

A View from the Trenches: The C-Suite's Role in Organizational Transformation

A Company-Wide Cultural Shift
Remains the Main Driver of Success



It would be hard to find a business that didn't place the attributes of an Agile approach – flexibility, predictability, quality and speed to market – as priorities for their organization. So it is no surprise that many organizations, in an effort to stay competitive, are undergoing company-wide transformations based on Agile principles.

According to the 12th Annual State of Agile survey, only 12% of respondents felt their company had a high level of competency with agile practices across the organization. With the overriding benefit of agile seen as the ability to manage changing priorities and the rise of the importance of customer satisfaction as a critical factor, leadership teams continue to seek new ways to support transformations.¹

Practicing Agile at the team level, or practicing any of its related methodologies and processes, is distinct from undergoing a company-wide transformation. Having worked with a variety of tech-focused clients in both arenas, it's clear that full organizational transformations remain a challenge—and it's no surprise to find many organizations faltering along the way. If finding new ways for businesses to compete and drive innovation are priorities, why do so many companies fail to achieve their set transformation goals? The answer often lies with company leadership and an inability to lead the massive cultural shift necessary for a company-wide transformation.

C-Level Led Cultural Shift

Transformations in tech-focused companies impact not just the development team but the entire organization. Transformations represent a fundamental shift in how an organization as a whole thinks, acts and produces. They are

collaborative, self-organizing, open and efficient, but changing the way an entire organization operates—from the way teams are organized to how they interact with clients—takes time and a willingness to trudge through the initial discomfort and uncertainty of change. In the same VersionOne survey, agile coaches, external consultants, and executive contributors were among the most valuable resources for scaling agile.²

“The success or failure of any transformation often starts at the executive level,” notes Natalie Divney, an executive with extensive experience leading change management and organizational transformation initiatives. “Leadership needs to embrace, but not mandate, the change, and then clearly communicate to the entire company what's changing and what the goals are for the entire organization.”

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Internal Change Agents Help Drive Vision

Experience shows that while leadership teams and the CEO must share a vision for and commitment to the change, one change agent isn't enough. Change must flow from the top down and be continually messaged and driven by champions throughout the company. To help drive positive change, these champions must be aligned with the overall company vision and be equipped with the tools necessary to keep their piece of the transformation on track. Communicating early successes to the entire organization through the leadership team and through change champions is essential and helps to build the positive momentum needed for continued transformational success.

Individual C-Level Roles Must Shift Too

Executive teams must work together to communicate a shared vision for the company's future and an unwavering commitment to its transition. True transformation is not an overnight effort; it requires continuous improvement and a drive to always be better than the day before. There are however, additional shifts and changes that individual C-Level roles must prioritize for an organizational transformation to be successful. While all companies have long-standing organizational barriers that work counter to an Agile approach, it is the leadership's job—everyone from the CEO to the CPO—to eliminate these obstacles. If these challenges remain then morale, productivity and ultimately the success of the transformation will hang in the balance.

The CEO's Role: Leading the Shift & Establishing Clear Goals

Equally as important as being the driving force behind a company-wide cultural shift is the need for the CEO to recognize that leadership may be uneasy about transformational changes. As part of the cultural shift, roles will change and management styles will need to be tweaked. In an Agile approach, teams are cross-functional, collaborative, iterative and self-managing. These

changes may make senior leaders anxious, but can be alleviated with training specifically for executives. Clear, direct and transparent communication from the CEO to the rest of the leadership team—and a willingness to undergo continuous training alongside C-level peers—will go a long way. The CEO and the rest of the leadership team must be willing to operate in a more decentralized environment where others are empowered to make decisions and course correct without being penalized for initial missteps.

Newly formed cross-functional teams eliminate counterproductive corporate silos and create a greater need for clear goals and alignment. What are the metrics that matter most? And how are we going to measure them? Finally, how can I ensure that we're mapping to our overall business goals? These are questions the CEO needs to continually address, for without clear and consistent communication throughout the organization, frustration will build and transformation pillars may begin to crack.

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The CFO's Role: New Ways to Budget and Allocate Resources

The CFO must work closely with the CEO and the rest of the leadership team on key elements including budgeting for the transformation, resource allocation and guidance on future financials. An Agile approach calls for a new way of funding initiatives, moving from project funding to a more team-based approach. Instead of funding projects upfront, an iterative environment calls for incremental funding—a process that may initially seem unnatural for employees.

When it comes to funding the transformation, the CFO should have a clear sense of the scope and duration of the project and a realistic view of the initial ROI. This includes the long-term benefits, like a better ability to forecast, quicker product cycles and faster time to market. We recently worked with a client that went through the initial process of analyzing and planning, only to determine that they had not budgeted properly for the scope of the overall project—a fast path to frustration. Internal and external stakeholders look to the CFO for guidance on what's working, and in many cases, on what elements of the business are on shaky ground. The CFO's commitment to organizational change matters, and key audiences—including investors—take notice.

The CHRO's Role: Organizational Restructuring & Company-Wide Training

The role of a Chief HR Officer (CHRO) can be one of the most important in a company transformation. In a recent Capgemini study, cultural issues remain the leading hurdle for digital transformations - HR can play a pivotal role in creating a culture of positive change and collaboration.³

From planning and possibly launching the necessary programs to achieve a smooth cultural shift, to making sure all employees across the organization (including the C-Suite) receive ongoing (and effective) training and coaching, the Chief HR Officer must wear many hats during an organizational transformation. The CHRO is instrumental in planning and rolling out new team structures that embrace flexibility in both roles, and is also responsible for designing responsibilities and new compensation plans that reward individuals in new roles.

The CIO's Role: Supporting New Infrastructure Demands

A company-wide transformation undoubtedly means that the infrastructure demands of the organization will change. The Chief Information Officer (CIO) must be in lockstep with the company's vision so that infrastructure investments are made effectively and efficiently. Without the technology to back up the organizational changes, quality and predictability—two key tenets of transformation—will suffer and impact the entire transformation. While it is important for all C-Level executives to keep the lines of communication open to their teams and throughout the organization, it is essential for the CIO to listen to the needs of their evolving company. The CIO must also be able to communicate back to his or her team on the business goals that the entire company is driving toward.

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The CTO's Role: Creating Development Sub-Culture & Supporting Collaboration

As the leader of the development teams, the Chief Technology Officer (CTO) must ensure that he or she breaks down the barriers within development to build and support collaborative, self-organizing teams. Another important role for the CTO is overseeing a transformation sub-culture within the development team that allows for resources to be easily swapped, which eliminates the risk of having a single point of failure element in their system. Like their C-Level counterparts, CTOs can no longer operate from the confines of their team but must instead have an ongoing seat at the table to discuss the organization's transformation goals and how best to reach them.

The CPO's Role: Setting Product Direction & Vision

The Chief Product Officer (CPO) is responsible for setting the strategic product direction, engaging with customers and translating that market intelligence into an internal product vision—although a product roadmap per se is in direct conflict with Agile principles. The CPO must quickly master working in a dynamic and collaborative environment created by the company-wide cultural shift so that all facets of the product, including client and market needs, are considered throughout the newly formed cross-organizational teams. Often times a CPO is charged with leading a somewhat fragmented team, where there exists a disconnect between product management and product owners. The CPO needs to ensure coordination with all roles to build a valid vision and product strategy.

Businesses of all sizes and across all industries are continually looking for an edge to set them apart from their competition. For many, the answer lies in a commitment to a full organizational transformation aimed at increasing flexibility, quality, and speed to market, while at the same time lowering costs and fostering ongoing innovation. But coming out on the other side of transformation efforts with positive results isn't guaranteed. True organizational transformations require unwavering dedication from all aspects of the C-Suite.

It is this company-wide cultural shift, as well as a long-term commitment to change, that ultimately impacts the C-Suite, the teams they lead and their likelihood of success.

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1. <http://stateofagile.versionone.com>

2. <http://stateofagile.versionone.com>

3. https://www.capgemini.com/consulting/wp-content/uploads/sites/30/2017/08/digital_transformation_review_10.pdf



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