

Preparing for the Next Big Transformation

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TayganPoint Consulting Group conducted its inaugural survey this year in collaboration with Pharma Voice. The intent of the survey was to explore the many issues Life Science Companies face as they transform and better understand how well they are prepared for driving transformation efforts. The results are quite telling although not hugely surprising, given this ever-changing industry whose competitive landscape forces organizations to continuously strive to be 'best-in-class'. The survey findings highlighted the following:

- 78% of companies are expecting to undergo a moderate or large scale business transformation
- Yet, more than 50% indicate that their organization does not have the time, skills, and resources needed to successfully transform their organization
- The major drivers of the need for transformation are:
 - The evolving customer landscape
 - Increased pressure to be more cost competitive
 - Lack of integration across the value chain
 - Increased regulatory pressure

The Life Science industry is expecting significant change. But while some companies may be undergoing more significant change than others, those organizations who can successfully transform will be the true future winners. The companies to watch will be the ones who focus on selective strong leadership for their transformational efforts, mastering the blend of internal and external resourcing – all of which begin and end with change and communication; and reach organizational sustainment through cross-functional collaboration. *These* are the companies will truly flourish!

So how can organizations ensure success? We've identified four critical factors to consider:

- **Leadership.** A transformation effort must have an inspirational leader, or leaders, from all levels -- not just senior management. Availability is not a skillset when it comes to selecting the proper motivator.
- **Resourcing.** You'll need to engage your 'A' team as well as a team of talented change agents. Nobody wins when an organization attempts to source a transformational effort with part-time internal employees and not leverage the expertise of external resources.
- **Change management and communication.** Most organizations are notoriously poor communicators and have very little tolerance for change management. Companies simply don't put the emphasis and invest in resources associated with these capabilities. But it is by far the most critical element. Change and communication should be the first people on the job and the last people to leave. Most, if not all companies, get this wrong.

- **Execution.** Execute. Execute. Execute – and know how you are progressing beyond just the financials. Execution has a price tag, and don't be the fool who pays too much. But expecting business transformation to meet a specified budget line may also be an unrealistic expectation. Instead, focus your energy on program performance metrics and organizational adoption metrics. The truest measure of success for any business transformation effort is in the sustainment figures. Did the culture adopt the change? Do they use the system? Did the change speed up our processes or decision cycle time? Think beyond just the traditional spend and savings targets – the intangible effects can be far more valuable in the long run.

Leadership

A big mistake many companies make is having change driven primarily from the top down. Few would argue that any change should begin with identifying needs and clearly aligning them with the organization's strategic vision. However, a mistake many companies make is waiting too long to begin the communicating process around the change, while also expecting the change to be driven by the next couple of layers down in the leadership hierarchy. It is ultimately middle managers and the cross functional alignment of leadership across the company that truly drives the change. But if left to be the only group beating the drum, these operational resources will simply wait for the next executive announcement and lose sight of the transformation currently taking place in front of them.

Adequate Resourcing and Skills for Business Transformation

One of the biggest challenges with any business transformation is developing the right balance of resources to drive the change (transform) with the right balance of resources required to run the business (perform). Designing and executing large-scale transformation is difficult, complex, and requires a different skill set from those needed to simply "run the business". Both require dedicated resources, not just part-time focused resources. Most organizations take this opportunity to leverage outside resources and consultancies to help to drive change. Identify the skills required and complement your team with external resources that bring capabilities not found (or available) internally. Keep your internal team focused on bringing their subject matter expertise and leading the change. And leverage external resources for program management, change management, and process re-design which are often not a core capabilities found in most life science companies. But it is critical to not become overly reliant on consultants, as business leaders will ultimately be responsible for sustaining the new state. Regardless, every transformation effort should have a formal structure, governance and guidelines for escalation, and a predictive meeting and communication cadence.

Effective Change Management and Communication

Lack of employee engagement, and employee resistance to change, are often cited as the most critical contributors to transformation failures. Having a structured and proven approach to change management and communication is key to overcoming these challenges. When building your transformation team, these should be the first resources engaged and the last resources to dismount from the transformation effort. Both require a strategy, approach, framework, executive level engagement, escalation processes and exposure to the inner workings of the transformation program office. Change management and communication are "THE" masterminds of engagement, adoption and

sustainment. Neglecting these foundational elements will haunt you for the duration of the transformation and force your team to continuously fight fires and react to situations, rather than plan and prepare for inevitable push back and business drama. Don't be a statistic here -- make change and communication a priority, not an afterthought.

Execution

So many programs begin with a business case and basic metrics for financial expectations. But the proof of success is not just in the financial figures, it's in the process, adoption, and the ability to sustain the change. Organizations, must identify and track performance metrics beyond cost savings. The true benefit is found within new processes and operating models, and perhaps even within organizational shifts. All of these elements play a critical role in achieving best-in-class transformation. But having a priority focus on execution is the driving force to measuring success – both during and after the engagement. While the end-game of financial reward is determined through a mathematical calculation, it's *how* a team executes that determines whether the transformation was truly successful.

Transforming a business is not a sprint, it indeed a marathon, which requires both perseverance and stamina to address the many factors listed above with these in mind as you begin your transformation journey, you are well positioned to beat the odds and ensure your next change effort is a successful one.