resources to embed processes in their functions. To demonstrate their commitment they get certifications such as ISO 9000, ISO 22000 etc. However, despite all these efforts, there are still countless incidents of employees going rogue and not following them. Sometimes these non-adherences have a detrimental impact on customers, cause regulatory violations and even hinder the company's reputation. We've all heard of product recalls, rodents in foods, quality issues in pharma products and so on. One major reason for such failures is employees' non-compliance to processes.

This non-compliance manifests in various ways: not following stipulated steps, skipping steps, accidental omissions, performing activities without authorisation, doing additional activities etc..

Whenever such incidents erupt, the typical reactions of business leaders are to put together a task-force, coming up with technical-reasons (that don't look at human psychology), fire those associated with the process or sending employees for training. However, I believe they could take far more constructive steps, if instead of jumping to aggressive sanctionss they try to understand why employees did not follow the laid out processes. This will not only give clarity on the right action to take, but will also ensure that similar cases do not occur in the future. As someone who has been involved with process over the last 25 years, I can tell you with confidence that addressing the following issues will reduce the incidence of non-compliance.

## So, here are 10 reasons why employees default in following processes

**NOT BELIEVING IN PROCESS** When there is a mismatch between what one believes versus what one is told, it causes an inner conflict or cognitive dissonance. This is clearly a reason for employees not following processes. This is where communication plays a role to convince people why they need to do what they need to do.

**NOT SEEING THE IMPACT OF THEIR WORK ON CUSTOMERS** This is especially true about employees who work behind the scenes in production factories, back-offices, warehouses etc... far away from the sight of customer. These employees go to work, just do the piece of work entrusted to them and after that they have no connection with the customer's experience. Hence he/she could be oblivious of customer needs, pains and concerns. Sometimes employees are a bit lax about process adherence because they think or don't realise their work's impact on customers.

**NOT HAVING A SENSE OF OWNERSHIP** When those running the process are involved in its design, they have a sense of ownership. They know their inputs and concerns have been addressed, and they take extra care and are more disciplined. This reduces the chances of non-adherence. So next time you dump a process onto an employee and tell him to follow it, remember his ownership will be minimal and there could be chances of his not following it. Try to make processes in collaboration with employees instead.

**THINKING THEY CAN GET AWAY WITH LAXITY** If there's a lack of punitive action against employees who have been careless or violated processes wilfully, it will embolden other workers to be non-compliant. They will feel as if they can get away with it. Try to institute a culture wherein they know that consequences can be serious.

**THEY WANT TO INNOVATE** Sometimes process non-compliance happens when employees want to innovate the existing way of doing work—their behaviour has a positive motive. Nonetheless, while an entrepreneurial mindset is to be encouraged, employees need to be told what is allowed and what is not. If they want to change or better the existing process it should go through a formal authorisation process.

**THEY ARE NOT TRAINED** When employees are not trained in a process, there can be mistakes. Training people on the process is a critical element for process compliance. Of course, when there are process violations, you will often hear of executives sending their employees for more training as if "lack of training" is the only cause for process non-compliance. But yes, it is one cause out of many.

**NOT SEEING THE IMPACT ON THE BIG PICTURE** All employees want to do something meaningful and see their work having a positive impact in the company. As we have learnt from Austrian psychiatrist and holocaust survivor Viktor Emil Frankl, if people find meaning in their work they will go above and beyond to accomplish it. The worst thing that can happen to an employee is to feel that his work is not meaningful for the company. This can lead to their being disinterested in work and being frivolous with process compliance.

**EMPLOYEES ARE DISENGAGED** A Dale Carnegie study found that engaged employees feel enthusiastic, inspired, empowered and confident. It further found the drivers of engagement to be their relationship with the boss, belief in senior leadership and pride in working for the company. When employees are disengaged it can lead to process non-adherence.

**COMPLICATED PROCESSES** It's human nature to take short-cuts. So if an operator sees that a process is too complicated he may try to take short-cuts and do what does not require effort. Humans like to take the path of least resistance, and this may mean violating processes that are too complicated.

**MANAGING DEVIATIONS DEMANDED BY CUSTOMERS** With a positive intention to help an external or internal customer, employees may end up deviating from the process. Hence, organisations should also have processes for work-arounds or deviations from the normally followed steps. Often these are overlooked as the deviations are far and few.

# Challenges for business transformation

| Reason | % |
|---|---|
| Lack of acceptance and commitment | 57% |
| Lack of a continuous improvement strategy | 44% |
| Resistant culture | 47% |
| Not taking a systematic approach | 41% |
| Improper analysis of the situation | 39% |
| Lack of resources | 23% |
| Inappropriate change agent | 20% |
| Lack of time and poor timing | 18% |
| Implementing the wrong software | 5% |
| Change of strategy process no longer need | 5% |

**FAIL**

The reason business processes fail is down to lack of communication by not engaging the right people at the start. People go in quite senior with business processes when they sometimes need to spend a little bit more time validating with people who are actually doing the job.

The scope side of process work, doesn't get enough time; people are in such a rush to move into solution mode that often don't stop and look at what prevented people from complying often to a process they have implemented. Sometimes it's communication: they are either not clear in embedding the new process out with the organisation, so they are not clear what they are intending to do, to the senior people who say yes to it or they don't communicate clearly the new processes there to those that need to move to work in a new way.

**Claire Mølby,** Director, Global Process Management (BU Services), **Vestas**

| Reason | % |
|---|---|
| Changes in market demand | 83% |
| Missed technological development | 73% |
| Economic / financial crisis | 63% |
| Government regulations | 40% |
| Force of nature | 16% |
| Insolvency of client | 13% |
| Insolvency of supplier | 8% |
| Exchange rates | 5% |

*"For me, there are no external reasons new business processes fail, the failure for change is always inside!"*

**Survey respondent**

It's very hard to mobilise a large organisation quickly and adapt processes in response to changes in market demand. It is a jigsaw puzzle that all fits together. People start to change, but the complex web of how it affects other parts of the business, maybe the support side of the business, start to be more understood and that can be where the time gets taken.

It does take time to respond to market demand, but we're getting wiser all the time about what it takes to change and building process communities that understand the dependency across the entire value chain. This is helping us respond to market conditions quicker. Building process knowledge at a global level that can respond quickly and understand the impact of change across the value chain. End-to-end processes, has been key for us to be more agile, we've still got work to do but we are much better.

**Claire Mølby,** Director, Global Process Management (BU Services), **Vestas**

## What is the risk that transformation carries?

**Sebastian Antony,** Director, Transformation, **Barclaycard**

**The risk is that you don't have the funding and/or the executive support and the stakeholder alignment. That's the risk that you carry always; the risk the funding drying out.**

The moment the funds dry out so does the stakeholders interest. The stakeholder needs to have a full have a full understanding that transformation does not happen over night. The stakeholder needs to know and be clear that transformation does not get delivered in six days. It happens over a period of time. The most senior stakeholders needs to be convinced. I would need to burn X amount of money over the next three to four years for me to achieve my end-state goal that I've set my company and my business to achieve.

It is not going to happen in the next three weeks. It's not going to happen in the next four months. That engagement and that element has to be absolutely clear. If the stakeholder is not clear and aligned and engaged on that, or, at any time it can get transformation strategy can get pulled.

The second biggest risk is the monetary funding part of things, again, which is it is not something that can happen in a month's time. It takes years to get there. When I talk about transformation, I'm talking about end-to-end transformation of the business, I'm not just talking about one small part of the process and/or the business.

Today, you know, there 20,000 doing X amount of work, mostly manual, etc. I'm talking transforming that entire organisation of around about 20,0000-30,000, and that's why I'm saying it takes years. It cannot be done in a month's time.

I think the implementation phases are the least understood by many companies. What will it really take to secure the change required? This requires sufficient forward planning and building that into the development of any deliverables. Here in the BU service at Vestas, we have a change implementation lead from my team involved in these projects, right from concept.

**Claire Mølby,** Director, Global Process Management (BU Services), **Vestas**

## What stage of a business transformation project do you consider most risky for failure?



| | | |
|---|---|---|
| ■ Current state of assessment | | **5%** |
| ■ Establishing an organisational strategy | | **10%** |
| ■ Developing organisational change management plan | | **23%** |
| ■ Future State design | | **8%** |
| ■ Developing an implementation plan | | **9%** |
| ■ Implementation phases | | **21%** |
| ■ Post- implementation | | **13%** |
| ■ No particular stage is the riskiest | | **8%** |
| ■ Other | | **3%** |
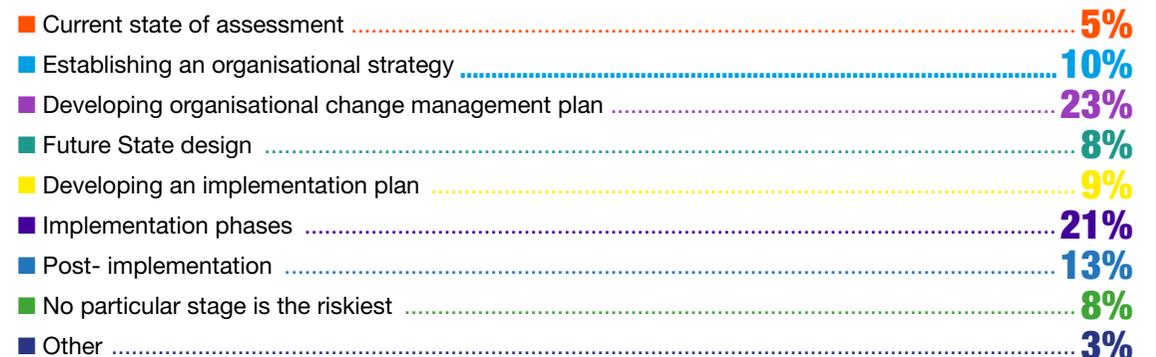
# Strategies for successful business transformation projects

**Which main factors are most likely to result in successful business transformation projects?**

| Factor | Percentage |
|--------|-----------|
| Senior management leadership | **70%** |
| Collaboration across functions | **54%** |
| Alignment with overall strategy | **46%** |
| Support from management team | **43%** |
| Buy-in from front line staff | **41%** |
| Clear internal communication | **40%** |
| Continuous monitoring of results | **37%** |
| Sufficient resourcing | **27%** |
| Flexible and scalable IT systems | **70%** |
| Other | **3%** |
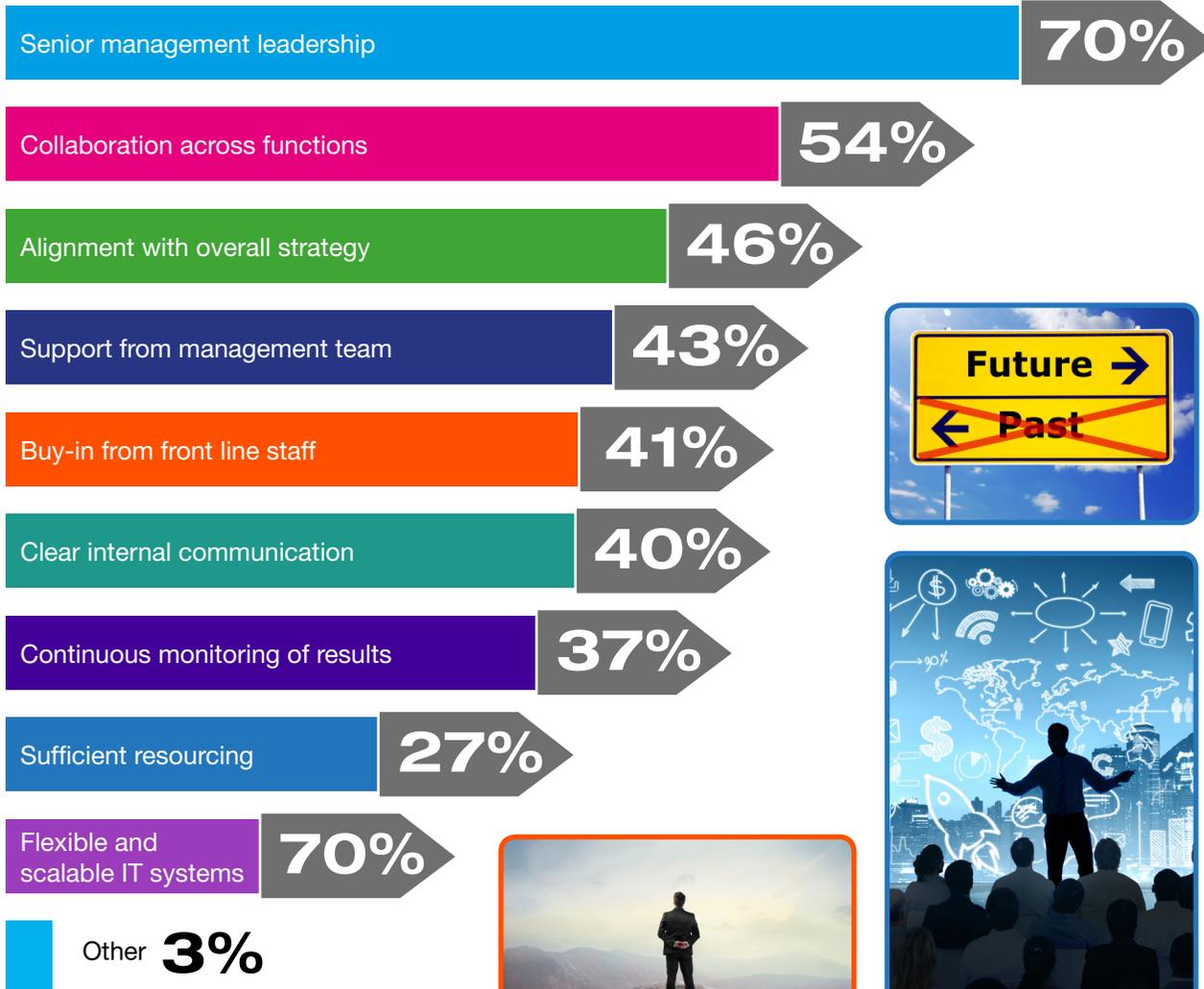
Unsurprisingly the majority of respondents, 70% cited senior leadership management as a main factor in successful business transformation:

*"It sounds cliché and redundant, but it is imperative that senior leadership through first line be very clear, consistent, and persistent in their words and actions, regarding expectations, accountability, and consequences for adoption and execution of business processes. Don't let systems control the work. Focus on business objectives and outcomes".*

Across all industries and businesses effective leadership, communication and management support are the keys to successful business transformation. The reason why these common factors are so critical to success is because at the heart of every organisation is it's people. Every organisation is underpinned by its people and the way people approach their work largely doesn't change.

*"The only thing that  is a single common factor across all industries, all organisations, all businesses, all services that you find under the umbrella is there is only one single factor and that one single factor is people. And, that's why you would find these as common factors of influence within transformation because human beings have a typical way of approaching a problem. The expect communication, they expect a plan, and that does not change no matter what business you're in. So, hence the challenges become very common across industries and business,"*

**Sebastian Antony,** Director, Transformation, **Barclaycard**

*"The management mandate to transform the business also needs to be placed at the right level in the organisation. Business transformation projects, if they are done inside operations, will always come second to the daily fight in operations. The organisational placement of the business transformation team is critical."*

**Claire Mølby,** Director, Global Process Management (BU Services), **Vestas**

PEX PROCESS EXCELLENCE NETWORK

# Crucial factors for starting a successful business transformation journey

**Sebastian Antony,** Director, Transformation at **Barclaycard**

## The big question

First and foremost is *what is it that the transformation needs to achieve? What are we trying to transform and what is the underlying reason for doing that?*

When you say I want to transform a process, the first question is why do you want to do it? What is broken today? What is making you do it? Is it because it's broken? Is it because it's not optimal? Is it because the process does not cater to the output that you're expecting to be delivering to the customer or is it because the processes today are completely unfit for it to be expanded into the future or it cannot stack up for the future of the company?

**So, why do you want to transform?** Big question because based on the answer to these questions, you can align your stakeholder, your teams on the ground, you can align the strategies, you can align the executive teams based on these questions.

## Final output

Number two: the output of it. What do expect out of that transformation? What is the final output? Is it customer satisfaction? Is it customer experience? Is it colleague satisfaction or colleague experience or agent satisfaction or internal satisfaction to our internal customers or is it to really bring in a brand new product or be able to cater to various different types of products and services. **So, what is the ultimate output that you're expecting?**

## Resource allocation

Number three is what is the kind of financial strategic support that you have got and are in place to make this happen and for how long? So, again, you can break this into two parts such as **how money have you earmarked for this and what is the confidence that the money will be there until the end of the transformation.** And, number two, how long do you think the transformation should last. **What is your rough estimate on how long this should take?**

If you know why you're doing it, if you know what needs to be done within what kind of timeframe and the fact that you've been given the assurance that the money required to make the transformation happen is in place. **You can be 95 per cent confident that the transformation will be successful.**

# How to Think Like a Founder - from process excellence to lean innovation

**Suneel Gupta,** Founder and CEO, **Rise,** Former VP of Product Development, **Groupon,** Visionary Product and Innovation Leader, shares his insights on how to think like a founder

## Leave scope on the cutting room floor

Often when we think about a product vision there are lots of aspects of that vision, there are lots of features involved and I think the critical thing is actually to figure out the scope that you want to cut in that vision for your version one. You may not be entirely proud or it may not capture your entire vision to start with a scoped down version of that vision, but if you scope it down, you are now able to hone in a lot more on what is it that you're trying to learn from this version one.

If you are able to validate the metrics you can now start to expand version two and version three by expanding the scope a bit more. I think that there is no easy answer to figuring out exactly what metrics you want to focus on again. I think it's a prioritisation decision focusing on what you think is most important to validate that this idea is right.

I think you can make it much easier on yourself as a company, as a team by focusing on cutting scope and not cutting quality.

## Don't miss your next big break

*We are so intently focused on making existing processes more efficient is that sometimes we miss the bigger opportunities that are around us.*

Getting around that and starting to shift mindset involves a couple of things. One is constant ideation in addition to continuing to crank out, existing core products and making that more efficient; spending real time ideating on new business ideas, alternatives to your existing business, but more important than that is finding lightweight ways to test that.

The reality for most businesses is that they can't just decide to abandon their core business line and now start to focus on just these new innovative ideas. They still have a business to run and that's a real constraint. Getting up in front of an audience of people and telling them hey you've got to focus on innovation you're telling everybody what they already know. The trick of it is how do you take a certain percentage of your time, most likely somewhere around 20 per cent, and start to highly effectively come up with different ideas, and test those effectively enough to know whether they're actually going to be the mountain instead of the hill.

## Be a TV star launch at the start

The most important thing is to be open to the idea that the way you are doing things right now may not be the best way, and that the launch is just the beginning.

*In television, you release the pilot and pay attention to how the audience reacts. What's working, what's not working and being open to the idea of shifting the plot, shifting the characters along the way. In order to have breakthrough ideas organisations need to have a television mentality, they can't have a film mentality.*

I think one of the things we did well at Groupon, is that even though Forbes Magazine had called us the fastest growing company of all time, we were intently focused on figuring out what's next.

We never believed that Daily Deals were the tallest mountain; there has got to be a bigger mountain out there, and we want to figure out what it is before everybody else does. Once an organisation is able to run and optimize its core business, it also needs to be spends real time focused on figuring out where the taller mountains are, that's when you can have breakthroughs as an organisation.

My mentor, Reid Hoffman, who is the founder of LinkedIn once told me that if *"you're not embarrassed by the first version of your product then you have launched too late".* That is something that has stuck with me

Suneel was named the "New Face of Innovation" by the New York Stock Exchange. While serving as VP of Product Development at Groupon, he helped grow the business from millions to billions in revenue, and into what Forbes Magazine named the *"fastest growing company of all time".*

As the Founder and CEO of Rise, he raised funding from Google Ventures and was backed by senior leaders at Facebook, Uber and AirBnB. Just two years after launch, One Medical acquired Rise for nearly $20 million dollars.

Being clear about what metrics matter most is sometimes the hardest decision that a company needs to face. What makes it even harder is sometimes this idea of trying to launch and measure the fully scoped product at once.

# BA lessons learnt - why you need proper Failure Mode Effects Analysis procedures

**David Robinson,** Managing Editor, **IQPC Digital**

**If Failure Mode Effects Analysis procedures had been in place and executed correctly then tens of thousands of airline's passengers would not have been stranded, say experts**

The IT meltdown at British Airways last week that led to cancelation of hundreds and flights and left tens of thousands of passengers stranded could have been avoided if proper Failure Mode Effects Analysis procedures had been in place, say process excellence experts.

The international carrier's check-in and operational systems crashed following an *"exceptional"* power surge that was so strong it also disabled its back-up system, the airline said. British Airways' (BA) IT infrastructure includes two sites near its London Heathrow HQ as well as significant outsourced IT operations in India. BA has not specified where the power surge occurred.

*"In the event of a power outage it should immediately move to a battery backup,"* said Daniel Morris, managing principal, Wendan Consulting, who works with companies to develop disaster recovery systems. *"I don't understand why that didn't happen."*

The battery backup provides a company with a stop gap to assess the damage and find a solution. Over time it should also be able to rely on back-up generators. Low-cost rival Ryanair, for example, told the Financial Times it had *"several back-up systems"* in place to deal with any similar problems. Jeff Cole, owner and principal of JCG, a firm specializing in improvement strategies said a full Failure Modes and Effects Analysis (FMEA) should have been in place.
A FMEA is a proactive look at a process to determine where the risk points are for potential failures – rating them on their severity, chance of occurrence, and detectability. It allows process owners to proactively put in place countermeasures to mitigate or eliminate that risk.

*"If it is done properly it should avoid initial failures and provided BA with proper response processes in the event of a critical failure happening,"* Cole said. *"BA may have had a good FMEA in place, but those countermeasures are no good if they are not implemented and periodically tested – such as disaster drills – to see how effective they are."*

A lot of speculation on the cause of the IT failure has focused on British Airways' decision to slash 700 jobs last year and outsource some of its IT operations to Tata Consultancy Services in India. *"In periods of transition the risk levels can rise,"* Cole said. *"FMEAs need to make sure procedures are kept up to date and countermeasures implemented, tested and improved over time."*

Said Morris: *"The outsource contracts should have disaster recovery capabilities. The power in a lot of places in India is not reliable. They need to be tested on a regular basis. It appears that a lot of precautions that should have been in place were not in place."*

British Airways chief executive Alex Cruz has received a lot of criticism for the airline's muddled handling of the disaster. *"Ultimately the finger of blame has to be pointed at the senior officers. It is their fiduciary duty to make sure these things don't happen and make sure processes are in place to mitigate against it. They should run tests and simulated response scenarios for any type of disaster including IT failure,"* Morris added.

Erika Toth, former group head of business and continuous improvement at Thomas Cook, said the disaster was a prime example of what happens in a business when there is too much focus on cost savings and not enough on customers. *"The whole event has been handled poorly,"* she said.



Many passengers have complained that the communication they received from British Airways staff at the height of the crisis was paltry to negligible. In addition to the damage to BA's reputation, the disaster could cost the airline as much as €100m, according to analysts.

*"There should have been customer support processes in place to help stranded customers get into hotels. It also appears BA had issues with access to customer data, which is why they couldn't transfer customers to other airlines,"* Toth said. *"It would have cost them money but now it is going to cost them a lot more."*

PEX PROCESS EXCELLENCE NETWORK

# 30 Top tips for learning from failure

What do you do when you fall off the horse? Do you dust yourself off and try again? Or do analyse why you fell off the horse and share your learning with others, so they don't repeat the same mistakes? We asked the survey respondents to share their top tips for learning from failure, there were lots to choose from, but we managed to narrow the list down to our Top 30:

1. Defining who the customer is, what are their expectations and requirements

2. Develop a corporate process map and take it for all problem discussions to locate the real problem

3. Establish an open and trustful communication culture

4. Recognising and properly documenting the actions undertaken and failure points to try and ensure non-repetition.

5. Analysis of cause and effect with consequent actions

6. Be tenacious

7. Make a connection between top management and frontline/execution roles through communication/feedback department/roles that assures the flow of information in a complex organisation

8. Systematic Growth hacking across the organisation

9. Ensure enough time and resource are allocated to the project planning stage and that stakeholder needs are properly diagnosed

10. Celebrate success even if it doesn't quit reach the goals set out for

11. Not trying would be a 100% failure too

12. Everyone uses the quote "Get the right people on the bus" from Collins. They miss the part that where he says "Get the wrong people off the bus."

13. Never deny a mistake, always learn from it and never seek for they guilt - seek for the solution

14. Get a specific case and follow a consistent methodology end to end , avoid IT use cases and jargon, clear out IT system testing and process testing. Ensure system testing is tied to Process Testing

15. Learn to fail more and faster

16. Planning and involvement of key members in the process from the start

17. Share failure as much as success. If we do not learn from it we are doomed to repeat it

18. Analyse what happened and improve by evolution, not revolution

19. Alignment with management and strategy are crucial for buy-in when it comes to business transformation programs.

20. Prototype quickly & fail fast

21. Always involve key staff in all areas relevant to the change in the planning process to have greater likelihood of buy in and success.

22. Focus on scope creep, enforce program governance early. Adopt operating process consistency, be truthful, honest of status and health, stay close and foster good sponsorship and customer relationships

23. Reflect & share results and also reward employees who dare to fail fast

24. Most of the times failure starts at the strategy level, hence the strategy has to be solid and business

25. Understand the real customer value you want to provide before beginning the transformation effort.

26. Never assume you know how people will react - and do not underestimate the people side of change

27. Customer Experience should be the focal point for defining the future state design. Innovative solutions specific to the company and show impact on business results is necessary

28. Goals must be aligned to overall strategy which should drive the critical organisational buy-in at all levels. The rest falls in place

29. Take a new breath and start again!

30. Failure or a Big "NO" shall be looked as 'next opportunity'

# Conclusion

## So what have we learnt?

If sufficient focus isn't given to what it takes to implement a new way of working your business transformation project is doomed. If it does fail it is critical to understand the root causes for failure and document these so that you don't make the same mistakes again.

You also have to be prepared to adapt your approach better manage change on a local level, whilst still driving global business processes:

"The implementation effort needs to be tailored to the audience, you have to adapt differing implementation methods for different countries on a very personal level of where their resistance lies".

**Claire Mølby,** Director, Global Process Management (BU Services), **Vestas**

But it is important to focus on the similarities rather than differences and create a common thread for discussion, Mølby stated:

We need to see how people are accommodating the challenges they face and help them come together as a global community so that they find where these challenges have similarities.

Understanding the scope before the solution and not taking a technology fast fix approach is one of first steps you can take towards successful business transformation.

Who is leading the transformation and how they communicate is paramount to the success of processes any project. Creating a culture of collaboration and engagement is vital for success. Get your stakeholders aligned with the transformation you want to deliver.

Ensure that any business transformation has executive level top-down support and that enough resources and time are given:

"Ensure that the money doesn't get diverted and/or dried up to other programmes and other priorities. Ensure that there is enough support on the ground from a strategy investment perspective to see through the transformation and people don't lose traction of it", said Anthony.

Most importantly taking a positive approach to failure and learning from it will create new opportunities for you and your business.

# Acknowledgments

The PEX Network would like to thank all the speakers and delegates at our events, and the members of the PEX Network community. This report would not have been possible without the input and views from a significant number of operational excellence and process improvement stakeholders. An especially big thank you is due to the professionals who took part in our *Business Transformation Failure Survey 2017* also a special thank you to those whom we have directly cited.

**Debashis Sarkar**
Managing Partner – Proliferator Advisory & Consulting, Author of *Building a Lean Service Enterprise* (CRC Press)

**Claire Mølby**
Director, Global Process Management (BU Services)
**Vestas**

**Sebastian Antony**
Director, Transformation
**Barclaycard**

**Suneel Gupta**
Founder and CEO **Rise,** Former VP of Product Development **Groupon**

# About the author

**Andrea Charles**
Senior Editor
**PEX Network**

Andrea Charles spends her days speaking to smart people about what it takes to implement successful process improvement initiatives and developing the content strategy for the PEX Network. She is tasked with ensuring that content on PEXNetwork.com - webinars, podcasts, videos, articles and columns – is interesting and relevant to process and operational excellence professionals. Prior to joining the PEX team, Andrea worked for 6 years as Senior Editor of the Pharma IQ and Cold Chain IQ online portals, growing their communities and becoming an important source of knowledge for industry professionals.

# About the PEX Network

The Process Excellence Network is a global community for process professionals, business leaders and executives who want to improve their businesses through process and operational excellence. With a global membership of 135,000+, and a burgeoning global portfolio of live events, webinars, and networking opportunities, our mission is to inspire and inform our members with access to practical advice on business improvement tools, methodologies and technologies in order to achieve their business goals.

PEXNetwork.com provides expert commentary and learning resources developed by experienced process professionals and industry insiders. The focus is on peer to peer sharing of what it really takes to harness the power of people, process and technology and improve business operations. Coverage includes Business Process Management (BPM), Robotic Process Automation (RPA), Lean, Change Management, Operational Excellence, Six Sigma & Quality, Performance Management, Information Technology Trends and Customer Experience.

Become a member at **www.pexnetwork.com**

# About Process Excellence Europe
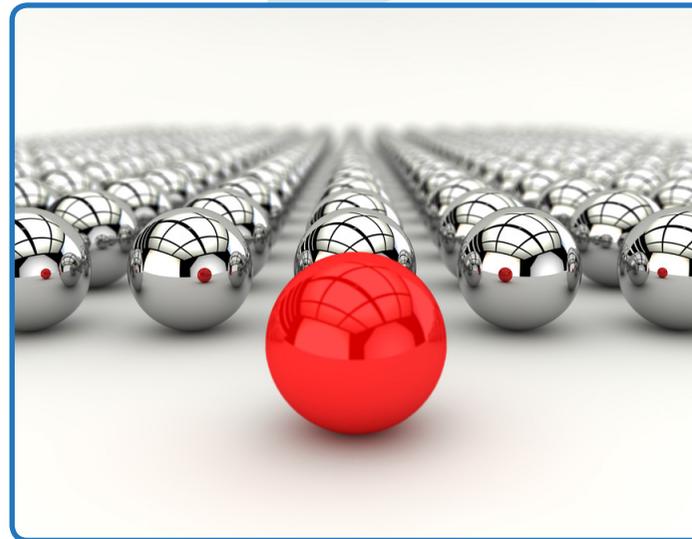
**PEX**
PROCESS EXCELLENCE
**EUROPE**

*Drive change, continuous improvement and innovation for your internal and external customers*

23-25 October, 2017 • Postillion Convention Centre, Amsterdam, The Netherlands

## Europe's leading and largest ever, brand-heavy meeting place for process excellence practitioners

Download the agenda

**70+** **process excellence expert speakers** from companies including **Uber, Google, Amazon, Siemens, ING, Nike, Carlsberg, Ikea, Nokia** and more

**50+** **market-specific sessions** focused on addressing the critical challenges and opportunities of PEX Practitioners

**24** **interactive discussion groups** totally peer-led intimate discussion groups to share your challenges and learn from others in a closed-door environment

**2** **NEW forward-thinking Focus Days** designed to uncover Robotic Process Automation and all things Business Excellence can offer you, with in-depth knowledge learning and engagement with the experts

44 (0) 20 7368 9809 • enquire@iqpc.co.uk • www.performanceexcellenceeurope.com

**CLICK HERE TO DOWNLOAD THE AGENDA**          **CLICK HERE TO GET YOUR PASS**