

Why do



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Transformations

It seems that these days, almost every organization, regardless of size, geography, or industry, is in the midst of some kind of 'transformation'. Faced with various disruptions and uncertainties, companies are looking for trajectory-bending change. And "Transformation", a corporate term that is on the verge of being overused, seems to be a potential savior.

Fail?

Yet, we have all heard it – as John Kotter famously wrote almost 30 years ago, that 70% of transformations fail, a number that has subsequently endorsed by many other research reports and surveys.

Why do transformations fail? Just like every corporation has its own dynamic, culture, and legacy, transformations succeed or fail also for their unique reasons. I have had the opportunity to lead, be part of, or to observe and study a few transformation efforts over the years, and I believe there are several factors that have out-sized influence in the success or failure of a corporate transformation. I believe a leader needs to ask the following questions and answer them well, as they embark on a transformation journey.

I Do I know where I want to go?

I've spoken to many leaders who declare that they 'need to transform the organization'. They talked about making faster decisions and taking more calculated risks. They debated about inserting 'digital' in the organization. Many then went on to describe the change management offices they have put in place, or the policies they were planning to abolish. However, in my experience, without having a clear picture of what the goal of the transformation is, such efforts are difficult to sustain.

To be clear, a compelling vision goes beyond the financial numbers or the market share. As a leader, are you trying to drive cultural change, bend the growth trajectory, or to build a new digital business? What is the goal you are trying to achieve? A clear vision is a description of the future state so vivid yet so simple that excites stakeholders to come along. It is what galvanizes employees, and hopefully customers and other stakeholders, to rally behind the change. What do you want the employees to feel like working in a transformed organization? How would your customers see and feel the difference?

Equally important, can you articulate a few key milestones that the organization can see and feel, so that the transformation is as tangible as possible?



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II. Am I serious about the change?

The reality is, change is hard. As human beings, we prefer stability over change. We choose familiarity over unknown. To create a real change in how an organization behaves requires strong, persistent, and unwavering tone from the top.

As leaders, we also need to recognize the inherent conflicting demands of transformation. Many transformation efforts take time – changing deep rooted corporate culture requires more than a few fiscal quarters. Yet time is often the luxury most of the corporations don’t have. Under pressure to deliver, it is easy for leaders to change the initial vision and direction and lose their own conviction for change along the way. If a leader is not convinced of the change, how does one inspire others to follow?

It is about conviction and commitment, as well as consistent communication of the vision. While change fatigue is real, organizations also have the ability to renew themselves, if their leaders know how to show commitment and empathy, and not forget to celebrate successes along the way.

III.

Is my organization culture eating the transformation?

Peter Drucker once said, “Culture eats strategy for breakfast”. I’d venture to add, culture eats transformation and change for any meal of the day. While a leader needs to consistently communicate and convince others of the vision, deeply ingrained cultural norms and values are often the most challenging barriers to change.



Beyond processes and policies, every organization has unspoken rules that govern the organization’s dynamics and speed. Transformations that fail to address cultural issues – the attitudes, beliefs, and behaviors that govern how an organization ‘really’ works – are likely to struggle. The questions are, not only how well do leaders know the culture of their own organization, but also how self-aware are the leaders of their own leadership behaviors that shape and influence such cultural norms.

An organization takes on the mindset and behavior of its leaders over time. If the aspiration is to build a culture that supports transformation, then a leader needs to exhibit and internalize the needed behaviors – such as fostering openness, collaboration, and a willingness to experiment and take risks. Only when such behavior and mindset change are visible, will employees start to feel safe to experiment and follow.

IV.

Does my organization have the skills and resources to drive transformation?

While a large part of a transformation is about setting the vision and addressing culture challenges, a transformation could be a major organizational undertaking that requires sustained investment in funding, staffing, and skills. Driving change is both an art and a science – the science is required in framing the effort and setting the pace for change, in managing interdependent initiatives in lock step, in identifying and debottlenecking roadblocks early, and in driving performance transparency.

At the same time, transformation is often a full-scale exercise for the entire organization. It not only requires all employees to understand the vision, but also places heavy expectations especially on people leaders to role model and lead the change. Such ability to “lead self” and eventually, to “lead others” is a skill that often needs to be trained, or at least refreshed.

In addition, with the advent of technology and generative AI, technology solutions are often critical enablers for change. Such investments require not only capital commitment, but often also broader organizational change – including workflows, mindset, and skills. Otherwise, such investments will only result in an expansive tool that is underutilized and will not generate the desired transformation the business case initially promised.

Conclusion

As the world continues to evolve with unprecedented uncertainties, transforming organizations to be nimbler and more resilient, yet able to outcompete and outperform their competitors becomes the #1 challenge for many leaders. While driving these transformations can be challenging and complex, understanding the common reasons why transformations fail can help leaders anticipate and address potential pitfalls. Clear vision and strategy, committed leadership, addressing culture and mindset issues, and supporting the effort with adequate skills and resources, are some of the critical factors for success.

Chances are, over time, “transformation” needs to become a skill that every successful organization possesses, where changes become the norm, and transformation becomes part of the daily operating rhythm of a successful company. ■

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