

INSIGHT PAPER • CHANGE & TRANSFORMATION

Improvement or Transformation?

What separates a steady process improvement from a genuine transformation — and why digitisation on its own is neither.

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01 — DEFINITION

What transformation actually means

Companies started using the terminology 'transformation' several years ago; before that, they were using 'improvement'.

So what is transformation? Transformation is a **complete and significant change** — a radical revolution in a main area or in the entire organisation. This may include a major shift in the work culture, leadership style, business strategy, processes, systems, and it could also extend to the human resources. Transformation could be a complete re-engineering of the business model, or a series of strategic, incremental changes that radically improve the business model.



Effective transformation is a combination of technical change, process change and cultural change — not any one of them alone.

TRANSFORMATION IS**A complete and significant change**

Radical — a revolution in a main area or in the entire organisation

IT MAY REACH INTO**Culture, leadership, strategy, systems**

And it could also extend to the human resources

IT MAY TAKE THE FORM OF**Re-engineering, or incremental change**

A series of strategic changes that radically improve the business model

Successful organisations need a forward-looking strategy that requires re-acting to every changing environment. However, what is better for an organisation: a gradual change, which could be better managed as a process improvement, or a seismic step that is indeed transformational?

02 — THE CHOICE

Which path to take

THE STEADIER PATH

Process improvement

If the organisation is not operating in an environment that requires and allows the business to transform, and instead it can achieve its goals by steady process improvement, this would be a better path to take.

THE SEISMIC PATH

Transformation

The effort to run a true transformational programme — with support from all levels in the organisation and a strong change management process — is extensive, and can be a major distraction and disruption.

However, in the last 10 years many organisations, no matter how large or small, and whatever sector they operate in, have been transforming and changing. **Transformational programmes are being experienced everywhere** as a response to a world that continues to evolve and change.

03 — A MISCONCEPTION

Transformation is not the same as digitisation

Digitisation can be a **catalyst** for transformation. It can be an important aspect, but it is only one component. If an organisation digitises a process on its own it can simply be changing an inefficient process. There may be a short-term gain from this, but it does not, of itself, represent transformation as there is no strategic advantage gained from the activity.

Digitisation may well be a core enabler, but it needs to be accompanied by **investment in the culture of the organisation and the ways of working**. The delivery of effective transformation is a combination of technical change, process change and cultural change. Organisations need to understand how they communicate and present their initiatives to the market.

04 — THE VOCABULARY

Four words that are often used interchangeably

1 Digitisation

The conversion of something that is non-digital, such as paper-based records, to digital formats — for example, scanning a document to create a PDF, or entering notes into a document or collaboration tool.

2 Digitalisation

The process of taking the digital information that has been created, improving the business process, and then using the information in an electronic format. A theatre or museum ticket can be made available digitally, but the process allows the price to change automatically in line with demand, customer bidding or time of day. Equally, an invoice can be received electronically and entered into an accounting system using automation.

3 Digital transformation

The transformation of the business processes to use digital technologies fully. The aim is to improve efficiency and seek other opportunities, such as monetising the digital media or using entirely new processes. Transformation represents the integration of people, process and technology in using the data.

4 Organisational transformation

Change across the organisation, which is not only driven by technology, but in which the digital imperative is a component.

05 — COST AND ROUTE

Transformational cost

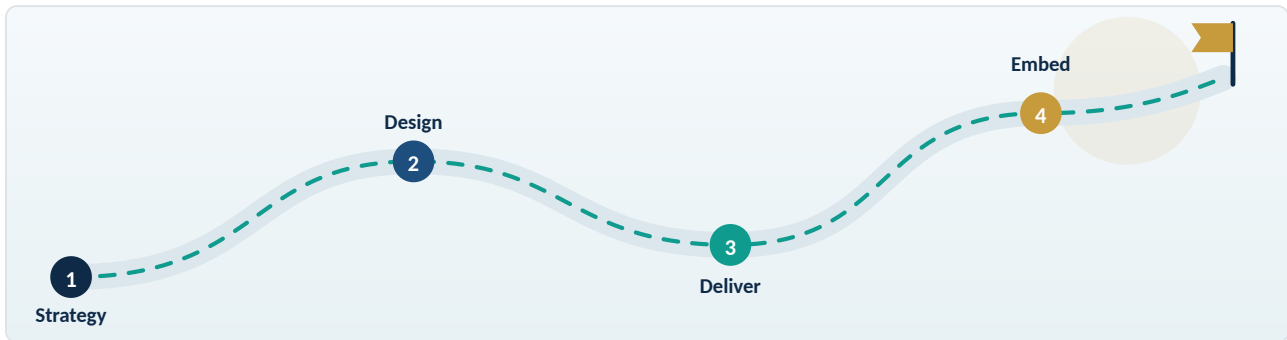
When organisations undertake transformation exercises, they expect to be able to determine the exact costs and benefits. This is a challenge because, by the nature of the activity, **the parameters will change during the life of the project**. This is a risk that organisations need to be willing to accommodate.

The control paradox

The uncertainty creates a driver to put procedures in place to control the costs — which is often counterproductive in enabling the organisation to respond to the strategic challenges that it faces.

Transformation roadmap

There is no one roadmap that fits all; however the following model gives a summary of a typical transformation flow. In reality, each transformation will adapt its own pathway, depending on the business issue and value being addressed.



A typical flow — beginning with strategy. Each organisation adapts its own pathway.

Improvement, or transformation?

To learn more about the transformation roadmap and which path suits your organisation, please contact us.

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